

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies
UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2007

	Note	The Group	
		30.9.07 RM'000	31.3.07 RM'000
ASSETS			
Cash and short-term funds		7,066,679	10,593,220
Securities purchased under resale agreements		494,920	501,431
Deposits and placements with banks and other financial institutions		638,558	1,639,857
Securities held-for-trading	A8	8,798,428	6,918,905
Securities available-for-sale	A9	1,618,888	1,855,529
Securities held-to-maturity	A10	2,050,247	2,312,570
Derivative financial assets		249,000	380,742
Loans, advances and financing	A11	49,478,356	47,610,755
Other assets	A12	2,289,710	2,152,286
Statutory deposits with Bank Negara Malaysia		1,813,095	1,807,058
Investments in associated companies		1,301	1,754
Prepaid land lease payment		7,082	7,156
Property and equipment		225,498	234,000
Life fund assets		1,556,984	1,458,908
Deferred tax assets		824,686	901,258
Intangible assets		598,804	588,442
TOTAL ASSETS		77,712,236	78,963,871
LIABILITIES AND EQUITY			
Deposits from customers	A13	45,341,537	42,381,662
Deposits and placements of banks and other financial institutions	A14	14,516,483	17,441,339
Derivative financial liabilities		336,802	451,755
Obligations on securities sold under repurchase agreements		-	3,140,243
Bills and acceptances payable		2,107,192	1,461,577
Recourse obligations on loans sold to Cagamas Berhad		491,740	755,061
Other liabilities	A15	3,298,409	3,125,060
Term loans		308,318	309,680
Subordinated term loans		460,000	460,000
Redeemable unsecured bonds		1,324,377	1,322,795
Converting preference shares		41,657	-
Unsecured exchangeable bonds		575,000	-
Hybrid capital		660,049	666,474
Life fund liabilities		208,006	172,281
Life policyholder funds		1,348,978	1,286,627
Total Liabilities		71,018,548	72,974,554
Share capital		2,592,788	2,130,565
Reserves		2,855,411	2,657,236
Equity attributable to equity holders of the Company		5,448,199	4,787,801
Minority interests		1,245,489	1,201,516
Total Equity		6,693,688	5,989,317
TOTAL LIABILITIES AND EQUITY		77,712,236	78,963,871

AMMB HOLDINGS BERHAD
 (223035-V) (Incorporated in Malaysia)
 and its subsidiary companies
UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2007 (CONTD.)

	Note	The Group	
		30.9.07	31.3.07
		RM'000	RM'000
COMMITMENTS AND CONTINGENCIES	A25	54,508,942	48,568,133
CAPITAL ADEQUACY RATIO	A29		
Core capital ratio		8.95%	8.72%
Risk-weighted capital ratio		13.34%	12.61%
NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		2.55	2.25
NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY AFTER DEDUCTING THE NOMINAL AMOUNT AND EQUITY COMPONENT OF THE CONVERTING PREFERENCE SHARES (RM)		2.34	2.25

The Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007.

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007

The Group	Note	Individual Quarter		Cumulative Quarter	
		30.9.07 RM'000	30.9.06 RM'000	30.9.07 RM'000	30.9.06 RM'000
Revenue		1,545,212	1,312,573	3,123,544	2,634,871
Interest income	A16	985,386	935,443	1,989,694	1,821,855
Interest expense	A17	(630,282)	(586,510)	(1,263,947)	(1,126,203)
Net interest income		355,104	348,933	725,747	695,652
Net income from Islamic banking business		126,580	122,573	256,762	241,392
Other operating income	A18	327,845	254,557	670,847	475,883
Net income		809,529	726,063	1,653,356	1,412,927
Other operating expenses	A19	(380,043)	(329,170)	(748,925)	(665,371)
Operating profit		429,486	396,893	904,431	747,556
Allowance for losses on loans and financing	A20	(197,096)	(191,685)	(350,431)	(317,134)
Impairment loss on:					
Securities		(6,910)	(57,198)	(13,524)	(80,225)
Amount recoverable under asset-backed securitisation transaction		-	-	(7,000)	-
Assets acquired in exchange of debts		-	(936)	(72)	(936)
Transfer from profit equalisation reserve		2,285	15,414	28,136	20,440
Allowance for doubtful sundry receivables - net		(2,486)	(2,852)	(1,687)	(6,155)
Writeback of provision/(Provision) for commitments and contingencies		2	(7)	299	318
Profit before share in results of associated companies		225,281	159,629	560,152	363,864
Share in results of associated companies		-	161	-	1,043
Profit before taxation		225,281	159,790	560,152	364,907
Taxation	B5	(110,056)	(70,940)	(213,975)	(133,560)
Profit for the period		115,225	88,850	346,177	231,347
Attributable to:					
Equity holders of the Company		72,123	52,768	253,201	171,923
Minority interests		43,102	36,082	92,976	59,424
Profit for the period		115,225	88,850	346,177	231,347
EARNINGS PER SHARE (SEN)	B13				
Basic		3.14	2.48	11.24	8.07
Fully diluted		2.99	2.46	10.68	8.00

The Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007

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

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007**

The Group	Attributable to Equity Holders of the Company						Total RM'000	Minority interests RM'000	Total equity RM'000
	Ordinary share capital RM'000	Non- Distributable			Exchange fluctuation reserve RM'000	Distributable Unappropriated profits RM'000			
		Share premium RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000					
At 1 April 2006									
As previously stated	2,130,534	791,550	1,000,417	9,713	15,736	1,199,136	5,147,086	1,108,820	6,255,906
Prior year adjustments	-	-	-	-	-	(7,454)	(7,454)	-	(7,454)
At 1 April 2006 (restated)	2,130,534	791,550	1,000,417	9,713	15,736	1,191,682	5,139,632	1,108,820	6,248,452
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	1,297	-	-	1,297	-	1,297
Exchange fluctuation adjustments	-	-	-	-	(2,366)	-	(2,366)	-	(2,366)
Net income/(expense) recognised directly in equity	-	-	-	1,297	(2,366)	-	(1,069)	-	(1,069)
Profit for the period	-	-	-	-	-	171,923	171,923	59,424	231,347
Total recognised net income/(expense) for the period	-	-	-	1,297	(2,366)	171,923	170,854	59,424	230,278
Issue of shares pursuant to exercise of Warrants 2003/2008	5	6	-	-	-	-	11	-	11
Arising from subscription for shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	200	200
Arising from acquisition of AmARA REIT Holdings Sdn Bhd	-	-	-	-	-	-	-	300	300
Disposal of shares in P.T.AmCapital Indonesia	-	-	-	-	-	-	-	(822)	(822)
Dividends paid	-	-	-	-	-	(76,699)	(76,699)	(41,745)	(118,444)
At 30 September 2006	2,130,539	791,556	1,000,417	11,010	13,370	1,286,906	5,233,798	1,126,177	6,359,975

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

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007**

The Group	Attributable to Equity Holders of the Company									
	Non-Distributable						Distributable			
	Ordinary share capital RM'000	Converting preference shares^ RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 April 2007										
As previously stated	2,130,565	-	791,588	1,107,757	36,362	10,297	798,502	4,875,071	1,201,516	6,076,587
Prior year adjustments	-	-	-	-	-	-	(87,270)	(87,270)	-	(87,270)
At 1 April 2007 (restated)	2,130,565	-	791,588	1,107,757	36,362	10,297	711,232	4,787,801	1,201,516	5,989,317
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	-	19,622	-	-	19,622	-	19,622
Transfer from unappropriated profits	-	-	-	-	-	-	-	-	-	-
Exchange fluctuation adjustments	-	-	-	-	-	(434)	-	(434)	-	(434)
Net income recognised directly in equity	-	-	-	-	19,622	(434)	-	19,188	-	19,188
Profit for the period	-	-	-	-	-	-	253,201	253,201	92,976	346,177
Total recognised net income for the year	-	-	-	-	19,622	(434)	253,201	272,389	92,976	365,365
Issue of converting preference shares ^	-	458,343	-	-	-	-	-	458,343	-	458,343
Issue of shares pursuant to exercise of :										
- Warrants 1997/2007	-*	-	-*	-	-	-	-	-	-	-
- Warrants 2003/2008	3,880	-	4,617	-	-	-	-	8,497	-	8,497
Arising from subscription for shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	-	1,080	1,080
Proposed dividends	-	-	-	-	-	-	(78,831)	(78,831)	(50,083)	(128,914)
At 30 September 2007	2,134,445	458,343	796,205	1,107,757	55,984	9,863	885,602	5,448,199	1,245,489	6,693,688

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

^ Representing the equity component of the 163.9 million converting preference shares ("CPS") of RM1.00 each to ANZ Funds Pty Ltd, a wholly owned subsidiary of Australia and New Zealand Banking Group Limited ("ANZ") at an issue price of RM3.05 per CPS which will convert into 163.9 million ordinary shares of RM1.00 each in the Company.

The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007.

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2007

The Group	30.9.07	30.9.06
	RM'000	RM'000
Profit before taxation	560,152	364,907
Add adjustments for non-operating and non-cash items	261,934	182,401
Operating profit before working capital	822,086	547,308
Increase in operating assets	(3,089,401)	(672,056)
Increase in operating liabilities	(2,681,902)	(2,873,284)
Cash used in operations	(4,949,217)	(2,998,032)
Taxation paid	(87,359)	(54,200)
Net cash used in operating activities	(5,036,576)	(3,052,232)
Net cash generated from/(used in) investing activities	443,466	(307,399)
Net cash generated from financing activities	1,084,577	459,689
Net decrease in cash and cash equivalents	(3,508,533)	(2,899,942)
Cash and cash equivalents at beginning of period	10,490,422	9,429,118
Cash and cash equivalents at end of period	6,981,889	6,529,176

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

The Group	30.9.07	30.9.06
	RM'000	RM'000
Cash and short-term funds	7,066,679	6,692,232
Bank overdrafts	(580)	(12,302)
	7,066,099	6,679,930
Less: Cash and bank balances and deposits held in trust	(84,288)	(150,668)
	6,981,811	6,529,262
Effect of exchange rates changes	78	(86)
Cash and cash equivalents	6,981,889	6,529,176

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007.

