

**AUDITED CONSOLIDATED BALANCE SHEET
 AS AT 31 MARCH 2005**

	The Group	
	31.3.2005	31.3.2004
	RM'000	RM'000
ASSETS		
Cash and short-term funds	7,787,393	6,711,084
Securities purchased under resale agreements	158,592	64,818
Deposits with financial institutions	810,356	307,669
Dealing securities	3,063,417	3,755,938
Investment securities	5,112,916	6,292,850
Loans, advances and financing	40,220,876	38,545,048
Other assets	1,151,961	1,270,997
Goodwill on consolidation	523,046	281,715
Deferred tax assets	987,077	1,017,041
Statutory deposits with Bank Negara Malaysia	1,545,877	1,539,827
Investments in associated companies	38,715	39,571
Property and equipment	484,754	535,900
TOTAL ASSETS	61,884,980	60,362,458
LIABILITIES AND SHAREHOLDERS' FUNDS		
Deposits from customers	34,447,340	33,017,293
Deposits of banks and other financial institutions	12,077,751	11,442,766
Securities sold under repurchase agreements	1,418,519	1,696,318
Bills and acceptance payable	518,938	271,740
Amount due to Cagamas Berhad	2,786,448	4,066,859
Other liabilities	2,882,664	2,586,860
Term loans	1,252,500	645,000
Subordinated certificates of deposits	198,768	197,418
Subordinated term loan	680,000	680,000
Redeemable Unsecured bonds	801,481	798,325
Total Liabilities	57,064,409	55,402,579
Minority interests	36,347	931,418
Share capital	2,130,534	1,858,806
Reserves	2,653,690	2,169,655
Shareholders' Funds	4,784,224	4,028,461
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	61,884,980	60,362,458
COMMITMENTS AND CONTINGENCIES	23,944,919	18,708,651
NET TANGIBLE ASSETS PER SHARE (RM)	2.00	2.02
CAPITAL ADEQUACY (%)		
Core capital ratio	6.98	8.33
Risk-weighted capital ratio	11.55	12.75

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

AUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2005

THE GROUP	Individual Quarter		Cumulative Quarter	
	31/3/2005 RM'000	31/3/2004 RM'000	31/3/2005 RM'000	31/3/2004 RM'000
Interest income	714,822	765,069	2,978,276	3,027,998
Interest expense	(394,643)	(390,657)	(1,559,761)	(1,629,276)
Net interest income	320,179	374,412	1,418,515	1,398,722
Net income from Islamic Banking				
Business	110,827	98,491	435,005	364,593
Non-interest income	322,008	241,010	1,069,399	907,775
Net income	753,014	713,913	2,922,919	2,671,090
Staff costs and overheads	(404,350)	(383,542)	(1,587,668)	(1,416,336)
Operating profit	348,664	330,371	1,335,251	1,254,754
Loan and financing loss and allowances	(350,713)	(234,512)	(770,475)	(865,588)
- Allowances before the change in method of provisioning for non-performing loans of 7 years and beyond	(106,046)	(234,512)	(525,808)	(865,588)
- Additional allowances arising from the change	(244,667)	-	(244,667)	-
Transfer from/(to)				
profit equalization reserve	4,037	(21,933)	(57,949)	(47,870)
Impairment loss on property	(1,448)	-	(29,834)	-
(Allowance)/ Write back of allowance for diminution in value of investments – net	(7,561)	68,038	(24,914)	20,566
(Allowance for)/Write back of doubtful sundry receivables – net	(4,666)	473	(3,629)	16,343
Write back of/(General provision) for commitments and contingencies	40,437	(37,000)	40,437	(37,000)
Profit before share in results of associated company and taxation	28,750	105,437	488,887	341,205
Share of results in associated company	139	641	809	1,437
Profit before taxation	28,889	106,078	489,696	342,642
Taxation	(37,972)	(52,302)	(203,807)	44,239
Profit/(Loss) after taxation before minority interests	(9,083)	53,776	285,889	386,881
Minority shareholders' interests in results of subsidiary companies	2,033	(27,502)	(83,948)	(171,935)
Profit/(Loss) attributable to shareholders	(7,049)	26,274	201,941	214,946
Earnings per share (sen)				
Basic	(0.36)	1.42	10.72	13.45
Fully Diluted	(0.36)	1.35	10.56	12.66

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	
	31.3.2005	31.3.2004	31.3.2005	31.3.2004
	RM'000	RM'000	RM'000	RM'000
Fee and other operating income	118,729	78,977	313,930	286,956
Investment and trading income	41,644	25,712	146,403	155,108
Premium income from life and general insurance business	154,479	127,709	577,223	445,807
Capital gain arising from the receipt of shares in Bursa Malaysia Berhad	-	-	12,727	-
Other income	7,156	8,612	19,116	19,904
	322,008	241,010	1,069,399	907,775

(ii) **STAFF COSTS AND OVERHEADS**

The Group	Individual Quarter		Cumulative Quarter	
	31.3.2005	31.3.2004	31.3.2005	31.3.2004
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs	120,166	109,361	458,169	411,839
Establishment costs	50,403	58,396	213,783	223,036
Marketing and communication expenses	53,825	42,661	271,984	233,144
Administration and general expenses	42,899	48,899	115,677	121,356
Overheads	267,294	259,317	1,059,613	989,375
Insurance commissions	27,428	22,807	93,870	76,273
Life and general insurance claims	63,993	50,139	251,009	177,863
Increase in insurance funds	45,636	51,279	183,176	172,825
	404,350	383,542	1,587,668	1,416,336