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134, Interim Financial Reporting, issued by Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2007.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of FRS 117 Leases issued by MASB and Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM Revised Guidelines") dated 5 October 2004 on the accounting treatment of derivative financial instruments which are transacted for the purpose of hedging, both of which are effective for the Group's annual reporting date, 31 March 2008. The adoption of FRS 117 and BNM Revised Guidelines has resulted in changes in the accounting policies of the Group and are disclosed in Note A31.

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

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

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

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

A2. AUDIT QUALIFICATION

There were no audit qualification in the annual financial statements for the year ended 31 March 2007.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS

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

A5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter and period ended 30 September 2007.

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

The Company has not issued any new debentures during the financial period.

During the financial period, the issued and fully paid-up share capital of the Company was increased from 2,130,565,415 ordinary share of RM1.00 each to 2,134,444,854 ordinary shares of RM1.00 each by the issue:

1. 3,879,369 new ordinary shares of RM1.00 each at RM2.19 per share by virtues of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM4,616,449 has been credited to share premium account.
2. 70 new ordinary shares of RM1.00 each at RM6.51 per share by virtues of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM386 has been credited to share premium account.

The 3,879,439 new ordinary shares issued rank pari passu in all respect with the then existing ordinary shares of the Company.

On 18 May 2007, the Company issued 163,934,426 converting preference shares ("CPS") of RM1.00 each to ANZ Funds Pty Ltd, a wholly owned subsidiary of ANZ at an issue price of RM3.05 per CPS which will converting into 163,934,426 ordinary shares of RM1.00 each in the Company. The Company has utilised a total of RM450,000,000 from the proceeds of CPS for the subscription of AMFB Holdings Berhad ("AMFB")'s rights issue of 30,000,000 new ordinary shares of RM1.00 each at an issue price of RM5.00 per share amounting to RM150,000,000 and RM300,000,000 nominal amount of Interest Bearing Irredeemable Convertible Unsecured Loan Stock issued by AMFB on rights entitlement basis. The issue price of RM5.00 per AMFB share is derived at based on 17.6% premium on the net tangible assets per share of AMFB of approximately RM4.25 as at 31 March 2007.

The salient features of the CPS are as follows:

- (i) The CPS confers upon its holder the right to receive the following cumulative dividends, the lesser of:
 - (a) (i) if a dividend is declared on the ordinary shares in respect of a financial year of the Company, a dividend on the same terms and conditions as the holder of an ordinary share in the Company plus RM0.02 per annum per CPS; or
 - (ii) if a dividend is not declared on the ordinary shares in respect of a financial year of the Company, RM0.02 per annum per CPS; and
- (b) RM0.15 per annum per CPS.
- (ii) The CPS is not, nor at the option of the Company is, liable to be redeemed.
- (iii) Each CPS shall entitle the holder to convert into one (1) new ordinary share of the Company at the conversion price of RM1.00 each for every one (1) CPS at any time up to the 5th anniversary from the date of issue at the option of the holder, or (if not previously converted), it will be converted automatically on the 5th anniversary.

The CPS is classified separately into its liability and equity component as required by FRS 132: Financial Instruments – Disclosures and Presentation. FRS 132 requires the issuer of a financial instrument to classify the instrument either as a liability or equity in accordance with the substance of the contractual arrangement on initial recognition. The fair value of the liability component, included in non-current liabilities, was calculated using a market interest rate for an equivalent financial instrument. The residual amount, representing the value of the equity conversion component is included in the statement of changes in equity.

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

A7. DIVIDENDS PAID

Subsequent to the financial period ended 30 September 2007, a final dividend of 5.0%, less tax, amounting to RM78,830,920 for the financial year ended 31 March 2007 was paid in 19 October 2007 to shareholders whose names appear in the record of Depositors on 4 October 2007.

A8. SECURITIES HELD-FOR-TRADING

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Treasury bills	37,633	166,303
Islamic Treasury bills	6,413	48,442
Malaysian Government Securities	1,279,179	1,505,936
Malaysian Government Investment Certificates	600,546	575,313
Cagamas bonds	25,113	60,230
Khazanah bonds	110,353	11,741
Cagamas Mudharabah bearer bonds	50,972	16,217
Bank Negara Monetary Notes	537,513	580,986
Negotiable Islamic Debt Certificates	36,728	12,442
Negotiable instruments of deposits	15,608	-
Islamic Bank Negara Monetary Notes	59,355	-
	<u>2,759,413</u>	<u>2,977,610</u>
Securities Quoted:		
In Malaysia:		
Shares	403,663	294,296
Corporate bonds	16,662	33,922
Trust units	298,775	198,185
Outside Malaysia:		
Shares	85,942	43,072
Trust units	1,662	1,996
	<u>806,704</u>	<u>571,471</u>
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	2,200	2,200
Outside Malaysia:		
Shares	17,848	18,910
	<u>20,048</u>	<u>21,110</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	209,139	244,739
Islamic corporate bonds	94,035	103,119
Corporate notes	-	39,749
Islamic corporate notes	30,719	30,425
	<u>333,893</u>	<u>418,032</u>

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
Unquoted Private Debt Securities Of Companies		
Incorporated:		
In Malaysia:		
Shares	-	405,822
Corporate bonds	1,241,232	687,002
Corporate notes	400,249	50,224
Islamic corporate bonds	2,215,553	1,604,502
Islamic corporate notes	784,577	63,947
Outside Malaysia:		
Corporate bonds	236,759	119,185
	<u>4,878,370</u>	<u>2,930,682</u>
Total	<u>8,798,428</u>	<u>6,918,905</u>

A9. SECURITIES AVAILABLE-FOR-SALE

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Malaysian Government Securities	46,469	44,474
Cagamas bonds	14,681	14,624
Khazanah bonds	9,784	9,604
Negotiable instruments of deposits	141,558	353,612
	<u>212,492</u>	<u>422,314</u>
Securities Quoted:		
In Malaysia:		
Corporate bonds	-	17,329
Trust units	80,547	76,334
Outside Malaysia:		
Shares	41,856	13,505
	<u>122,403</u>	<u>107,168</u>
Unquoted Securities Incorporated In Malaysia:		
Shares	4,378	2,400
Debt Equity Converted Securities Quoted:		
In Malaysia:		
Shares	33,810	46,043
Shares - with options	37,605	82,815
Loan stocks	8,681	-
Corporate bonds	4,462	50
Outside Malaysia:		
Shares	153	229
	<u>84,711</u>	<u>129,137</u>

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
Unquoted Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Corporate bonds	306,415	323,592
Islamic corporate bonds	710,369	558,857
	1,016,784	882,449
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	178,120	312,061
Total	1,618,888	1,855,529
A10. SECURITIES HELD-TO-MATURITY		
At Amortised Cost		
Money Market Securities:		
Negotiable instruments of deposits	-	89,589
Securities Quoted In Malaysia:		
In Malaysia:		
Shares	99	99
Islamic Corporate bonds	27,272	34,560
Trust units	2,004	1,001
Outside Malaysia:		
Islamic Corporate bonds	6,818	-
	36,193	35,660
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	102,636	102,636
Corporate bonds	959	959
Outside Malaysia:		
Shares	6,441	7,597
	110,036	111,192
Quoted Debt Equity Converted Securities:		
In Malaysia:		
Shares	5,314	13,193
Corporate bonds	52,754	-
Loan stocks - collateralised	401,307	419,542
Loan stocks - with options	387,178	424,490
Outside Malaysia:		
Warrants	15	15
	846,568	857,240

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
Unquoted Debt Equity Converted Securities Of Companies		
Incorporated In Malaysia:		
Shares	44,971	44,971
Loan stocks	74,857	91,576
Loan stocks - collateralised	683,094	691,933
Corporate bonds	500,242	502,224
	<u>1,303,164</u>	<u>1,330,704</u>
Unquoted Private Debt Securities Of Companies Incorporated:		
In Malaysia:		
Shares	-	21,220
Corporate bonds and notes denominated in USD	-	56,871
Corporate notes	11,410	-
Islamic corporate bonds	192,011	193,598
Outside Malaysia:		
Corporate bonds and notes denominated in USD	102,270	103,680
	<u>305,691</u>	<u>375,369</u>
Unquoted Guaranteed Private Debt Securities Of Companies		
Incorporated In Malaysia:		
Corporate bonds	-	79,216
	<u>2,601,652</u>	<u>2,878,970</u>
Accumulated impairment losses	(551,405)	(566,400)
Total	<u><u>2,050,247</u></u>	<u><u>2,312,570</u></u>

A11. LOANS, ADVANCES AND FINANCING

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
Loans and financing:		
Term loans and revolving credit	14,280,765	14,037,374
Housing loans	11,166,439	11,074,856
Staff loans	183,606	185,536
Hire-purchase receivables	26,041,742	24,474,377
Credit card receivables	2,000,088	2,218,724
Lease receivables	1,500,184	1,430,654
Overdrafts	1,445,317	1,343,383
Claims on customers under acceptance credits	1,812,027	1,656,939
Trust receipts	250,347	215,921
Block discount receivables	58,468	56,751
Factoring receivables	51,025	52,047
Bills receivable	25,362	17,765
	<u>58,815,370</u>	<u>56,764,327</u>
Less: Unearned interest and income	6,282,052	6,022,129
Total	<u>52,533,318</u>	<u>50,742,198</u>
Less:		
Allowance for bad and doubtful debts and financing:		
General	804,755	778,396
Specific	2,250,207	2,353,047
	<u>3,054,962</u>	<u>3,131,443</u>
Net loans, advances and financing	<u>49,478,356</u>	<u>47,610,755</u>