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

The Group	Individual Quarter		Cumulative Quarter	
	31.3.2005	31.3.2004	31.3.2005	31.3.2004
	RM'000	RM'000	RM'000	RM'000
Allowance for/(Reversal of) bad and doubtful debts and financing:				
Specific allowance	434,063	302,391	1,032,885	1,066,485
- Allowances before the change in method of provisioning for non-performing loans of 7 years and beyond	189,396	302,391	788,218	1,066,485
- Additional allowances arising from the change	244,667	-	244,667	-
General allowance	4,146	(467)	28,505	9,875
	438,209	301,924	1,061,390	1,076,360
Bad debts and financing recovered – net	(65,017)	(70,242)	(268,436)	(292,651)
Allowance for/(Recoveries of) value impairment on amount recoverable from Danaharta	(22,479)	2,830	(22,479)	80,634
Loss on disposal of loan assets	-	-	-	1,245
	350,713	234,512	770,475	865,588

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

AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2005

	Non-distributable				Exchange fluctuation reserve	Distributable	
	Share capital	Capital reserve	Share premium	Statutory reserve		Unapp- ropriated profit	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 adjustments	-	-	-	-	-	(70,237)	(70,237)
	1,001,719	140,771	648,280	895,385	19,827	687,440	3,393,422
Translation adjustments	-	-	-	-	(223)	-	(223)
Profit for the year	-	-	-	-	-	214,946	214,946
Dividend paid	-	-	-	-	-	(36,062)	(36,062)
Reclassification	-	(15,487)	15,487	-	-	-	-
Transfer from income statements	-	-	-	268,688	-	(268,688)	-
Issued during the year pursuant to the :							
- share options in the Company	45,128	-	67,600	-	-	-	112,728
- warrants 2003/2008 in the Company	2,740	-	7,107	-	-	-	9,847
- Bonus issue	505,762	-	(505,762)	-	-	-	-
- Rights issue	303,457	-	30,346	-	-	-	333,803
As at 31 March 2004	1,858,806	125,284	263,058	1,164,073	19,604	597,636	4,028,461

	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 adjustments	-	-	-	-	-	(79,012)	(79,012)
As restated	1,858,806	125,284	263,058	1,164,073	19,604	597,636	4,028,461
Translation adjustments	-	-	-	-	(4,518)	-	(4,518)
Profit for the period	-	-	-	-	-	201,941	201,941
Dividends paid	-	-	-	-	-	(53,534)	(53,534)
Arising from AMFB Privatisation	-	(125,284)	-	-	-	(69,868)	(195,152)
Transfer to unappropriated profit	-	-	-	(295,967)	-	295,967	-
Transfer from income statements	-	-	-	45,332	-	(45,332)	-
Issue of shares pursuant to:							
- exercise of share options	12,886	-	17,567	-	-	-	30,453
- exercise of Warrants 2003/2008	69,914	-	83,197	-	-	-	153,111
- AMFB Privatisation	188,928	-	434,534	-	-	-	623,462
As at 31 March 2005	<u>2,130,534</u>	<u>-</u>	<u>798,356</u>	<u>913,438</u>	<u>15,086</u>	<u>926,810</u>	<u>4,784,224</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

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

	The Group	
	Cumulative Quarter	
	31.3.2005	31.3.2004
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	489,696	342,642
Add adjustments for non-operating and non cash items	1,293,555	1,488,704
Operating Profit Before Working Capital Changes	1,783,251	1,831,346
(Increase)/Decrease in operating assets	(2,528,487)	374,430
Decrease in operating liabilities	1,480,980	815,449
Cash Generated From Operations	735,744	3021,225
Taxation paid	(104,877)	(79,009)
Net Cash Generated From Operating Activities	630,867	2,942,216
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal/(Purchase) of investment securities - net	1,149,396	(697,523)
Dividends received from other investments	44,562	40,751
Proceeds from disposal of property and equipment	20,850	1,824
Dividends received from an associated company	1,040	195
Capital repayment by associated companies	780	10,395
Proceeds from disposal of leased assets	3	8
Cash portion for the acquisition of remaining 35.72% equity interests in AMFB Holdings Berhad	(736,819)	-
Purchase of property and equipment	(75,392)	(76,644)
Acquisition of additional shares in insurance subsidiary company	(44,588)	-
Acquisition of remaining 2.5% equity interest in stock broking subsidiary company	(9,396)	-
Proceeds from disposal of associated company	-	638
Net Cash From/(Used In) Investing Activities	350,436	(720,356)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of Warrants 2003/2008 in the Company	153,112	9,847
Proceeds from issue of shares in the Company	30,453	446,531
Proceeds from issue of shares by subsidiary company to minority shareholders	574	1,156
Dividends paid by the Company to its shareholders	(53,534)	(36,062)
Dividends paid to minority interests by subsidiary companies	(16,908)	(18,983)
Proceeds from redeemable unsecured subordinated bonds	-	660,000
Repayment of exchangeable subordinated capital loan	-	(460,000)
Repayment of amount due to Danamodal	-	(271,915)
Repayment of subordinated term loan	-	(75,000)
Net Cash From Financing Activities	113,697	255,574
Net Decrease In Cash And Cash Equivalents	1,095,000	2,477,434
Cash And Cash Equivalents At Beginning Of Year	6,654,898	4,177,464
Cash And Cash Equivalents At End Of Year	7,749,898	6,654,898

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	
	31.3.2005	31.3.2004
	RM'000	RM'000
Cash and short term funds	7,787,393	6,711,084
Bank overdrafts	(37,192)	(56,317)
	<u>7,750,201</u>	<u>6,654,767</u>
Effect of exchange rates change	(303)	131
Cash and cash equivalents	<u><u>7,749,898</u></u>	<u><u>6,654,898</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”) 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 following:

- (i) 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 year by RM48.8 million; and
- (ii) 3-month classification for non-performing loans from the previous 6-month classification which has been adopted retrospectively. This change in accounting policy has been accounted for retrospectively and has resulted in a reduction in interest income for the financial year by RM4.7 million.