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

	The Group				Annualised Loans Growth (%)
	30.9.07		31.3.07		
	RM'000	%	RM'000	%	
Purchase of transport vehicles	23,769,222	43.5	22,739,226	42.5	
Purchase of landed properties:					
- Residential	10,865,019	19.9	10,777,779	20.2	
- Non-residential	2,375,457	4.3	2,491,641	4.7	
Working capital	8,185,611	15.0	7,921,566	14.8	
Credit cards	1,973,128	3.6	2,207,352	4.1	
Personnel use	1,844,704	3.4	1,651,691	3.1	
Fixed assets	1,610,703	2.9	1,561,570	2.9	
Construction	1,037,981	1.9	1,160,173	2.2	
Purchase of securities	1,210,336	2.2	1,237,484	2.3	
Merger and acquisition	213,636	0.4	207,044	0.4	
Consumer durables	4,355	0.0	4,648	0.0	
Other purpose	1,604,989	2.9	1,500,857	2.9	
Gross loans, advances and financing	54,695,141	100.0	53,461,031	100.0	
Less: Islamic financing sold to					
Cagamas Berhad	(2,161,823)		(2,718,833)		
	<u>52,533,318</u>		<u>50,742,198</u>		<u>7.1</u>

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

	The Group	
	30.9.07 RM'000	31.3.07 RM'000
Domestic :		
Other non-bank financial institutions	730,116	760,703
Business enterprises:		
Small medium enterprises	5,057,569	4,806,779
Others	10,337,811	9,932,336
Government and statutory bodies	142,194	140,282
Individuals	35,989,979	34,583,382
Other domestic entities	54,954	327,991
Foreign entities	220,695	190,725
	<u>52,533,318</u>	<u>50,742,198</u>

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

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
Variable rate		
BLR-plus	14,626,853	14,154,129
Cost-plus	4,725,044	4,919,740
Other variable rates	554,664	567,196
	<u>19,906,561</u>	<u>19,641,065</u>
Fixed rate		
Housing loans	2,635,520	3,129,736
Hire purchase receivables	22,617,197	21,100,285
Other fixed rates	7,374,040	6,871,112
	<u>32,626,757</u>	<u>31,101,133</u>
	<u>52,533,318</u>	<u>50,742,198</u>

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

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
Gross		
Balance at beginning of period/year	5,534,341	6,136,695
Non-performing during the period/year	901,947	1,604,797
Reclassification to performing loans and financing	(619,499)	(818,554)
Debt equity conversion	(106,274)	2,001
Amount written off	(408,842)	(457,448)
Sale of non-performing loans	(407,813)	-
Recoveries	(299,293)	(935,779)
Exchange fluctuation adjustments	189	(6,182)
Transfer from stock and share-broking activities	-	8,811
Balance at end of period/year	<u>4,594,756</u>	<u>5,534,341</u>
Less: Specific allowance	<u>(2,250,207)</u>	<u>(2,353,047)</u>
Non-performing loans, advances and financing - net	<u>2,344,549</u>	<u>3,181,294</u>
Ratios of non-performing loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) - net	<u>4.5%</u>	<u>6.2%</u>
Loan loss coverage excluding collateral values	<u>66.5%</u>	<u>56.6%</u>

Subsequent to the financial period, AmBank entered into a sale and purchase agreement with Neptune ABS One Berhad ("Neptune One"), for the proposed sale of second tranche of corporate non-performing loans for a total cash consideration of RM124,778,006 to Neptune One by way of securitisation. Upon completion of the sale, the Group non-performing loans (net) ratio will further reduce to 4.3% from 4.5% as at 30 September 2007.

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

	The Group			
	30.9.07		31.3.07	
	RM'000	%	RM'000	%
Working capital	1,232,665	26.8	1,205,711	21.8
Purchase of landed properties:				
Residential	1,103,431	24.0	1,372,850	24.8
Non-residential	596,634	13.0	781,598	14.1
Purchase of transport vehicles	638,358	13.9	806,824	14.6
Construction	284,496	6.2	364,953	6.6
Purchase of securities	243,545	5.3	273,202	4.9
Credit cards	99,009	2.2	216,850	3.9
Fixed assets	83,511	1.8	62,217	1.1
Personnel use	43,903	1.0	54,394	1.0
Merger and acquisition	15,000	0.3	15,020	0.3
Consumer durables	450	0.1	327	0.1
Other purpose	253,754	5.4	380,395	6.8
	<u>4,594,756</u>	<u>100.0</u>	<u>5,534,341</u>	<u>100.0</u>