The effects of adopting the treatment of charging handling fees paid to motor vehicle dealers for hire purchase loans and the 3-month classification for non-performing loans retrospectively on the Group's unappropriated profits are reflected as prior year adjustments in the Statement of Changes in Equity.

The retrospective application of the change of accounting treatment in respect of handling fees and 3-month classification for non-performing loans have resulted in the restatement of certain comparative figures as follows:

Balance Sheet

As at 31 March 2004	As previously reported RM'000	Effect of change RM'000	As restated RM'000
Gross non-performing loans and financing	7,493,282	2,792,431	10,285,713
Interest/Income-in-suspense	1,436,556	56,002	1,492,558
Deferred tax assets	973,554	43,487	1,017,041
Other assets	1,374,634	(103,637)	1,270,997
Unappropriated profit	676,648	(79,012)	597,636
Minority interests	968,558	(37,140)	931,418
Net tangible assets per share (RM)	2.06	(0.04)	2.02

Income Statement

Financial year ended 31 March 2004

Net interest income	1,424,749	(25,977)	1,398,772
Net income from Islamic Banking business	337,155	27,438	364,593
Staff costs and overheads	1,399,143	17,193	1,416,336
Taxation	(39,841)	(4,362)	(44,203)
Net transfer to deferred taxation	136,057	6,218	142,275
Profit after taxation before minority interests	398,265	(11,384)	386,881
Minority interests	(174,544)	2,609	(171,935)
Profit attributable to shareholders	223,721	(8,775)	214,946

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 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 and the 3-month classification for non-performing loans from the previous 6-month classification which has been adopted retrospectively.

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 31 March 2005 other than the change in method of

provisioning for non-performing loans of 7 years and beyond. This change has resulted in additional specific allowances of RM244.7 million for the Group for the financial year ended 31 March 2005.

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

During the financial year, 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 2,130,533,695 ordinary shares of RM1.00 each by the issue of :

1. 12,886,004 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 RM17,566,514 has been credited to share premium account.
2. 69,913,710 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 RM83,197,315 has been credited to share premium account.
3. 188,927,911 new ordinary shares of RM1.00 each at price of RM3.30 per share, representing the portion satisfied by the new issue of the Company shares valued at RM623,462,106 for the total purchase consideration of RM1,360,280,959 for the AMFB Privatisation, in exchange for 188,927,911 ordinary shares of RM1.00 each in AMFB, on the basis of one (1) new ordinary share of RM1.00 each in the Company to be listed and quoted on the Main Board of Bursa Malaysia Securities erhad for every one existing AMFB share held by the shareholders of AMFB, other than the Company. The resulting share premium amounting to RM434,534,195 has been credited to share premium account.

The 271,727,625 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, share warrants 2003/2008 and AMFB Privatisation above are not entitled to dividends declared in respect of the financial year ended 31 March 2004.

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

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

During the financial period, the Company paid a first and final dividend of 4.0%, less 28.0% tax, in respect of the financial year ended 31 March 2004 totalling RM53,533,632 which amount has been dealt with in the directors' report for that financial year and paid on 21 October 2004 to shareholders whose names appear in the Register of Members and Record of Depositors on 6 October 2004.

In respect of the current financial year, the directors now recommend the payment of a first and final dividend of 4.0%, less 28.0% tax, amounting to RM61,359,370, to be paid to shareholders whose names appear in the Register of Members and Record of depositors on a date to be determined by the Directors. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' funds as an appropriation of unappropriated profit in the next financial year ending 31 March 2006.

A8. SEGMENTAL INFORMATION

A) BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	31.3.2005	31.3.2004	31.3.2005	31.3.2004
	RM'000	RM'000	RM'000	RM'000
Investment banking				
Revenue	212,582	287,597	885,400	943,523
Profit before taxation	80,812	92,160	303,660	244,063
Commercial and retail banking				
Revenue	851,415	759,367	3,183,591	3,024,667
Profit before taxation	(27,162)	29,365	217,177	181,786
Offshore banking				
Revenue	13,267	12,336	50,617	36,052
Profit before taxation	(2,791)	8,641	3,832	16,638
Insurance				
Revenue	169,269	148,377	638,853	527,367
Profit before taxation	10,294	7,051	32,328	35,332
Others				
Revenue	2,412	953	10,899	8,004
(Loss)/Profit before taxation	(3,310)	(4,617)	(11,147)	(4,039)
Total before consolidation adjustments				
Revenue	1,248,945	1,208,630	4,769,360	4,539,613
Profit before taxation	57,843	132,600	545,850	473,780
Consolidation adjustments				
Revenue	(35,608)	(8,104)	(129,955)	(117,819)
Profit before taxation	(28,954)	(26,522)	(56,154)	(131,138)
Total after consolidation adjustments				
Revenue	1,213,337	1,200,526	4,639,405	4,421,794
Profit before taxation	28,889	106,078	489,696	342,642

Included in the above is Islamic banking business profit before taxation of RM12.3 million for the quarter and RM128.7 million for the period ended 31 March 2005 (RM18.6 million for the quarter and RM92.1 million for the year ended 31 March 2004).