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

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
General allowance		
Balance at beginning of period/year	778,396	721,817
Allowance during the period/year	26,395	55,567
Transfer from stock and share-broking operations	-	1,321
Exchange fluctuation adjustments	(36)	(309)
Balance at end of period/year	<u>804,755</u>	<u>778,396</u>
% of total loans, advances and financing (including Islamic financing sold to Cagamas) less specific allowances	<u>1.53%</u>	<u>1.52%</u>
Specific allowance		
Balance at beginning of period/year	2,353,047	1,532,664
Allowance during the period/year	740,144	2,162,855
Amount written back in respect of recoveries and reversals	(231,189)	(426,953)
Net charge to income statements	508,955	1,735,902
Amount written off	(401,866)	(935,929)
Sale of non-performing loans	(183,750)	-
Debt equity conversion	(17,190)	(3,182)
Reclassification from sundry receivables	(9,299)	8,205
Exchange fluctuation adjustments	(337)	(1,146)
Adjustment to deferred asset account	-	7,792
Transfer from stock and share-broking operations	647	8,741
Balance at end of period/year	<u>2,250,207</u>	<u>2,353,047</u>

A12. OTHER ASSETS

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	972,944	777,650
Other receivables, deposits and prepayments, net of allowance for doubtful debts	761,562	809,429
Interest receivables on treasury assets, net of allowance for doubtful debts	175,955	173,229
Fee receivables, net of allowance for doubtful debts	36,845	34,336
Amount due from Originators	39,436	52,421
Amount due from agents, brokers and reinsurer, net of allowance	87,322	85,334
Amount recoverable under asset-backed securitisation transactions, net of impairment loss	70,066	77,066
Foreclosed properties, net of allowance for impairment in value	105,626	98,882
Deferred assets	39,954	43,939
	<u>2,289,710</u>	<u>2,152,286</u>

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

A13. DEPOSITS FROM CUSTOMERS

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
Term/Investment deposits	35,894,686	35,981,135
Savings deposits	3,206,202	3,160,423
Current deposits	2,587,667	2,162,453
Negotiable instruments of deposits	319,155	16,950
Other deposits	3,333,827	1,060,701
	<u>45,341,537</u>	<u>42,381,662</u>

The deposits are sourced from the following types of customers:

Business enterprises	15,122,259	12,535,438
Individuals	23,205,990	23,029,293
Government	5,395,564	4,877,907
Others	1,617,724	1,939,024
	<u>45,341,537</u>	<u>42,381,662</u>

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
Deposits from:		
Licensed banks	2,395,856	4,807,110
Licensed merchant banks	502,302	499,284
Bank Negara Malaysia	1,283,506	1,278,320
Other financial institutions	10,334,819	10,856,625
	<u>14,516,483</u>	<u>17,441,339</u>

A15. OTHER LIABILITIES

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
Trade payables	1,143,966	962,845
Securities sold not yet re-purchased	132,333	98,209
Other payables and accruals	1,196,912	1,258,145
Interest payable on deposits and borrowings	426,530	473,091
Lease deposits and advance rentals	62,816	57,665
General insurance funds	214,147	194,637
Provision for commitments and contingencies	-	300
Bank overdrafts	580	9,515
Profit equalization reserve	27,699	55,837
Deferred tax liabilities	77,660	8,475
Tax payable	15,766	6,341
	<u>3,298,409</u>	<u>3,125,060</u>

A16. INTEREST INCOME

The Group	Individual Quarter		Cumulative Quarter	
	30.9.07	30.9.06	30.9.07	30.9.06
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	47,822	54,617	131,681	122,288
Securities held-for-trading	68,548	46,255	118,457	114,892
Securities available for sale	23,213	23,685	46,753	41,691
Securities held-to-maturity	13,315	2,040	20,647	3,905
Loans and advances				
- Interest income other than recoveries from NPLs	700,810	632,363	1,385,310	1,234,093
- Recoveries from NPLs	65,134	70,697	137,163	148,354
ICULS Investment	-	26,178	1,200	44,743
Interest rate swap	100,195	103,995	202,437	162,368
Others	978	2,671	1,616	5,245
Gross interest income	<u>1,020,015</u>	<u>962,501</u>	<u>2,045,264</u>	<u>1,877,579</u>
Amortisation of premiums less accretion of discounts	5,116	1,825	7,701	10,540
Interest suspended	<u>(39,745)</u>	<u>(28,883)</u>	<u>(63,271)</u>	<u>(66,264)</u>
Total after net interest suspension	<u>985,386</u>	<u>935,443</u>	<u>1,989,694</u>	<u>1,821,855</u>

A17. INTEREST EXPENSE

The Group	Individual Quarter		Cumulative Quarter	
	30.9.07	30.9.06	30.9.07	30.9.06
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	348,116	308,633	693,972	617,692
Deposit of banks and other financial institutions	88,512	64,508	183,686	136,853
Securities sold under repurchase agreements	-	20,370	16,957	47,281
Amount due to Cagamas Berhad	4,600	13,223	10,600	28,003
Bank borrowings:				
Term loans	4,759	7,079	9,111	13,531
Overdrafts	49	108	139	492
Subordinated deposits and term loans	2,496	18,890	4,269	32,842
Interest on Bonds	28,130	15,091	52,787	30,017
Interest rate swap	121,597	114,005	242,905	178,965
Hybrid securities	11,778	12,425	23,373	25,025
Others	20,245	12,178	26,148	15,502
	<u>630,282</u>	<u>586,510</u>	<u>1,263,947</u>	<u>1,126,203</u>