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			
	31.3.2005		31.3.2004	
	RM'000	%	RM'000	%
Hire-purchase receivables	19,522,238	44.2	18,115,982	42.7
Term loans and revolving credit	15,046,955	34.1	16,625,882	39.2
Housing loans	8,311,842	18.8	6,822,127	16.1
Credit card receivables	1,945,044	4.4	1,543,119	3.6
Lease receivables	1,382,535	3.1	1,517,308	3.6
Overdrafts	865,731	1.9	771,482	1.8
Claims on customers				
under acceptance credits	814,155	1.9	349,777	0.8
Trust receipts	212,910	0.5	84,807	0.2
Block discount receivables	59,436	0.1	51,048	0.1
Factoring receivables	38,384	0.1	30,851	0.1
Bills receivable	10,635	0.1	5,377	0.1
Staff loans (hire purchase and housing)	184,905	0.4	176,685	0.4
	48,394,770	109.6	46,094,446	108.7
Less : Unearned interest and income	4,230,492	9.6	3,675,245	8.7
Total	44,164,278	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
	31.3.2005		31.3.2004		
	RM'000	%	RM'000	%	
Purchase of transport vehicles	16,696,092	36.6	14,395,432	33.9	
Purchase of landed property					
of which: (a) Residential	8,527,622	18.7	7,148,858	16.9	
(b) Non-residential	1,947,008	4.3	2,286,146	5.4	
Construction	3,753,890	8.2	3,675,165	8.7	
Consumption credit	2,957,617	6.5	2,250,954	5.3	
Manufacturing	2,172,314	4.8	2,390,924	5.7	
General commerce	1,986,279	4.4	1,539,333	3.6	
Purchase of securities	1,648,740	3.6	1,853,513	4.4	
Real estate	1,079,712	2.4	1,199,321	2.8	
Finance, insurance and business services	1,035,503	2.3	1,135,076	2.7	
Agriculture	838,767	1.8	895,112	2.1	
Investment holdings	782,084	1.7	931,676	2.2	
Transport, storage and communication	713,199	1.6	1,291,244	3.0	
Electricity, gas and water	525,492	1.2	350,023	0.8	
Community, social and personal Services	376,806	0.8	381,345	0.9	
Mining and quarrying	41,292	0.1	59,522	0.1	
Others	480,337	1.0	639,065	1.5	
Gross loans, advances and financing	45,562,754	<u>100.0</u>	42,422,709	<u>100.0</u>	<u>7.4%</u>
Less:					
Islamic financing sold to Cagamas Berhad	928,658		3,508		
Asset securitisation	469,818		-		
	<u>44,164,278</u>		<u>42,419,201</u>		
Less:					
Allowance for bad and doubtful debts and financing:					
General allowance	629,784		601,279		
Specific allowance	1,815,599		1,780,316		
	2,445,383		2,381,595		
Interest/Income-in-suspense	1,498,019		1,492,558		
	<u>3,943,402</u>		<u>3,874,153</u>		
Loans, advances and financing– net	<u>40,220,876</u>		<u>38,545,048</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 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 for the current financial year.

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

The were no material changes in the composition of the Group for the current financial year except as follows:

On 17 March 2005, the Company completed the Privatisation of AMFB through the acquisition by the Company of 188,927,911 ordinary shares of RM1.00 each ("Shares") in AMFB, representing 35.72% of the issued and paid-up share capital of AMFB, not already owned by the Company by way of a scheme of arrangement between AMFB and its shareholders under Section 176 of the Companies Act, 1965 ("AMFB Privatisation"). The AMFB Privatisation was approved by the shareholders of AMFB at the Court Convened Meeting held pursuant to the order of the High Court of Malaya on 31 January 2005. Further, the order of the High Court of Malaya ("Court Order") sanctioning the Scheme of Arrangement was obtained on 17 February 2005.

The Company has also received the approval from the SC via its letter dated 31 January 2005 for the purchase consideration price for the Proposed AMFB Privatisation amounting to RM1,360,280,959 or RM7.20 per AMFB Share to be satisfied as follows:-

- (i) RM623,462,106 by way of issuance of 188,927,911 new Company Shares on the basis of one (1) new Company Share valued at RM3.30 per new Company Share for every one (1) existing AMFB Minority Share held; and
- (ii) RM736,818,853 in cash, on the basis of RM3.90 for every one (1) existing AMFB Minority Share held.

Following completion of the AMFB Privatisation, AMFB is a wholly-owned subsidiary of the Company.

The entire issued and paid-up share capital of AMFB was removed from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") with effect from 30 March 2005 pursuant to Paragraph 8.15(6) of the Listing Requirements of Bursa Securities.