A18. OTHER OPERATING INCOME

The Group	Individual Quarter		Cumulative Quarter	
	30.9.07 RM'000	30.9.06 RM'000	30.9.07 RM'000	30.9.06 RM'000
Fee income:				
Fees on loans and advances	30,099	29,291	57,483	59,624
Corporate advisory	7,322	3,366	18,561	7,370
Guarantee fees	5,208	5,204	9,458	13,121
Underwriting commissions	6,579	8,106	7,376	10,675
Portfolio management fees	4,339	2,968	8,897	5,339
Unit trust management fees	14,533	8,898	27,852	16,973
Brokerage rebates	139	195	413	469
Property trust management fees	680	540	1,373	1,047
Brokerage fees and commissions	48,259	15,554	95,178	33,239
Banc assurance commission	8,145	7,729	14,557	14,688
(Expense)/Income from asset securitisation	(143)	(15)	(206)	57
Other fee income	10,666	9,231	29,833	17,013
	<u>135,826</u>	<u>91,067</u>	<u>270,775</u>	<u>179,615</u>
Investment and trading income:				
Net gain from sale of securities held-for-trading	18,136	4,499	113,332	9,532
Net gain from sale of securities available-for-sale	4,358	20,710	26,807	20,736
Net gain on redemption of securities held-to-maturity	39,860	27,643	45,878	43,190
(Loss)/gain on revaluation and valuation adjustments for securities held for trading	(29,070)	65,000	(71,323)	37,842
Gain/(Loss) on revaluation of derivatives	48,392	(112,973)	28,343	(67,598)
Unrealised (loss)/gain on hybrid capital	(27,318)	35,090	(2,309)	14,253
Gain on redemption of shares	53	-	53	-
Gross dividend income from:				
Securities held-for-trading	7,486	5,783	16,299	8,194
Securities available-for-sale	774	666	814	4,894
Securities held-to-maturity	12,448	10,199	15,382	12,035
	<u>75,119</u>	<u>56,617</u>	<u>173,276</u>	<u>83,078</u>
Premium income from general insurance business	110,086	100,953	215,511	199,171
Other income:				
Foreign exchange gain	5,087	3,217	8,237	5,244
Gain on disposal of property and equipment - net	149	172	157	1,185
Rental income	1,266	2,054	2,285	4,692
Other non-operating income	312	477	606	2,898
	<u>6,814</u>	<u>5,920</u>	<u>11,285</u>	<u>14,019</u>
	<u>327,845</u>	<u>254,557</u>	<u>670,847</u>	<u>475,883</u>

A19. OTHER OPERATING EXPENSES

The Group	Individual Quarter		Cumulative Quarter	
	30.9.07	30.9.06	30.9.07	30.9.06
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	135,289	120,206	273,591	239,224
- Others	21,598	24,396	43,505	42,677
	<u>156,887</u>	<u>144,602</u>	<u>317,096</u>	<u>281,901</u>
Establishment costs				
- Depreciation and amortisation of computer software	17,624	16,855	35,256	37,866
- Computerisation costs	16,684	14,381	28,207	29,798
- Rental	14,926	10,085	29,503	19,934
- Cleaning and maintenance	5,976	4,583	10,438	9,256
- Others	6,074	4,514	11,671	10,283
	<u>61,284</u>	<u>50,418</u>	<u>115,075</u>	<u>107,137</u>
Marketing and communication expenses				
- Sales commission	5,106	3,492	8,235	6,700
- Advertising, promotional and other marketing activities	23,421	13,125	39,683	33,097
- Telephone charges	4,392	3,982	9,087	7,582
- Postage	3,559	4,087	6,895	6,799
- Travel and entertainment	4,367	3,427	8,684	6,658
- Others	6,905	6,193	13,757	12,530
	<u>47,750</u>	<u>34,306</u>	<u>86,341</u>	<u>73,366</u>
Administration and general				
- Professional services	10,143	14,502	30,882	26,796
- Donations	649	130	788	229
- Administration and management expenses	57	3,784	1,148	7,014
- Others	20,247	3,293	34,780	16,672
	<u>31,096</u>	<u>21,709</u>	<u>67,598</u>	<u>50,711</u>
Overheads	297,017	251,035	586,110	513,115
Insurance commission	14,360	11,420	26,337	21,835
General insurance claims	68,666	66,715	136,478	130,421
	<u>380,043</u>	<u>329,170</u>	<u>748,925</u>	<u>665,371</u>