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 31 March 2005 commitments and contingencies outstanding are as follows:

	The Group			
	31.3.2005		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 *	550,000	-	685,000	-
Interest rate swaps	6,306,407	124,318	3,817,928	103,413
Foreign exchange related contracts :				
Forward exchange contracts	1,745,473	19,433	343,456	4,443
Cross currency swaps	463,600	32,512	304,000	18,525
Malaysian Government securities futures *	27,900	-	9,000	-
	<u>9,093,380</u>	<u>176,263</u>	<u>5,159,384</u>	<u>126,381</u>
Commitments				
Irrevocable commitments to extend credit maturing:				
Within one year	6,929,341	-	7,460,004	-
More than one year	2,426,560	1,213,281	1,776,065	888,033
Sell and buy back agreements	1,797,884	1,797,884	1,451,451	1,451,451
Forward purchase commitments	113,040	113,040	363,012	363,012
	<u>11,266,825</u>	<u>3,124,205</u>	<u>11,050,532</u>	<u>2,702,496</u>
Contingent Liabilities				
Guarantees given on behalf of customers	1,305,373	1,305,373	1,022,429	1,022,429
Certain transaction-related contingent items	691,679	345,840	875,431	437,716
Underwriting liabilities	457,069	228,535	424,778	212,389
Short term self liquidating trade-related contingencies	169,913	33,983	133,052	26,610
Islamic financing sold to Cagamas Berhad	928,658	928,658	3,508	3,508
Others	32,022	250	39,537	250
	<u>3,584,714</u>	<u>2,842,639</u>	<u>2,498,735</u>	<u>1,702,902</u>
	<u><u>23,944,919</u></u>	<u><u>6,143,107</u></u>	<u><u>18,708,651</u></u>	<u><u>4,531,779</u></u>

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 31 March 2005, other contingencies and commitments of the Group and the Company are as follows:

- (a) The Company has given guarantees totalling RM547,100,000 (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 29 November 2004, AmAssurance Berhad entered into a Sale and Purchase Agreements with Melawangi Sdn Bhd to purchase two office lots in Pusat Perdagangan AMCORP ("AMCORP Tower"), Petaling Jaya, Selangor ("the Properties") for a total cash consideration of RM3,624,000.

A14. NON-PERFORMING LOANS AND FINANCING

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

	The Group	
	31.3.2005	31.3.2004
	RM'000	RM'000
Gross		
Balance at beginning of year		
- As previously stated	7,493,282	8,000,125
- Prior year's adjustment	2,792,431	1,811,505
- As restated	10,285,713	9,811,630
Non-performing during the year	1,371,743	3,611,428
Reclassification to performing loans and financing	(806,833)	(623,458)
Amount written off	(629,867)	(1,516,701)
Recoveries	(974,800)	(845,804)
Debt equity conversion	(149,864)	(151,382)
Balance at end of year	9,096,092	10,285,713
Less:		
Specific allowance	1,815,599	1,780,316
Interest/income-in-suspense	1,498,019	1,492,558
	3,313,618	3,272,874
Non-performing loans and financing – net	5,782,474	7,012,839
Total loans and advances less specific allowance and interest/income-in-suspense	40,850,660	39,146,327
Islamic financing sold to Cagamas Berhad	928,658	3,508
	41,779,318	39,149,835
Ratio of net non-performing loans and financing to total net loans, advances and financing on a 3 months' NPL classification	13.84%	17.91%
Loans loss coverage before collateral value	43.35%	37.66%

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.

During the financial year, for loans in arrears of more than 7 years, the Group has not assigned any value as the realizable value for the property collaterals.

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	
	31.3.2005	31.3.2004
	RM'000	RM'000
General Allowance		
Balance at beginning of year	601,279	591,394
Allowance during the year	28,505	9,875
Exchange fluctuation adjustments	-	10
	<u>629,784</u>	<u>601,279</u>
Balance at end of year	<u>629,784</u>	<u>601,279</u>
As a % of total loans less specific allowance and interest/income-in-suspense	<u>1.51</u>	<u>1.53</u>
Specific allowance		
Balance at beginning of year	1,780,316	1,801,429
Allowance during the year	1,405,335	1,455,336
Amount written back in respect of recoveries and reversals	(372,450)	(388,851)
	<u>1,032,885</u>	<u>1,066,485</u>
Net charge to income statement	1,032,885	1,066,485
Amount written off	(1,058,371)	(1,022,854)
Debt equity conversion	(4,660)	(56,200)
Adjustment to deferred asset account	24,283	12,861
Reclassification	41,146	9,316
Danamodal recoveries	-	(30,721)
	<u>1,815,599</u>	<u>1,780,316</u>
Balance at end of year	<u>1,815,599</u>	<u>1,780,316</u>

	The Group	
	<u>31.3.2005</u>	<u>31.3.2004</u>
	RM'000	RM'000
Interest/Income-in-suspense		
As previously stated	1,436,556	1,763,808
Prior years' adjustment	<u>56,002</u>	<u>57,414</u>
Restated	1,492,558	1,821,222
Interest/Income suspended during the year	580,988	755,064
Amount written back in respect of recoveries and reversals	<u>(296,189)</u>	<u>(351,992)</u>
Net charge to income statement	284,799	403,072
Amount written off	(199,958)	(539,823)
Debt equity conversion	(78,419)	(178,030)
Adjustment to deferred asset account	(961)	(2,093)
Danamodal recoveries	-	(11,857)
Exchange fluctuation adjustments	<u>-</u>	<u>67</u>
Balance at end of year	<u><u>1,498,019</u></u>	<u><u>1,492,558</u></u>

A16. AMOUNT RECOVERABLE FROM DANAHARTA

	The Group	
	<u>31.3.2005</u>	<u>31.3.2004</u>
	RM'000	RM'000
Balance at beginning of the year	-	82,211
Allowance made during the year	-	(80,634)
Amount recovered during the year	-	(4,703)
Amount arising during the year	<u>-</u>	<u>3,126</u>
Balance at end of year	<u><u>-</u></u>	<u><u>-</u></u>

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

During the fourth quarter, the Group has changed the method of provisioning for long outstanding non-performing loans. With this change, zero value was assigned to the collaterals of non-performing loans of 7 years and beyond with full provisioning thereon. This change in the method of provisioning has resulted in an additional specific allowance charge for the year of RM244.7 million. In addition, the Group has also adopted the 3-month classification for non-performing loans from the previous 6-month classification. This change in accounting policy has been accounted for retrospectively and has resulted in a reduction in interest income for the financial year by RM4.7 million.

Despite these changes, the Group reported a higher pretax profit of RM489.7 million for the financial year ended 31 March 2005, as compared to RM342.6 million for the financial year ended 31 March 2004. The improvement in profit is mainly due to improvement in Islamic banking business, higher fee and other operating income and premium income from life and general insurance businesses as well as decline in loan loss allowances and net interest suspension.

For the quarter, the Group reported a pretax profit of RM28.9 million, due to the additional provision of RM244.7 million being made in the current quarter for the change in the method of provisioning for the non-performing loans of 7 years and beyond.

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

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a lower pretax profit of RM28.9 million for the quarter ended 31 March 2005, as compared to RM197.2 million in the quarter ended 31 December 2004 due to higher loan loss allowances resulted from the change in the method of provisioning for non-performing loans of 7 years and beyond. This change resulted in additional specific allowances of RM244.7 million in the quarter.

Were there to be no change on the method of provisioning for non-performing loans of 7 years and beyond, pretax profit for the Group would have been 38.7% higher at RM273.6 million for the quarter.

B3. PROSPECTS FOR 31 MARCH 2006

Malaysia's economic growth is expected to moderate from 7.1% for 2004 to around 6% for 2005 due to the volatility of crude petroleum prices, which have increased uncertainties to the sustainability of economic growth globally. However, as the domestic economy is increasingly demand driven and as the retail and SME sector continue to be the main engines of economic growth, the business outlook in these market segments is positive, but the competition is intensifying, and net interest margins would remain under pressure.

However, the decrease in net interest margins will be partially balanced out by the stronger retail and SME loans growth, the performance of other areas, primarily the growth in Islamic banking, investment banking, wealth management, and capitalizing on insurance such as banc assurance, as well as lower loan loss provisions going forward. Further, following the completion of the merger between AmBank and AmFinance in June 2005, and the transformation of the existing finance company branches to commercial banking branches, the Group will intensify its efforts to mobilize lower cost of deposits, and thereby mitigate part of the margin pressures.

The Group is committed to delivering consistent earnings, improving its overall asset quality and customer service, and thereby further enhancing its return on equity.

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	
	31.3.2005	31.3.2004	31.3.2005	31.3.2004
	RM'000	RM'000	RM'000	RM'000
Estimated current tax payable	15,561	37,006	79,231	81,125
Share in taxation of associated companies	-	53	-	53
Under provision in prior years	33,472	16,628	66,281	16,858
Net transfer to/(from) deferred taxation	(11,061)	(1,385)	58,295	(142,275)
Taxation expense/(income)	<u>37,972</u>	<u>52,302</u>	<u>203,807</u>	<u>(44,239)</u>

The total tax charge of the Group for the financial year and quarter ended 31 March 2005 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 year and quarter ended 31 March 2004 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	
	31.3.2005	31.3.2004	31.3.2005	31.3.2004
	RM'000	RM'000	RM'000	RM'000
(Loss)/Gain on sale of investments	(2,813)	12,874	(474)	36,834
(Allowance)/Write back of allowance for diminution in value of investments	(7,561)	68,038	(24,914)	20,566

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 privatisation of AMFB Holdings Berhad (“AMFB”) (the “AMFB Privatisation”) through the acquisition by the Company of 188,927,911 ordinary shares of RM1.00 each in AMFB (the “AMFB Minority Shares”), representing a 35.72% equity interest in AMFB, not already owned by the Company:
 - (a) by way of a scheme of arrangement between AMFB and its shareholders under Section 176 of the Companies Act, 1965 (the “Scheme”); and
 - (b) for a total purchase consideration price of RM1,360,280,959.20, representing RM7.20 per AMFB Minority Share, to be satisfied as follows:
 - (1) RM623,462,106.30 by way of issuance of 188,927,911 new ordinary shares of RM1.00 each in the Company (the “New AHB Shares”), valued at RM3.30 per share, on the basis of one (1) New AHB Share for every one (1) existing AMFB Minority Share held; and
 - (2) RM736,818,852.90 in cash, on the basis of RM3.90 for every one (1) existing AMFB Minority Share held.

With relevant approvals having been obtained, including the sanction of the High Court of Malaya for the Scheme on 17 February 2005, the AMFB Privatisation was completed on 17 March 2005 following the listing of the New AHB Shares.

On completion of the AMFB Privatisation, AMFB is now a wholly-owned subsidiary of the Company and pursuant to Paragraph 8.15(6) of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), AMFB shares were delisted from Bursa Securities with effect from 30 March 2005.

- (ii) The listing of the Company’s investment banking group via AmInvestment Group Berhad (“AIGB”) on the Main Board of Bursa Securities (the “Listing of AIGB”), involving the following:
 - (a) an internal reorganization, completed on 10 March 2005, involving the transfer of the Company’s 100% equity interests in:
 - (1) AmMerchant Bank Berhad (“AmMerchant Bank”) for a consideration of RM1,109,442,000 to be satisfied through the issuance of 1,109,441,998 new ordinary shares of RM1.00 each in AIGB (“Transfer of AmMerchant Bank”); and
 - (2) AmSecurities Holding Sdn Bhd (“AMSH”) for a cash consideration of RM214,400,000 (“Transfer of AMSH”),

whereby prior to the Transfer of AmMerchant Bank and the Transfer of AMSH, AmMerchant Bank and AMSH had separately declared dividends to the Company amounting to RM249,840,000 in aggregate;

- (b) the issue/offer of 646,800,000 shares in AIGB shares (comprising 210,558,000 new shares issued by AIGB and 436,242,000 existing shares in AIGB held by the Company) at an issue/offer price of RM1.40 per AIGB share, as follows:-
 - (1) 488,400,000 AIGB shares allocated for purchase/subscription by shareholders of the Company in direct proportion to their shareholdings in the Company;
 - (2) 39,600,000 AIGB shares allocated for purchase by eligible directors of the Company, eligible directors and employees of AIGB and/or its Malaysian-incorporated subsidiary and associated companies, and business associates of the Company, which includes persons who have contributed to the success of the Group; and
 - (3) 118,800,000 AIGB shares allocated to Tan Sri Dato' Azman Hashim as an approved Bumiputera investor; and
- (c) the listing of and quotation for the entire enlarged issued and paid-up share capital of AIGB of RM1,320,000,000, comprising 1,320,000,000 ordinary shares of RM1.00 each, on the Main Board of Bursa Securities.

The prospectus in respect of the Listing of AIGB was issued on 31 March 2005 and the offer for purchase/subscription of AIGB shares closed on 26 April 2005. The trading of AIGB shares on the Main Board of Bursa Securities will commence on 18 May 2005.

- (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 AMFB Privatisation, into two (2) new ordinary shares of RM0.50 each ("Proposed Share Split").

The proposed share split was approved by the Securities Commission ("SC") on 16 December 2004. However, the Company had previously obtained SC's approval for the Proposed Share Split to be implemented within 3 months of the completion of the AMFB Privatisation. The Company had on 29 June 2004 obtained the approval of Bursa Securities for the Proposed Share Split. The Proposed Share Split is pending implementation.

- 2. The Company had on 29 November 2004 obtained Bank Negara Malaysia ("BNM") approval in principle to undertake Islamic Banking business pursuant to Section 3(4) of the Islamic Banking Act, 1983, through a subsidiary company of the Company.

The Islamic Banking license will be issued by the Minister of Finance once all pre-licensing conditions have been satisfactorily fulfilled.

Subsequent to balance sheet date, the Company has proposed a rationalisation exercise in respect of its commercial banking and finance company operations (the “Proposed Rationalisation Exercise”) which will culminate in the merger of the commercial banking and finance company operations under one (1) single entity holding a banking and finance company licence (“Bafin”), involving the following steps:

- (a) the proposed acquisition by AMFB of the 100% equity interest held by the Company in AmBank Berhad (“AmBank”), comprising 761,718,750 ordinary shares of RM1.00 each (the “AmBank Shares”), from the Company for a purchase consideration equivalent to the carrying value of the Company’s investment in AmBank as at the completion date of proposed acquisition, whereby the purchase consideration will be satisfied by the issuance of new AMFB shares at an issue price based on the unaudited net tangible assets (“NTA”) per share of AMFB as at the completion date, and upon completion thereof, AmBank will become a wholly-owned subsidiary of AMFB (the “Proposed AMFB Acquisition of AmBank”);
- (b) upon the completion of the Proposed AMFB Acquisition of AmBank, the proposed acquisition by AmFinance Berhad (“AmFinance”) of the AmBank Shares from AMFB for a purchase consideration equivalent to the NTA of AmBank after adjusting for certain non-transferable assets as at the completion date of the proposed acquisition, whereby the purchase consideration will be satisfied by the issuance of new AmFinance shares to AMFB at an issue price based on the unaudited NTA per share of AmFinance as at the completion date (the “Proposed AmFinance Acquisition of AmBank”); and
- (c) upon the completion of the Proposed AmFinance Acquisition of AmBank, the finance company business of AmFinance and the commercial banking business of AmBank will be merged by way of a transfer of AmBank’s assets and liabilities (save for certain non-transferable assets) to AmFinance via a vesting order under Section 50 of the Banking and Financial Institutions Act, 1989 (the “Proposed Business Merger”).

The Proposed AmFinance Acquisition of AmBank is conditional upon the completion of the Proposed AMFB Acquisition of AmBank.

The Proposed AMFB Acquisition of AmBank, Proposed AmFinance Acquisition of AmBank and Proposed Business Merger are subject to the approvals of SC, Minister of Finance, BNM and other relevant authorities.

On 26 April 2005 and 9 May 2005, the Company had obtained the approval of the Minister of Finance and the Foreign Investment Committee for the proposed merger of AmBank’s commercial banking business and finance company business.

B9. BORROWINGS

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

	The Group													
	<u>31.3.2005</u>	<u>31.3.2004</u>												
	<u>RM'000</u>	<u>RM'000</u>												
(i) Deposits from customers														
Due within one year	32,797,683	31,790,176												
More than one year	<u>1,649,657</u>	<u>1,227,117</u>												
	<u>34,447,340</u>	<u>33,017,293</u>												
Comprise of:														
Term/Investment deposits	29,556,983	28,379,509												
Saving deposits	2,878,783	2,742,945												
Current deposits	1,334,289	1,173,848												
Negotiable instruments of deposits	<u>677,285</u>	<u>720,991</u>												
	<u>34,447,340</u>	<u>33,017,293</u>												
(ii) Deposits of banks and other financial institutions														
Due within one year														
Interbank borrowings	157,700	265,244												
Others	<u>8,807,424</u>	<u>8,033,751</u>												
	8,965,124	8,298,995												
More than one year - Others	<u>3,112,627</u>	<u>3,143,771</u>												
Total	<u>12,077,751</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%;">7,736,320</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;"><u>(157,700)</u></td> <td style="text-align: right;"><u>(265,244)</u></td> </tr> <tr> <td><i>Net interbank lendings</i></td> <td style="text-align: right;"><u>7,578,620</u></td> <td style="text-align: right;"><u>6,335,714</u></td> </tr> </table>			<i>Recap:</i>			<i>Interbank lendings</i>	7,736,320	6,600,958	<i>Interbank borrowings</i>	<u>(157,700)</u>	<u>(265,244)</u>	<i>Net interbank lendings</i>	<u>7,578,620</u>	<u>6,335,714</u>
<i>Recap:</i>														
<i>Interbank lendings</i>	7,736,320	6,600,958												
<i>Interbank borrowings</i>	<u>(157,700)</u>	<u>(265,244)</u>												
<i>Net interbank lendings</i>	<u>7,578,620</u>	<u>6,335,714</u>												
(iii) Unsecured subordinated certificate of deposits														
More than one year	<u>198,768</u>	<u>197,418</u>												

	The Group	
	<u>31.3.2005</u>	<u>31.3.2004</u>
	RM'000	RM'000
(iv) Term loans		
Due within one year		
Secured	-	294,500
Unsecured	<u>1,252,500</u>	<u>350,500</u>
	<u>1,252,500</u>	<u>645,000</u>

During the financial year, the Company obtained RM740,000,000 short term loans from local financial institutions to finance the cash portion of the consideration price of the AMFB Privatisation, pending the receipt of proceeds from the Listing of AmInvestment Group Berhad in May 2005. These term loans would be fully repaid upon receipt of the proceeds from the Listing of AmInvestment Group.

	The Group	
	<u>31.12.2004</u>	<u>31.3.2004</u>
	RM'000	RM'000
(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>801,481</u>	<u>798,325</u>

B10. DERIVATIVE FINANCIAL INSTRUMENTS

As at 10 May 2005 , 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	676,980	-	119,980	127,000	216,000	214,000	-	1,925
Interest rate swaps	6,677,515	200,000	263,000	465,000	1,065,000	4,424,515	260,000	2,270
Malaysian Government Securities Futures	22,900	22,900	-	-	-	-	-	-
Foreign exchange related contracts:								
Forward exchange contracts	2,591,826	1,841,837	333,961	359,028	57,000	-	-	257
Cross currency swaps	387,600	-	-	-	-	387,600	-	581
Total	10,356,821	2,064,737	716,941	951,028	1,338,000	5,026,115	260,000	5,033

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 10 May 2005, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM24,887 (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 RM8,168,704 (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 10 May 2005, the amounts of counterparty credit risk, measured in term of the cost to replace the profitable contracts of the Group, was RM4,798,153 (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.

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.

The Group	Individual Quarter		Cumulative Quarter	
	31.3.2005	31.3.2004	31.3.2005	31.3.2004
	RM'000/ '000	RM'000/ '000	RM'000/ '000	RM'000/ '000
Net profit/(loss) attributable to shareholders' of the Company	<u>(7,049)</u>	<u>26,274</u>	<u>201,941</u>	<u>214,946</u>
Number of ordinary shares at beginning of period/year	1,871,698	1,824,459	1,858,806	1,001,719
Effect of ordinary shares issued pursuant to :				
- Exercise of ESOS	-	19,431	8,135	10,432
- Exercise of Warrants 2003/2008	13,223	7	3,263	1,366
- AMFB Privatisation	52,480	-	12,940	-
- Rights issue	-	-	-	78,982
- Bonus issue	-	-	-	505,762
Weighted average number of ordinary shares in issue	<u>1,937,401</u>	<u>1,843,897</u>	<u>1,883,144</u>	<u>1,598,261</u>
Basic earnings/(loss) per share (Sen)	<u>(0.36)</u>	<u>1.42</u>	<u>10.72</u>	<u>13.45</u>

(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	
	31.3.2005	31.3.2004	31.3.2005	31.3.2004
	RM'000/ '000	RM'000/ '000	RM'000/ '000	RM'000/ '000
The Group				
Net profit/(loss) attributable to shareholders' of the Company	(7,049)	26,274	201,941	214,946
Adjusted profit/(loss) after taxation and minority interests	(7,049)	26,274	201,941	214,946
Weighted average number of ordinary shares in issue	1,937,401	1,843,897	1,883,144	1,598,261
Adjusted for :				
ESOS	-	7,624	-	7,624
Warrants 2003/2008	29,215	92,509	29,215	92,509
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,966,616	1,944,030	1,912,359	1,698,394
Fully diluted earnings/(loss) per share (Sen)	(0.36)	1.35	10.56	12.66

For the financial quarter and year ended 31 March 2005 and 2004, 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 quarter/year ended 31 March 2005 and 2004 have been arrived at based on the assumption that dilutive share options and dilutive share warrants 2003/2008 are exercised at beginning of quarter/year.

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

Date : 16 May 2005