A20. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

The Group	Individual Quarter		Cumulative Quarter	
	30.9.07	30.9.06	30.9.07	30.9.06
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts and financing:				
Specific allowance - net	256,047	226,082	508,955	437,107
Allowance during the period	391,541	342,035	740,144	650,119
Amount written back in respect of recoveries and reversal	(135,494)	(115,953)	(231,189)	(213,012)
General allowance	21,234	21,305	26,395	28,114
Recoveries of value impairment on amount recoverable from Danaharta	-	(248)	(609)	(11,620)
Bad debts and financing recovered - net	(80,185)	(55,454)	(184,310)	(136,467)
Written off	98	-	153	11
Recovered	(80,283)	(55,454)	(184,463)	(136,478)
	197,096	191,685	350,431	317,134

A21. SEGMENTAL INFORMATION

BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	30.9.07 RM'000	30.9.06 RM'000	30.9.07 RM'000	30.9.06 RM'000
Investment banking				
Revenue	303,082	349,997	635,954	582,620
Profit before taxation	71,045	111,211	201,346	163,131
Commercial and retail banking				
Revenue	1,059,981	919,214	2,161,512	1,835,726
Profit before taxation	105,401	40,423	295,977	176,066
Offshore banking				
Revenue	26,702	17,001	39,437	30,677
Profit/(Loss) before taxation	28,913	(5,151)	31,912	(4,124)
Insurance				
Revenue	221,854	223,457	443,585	425,119
Profit/(Loss) before taxation	14,082	14,560	35,031	29,758
Others				
Revenue	28,282	7,527	50,780	15,731
Profit/(Loss) before taxation	10,171	(2,195)	10,039	(1,907)
Total before consolidation adjustments				
Revenue	1,639,901	1,517,196	3,331,268	2,889,873
Profit before taxation	229,612	158,848	574,305	362,924
Consolidation adjustments				
Revenue	(94,689)	(204,623)	(207,724)	(255,002)
(Loss)/Profit before taxation	(4,331)	942	(14,153)	1,983
Total after consolidation adjustments				
Revenue	1,545,212	1,312,573	3,123,544	2,634,871
Profit before taxation	225,281	159,790	560,152	364,907

Included in the above is Islamic banking business profit before taxation of RM46.7 million for the quarter and RM114.8 million for the period ended 30 September 2007 (RM47.4 million for the quarter and RM91.9 million for the period ended 30 September 2006).

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

A22. VALUATIONS OF PROPERTY AND EQUIPMENTS

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

A23. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial period and the date of this report any items, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the result of the operations of the Group for the current financial quarter other than as disclosed in Note A11 and B8.

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

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

A25. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmInvestment Bank Berhad ("AmInvestment Bank"), AmBank (M) Berhad ("AmBank"), AmIslamic Bank Berhad ("AmIslamic Bank") and AmInternational (L) Ltd ("AmInternational"), make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions other than those where provision had been made in the financial statements. The commitments and contingencies are not secured against the Group's assets.

As at 30 September 2007, the commitments and contingencies outstanding are as follows:

The Group	30.9.07			31.3.07		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Derivative Financial Instruments						
Interest rate related contracts:						
Interest rate futures	670,734	112,521	56,230	290,000	7,438	3,719
Interest rate swaps	26,473,190	694,420	139,400	23,131,423	667,038	137,537
Foreign exchange related contracts:						
Forward exchange contracts	2,977,360	66,382	13,872	4,370,080	128,442	26,830
Cross currency swaps	662,914	67,545	13,509	811,310	92,886	18,577
Malaysian Government securities futures	5,000	23	11	5,000	6	3
Equity related contracts:						
Options	490,530	-	-	165,618	-	-
	<u>31,279,728</u>	<u>940,891</u>	<u>223,022</u>	<u>28,773,431</u>	<u>895,810</u>	<u>186,666</u>
Commitments						
Irrevocable commitments to extend credit maturing :						
within one year	13,062,268	-	-	9,565,515	-	-
more than one year	1,324,472	662,236	661,695	1,225,230	612,615	611,985
Sell and buy back agreements	1,470,950	1,470,950	961,187	1,923,143	1,923,143	1,221,740
Forward purchase commitments	283,308	283,308	118,462	834,911	834,911	218,958
	<u>16,140,998</u>	<u>2,416,494</u>	<u>1,741,344</u>	<u>13,548,799</u>	<u>3,370,669</u>	<u>2,052,683</u>
Contingent Liabilities						
Guarantees given on behalf of customers	1,792,102	1,792,102	1,606,213	1,404,043	1,404,043	1,210,877
Certain transaction-related contingent items	914,079	457,039	457,040	897,800	448,900	423,564
Underwriting liabilities	1,811,000	905,500	535,000	815,000	407,500	267,100
Short term self liquidating trade-related contingencies	338,639	67,728	67,728	283,789	56,758	56,758
Islamic financing sold to Cagamas	2,161,823	2,161,823	2,161,823	2,718,833	2,718,833	2,718,833
Others	70,573	250	250	126,438	250	250
	<u>7,088,216</u>	<u>5,384,442</u>	<u>4,828,054</u>	<u>6,245,903</u>	<u>5,036,284</u>	<u>4,677,382</u>
	<u>54,508,942</u>	<u>8,741,827</u>	<u>6,792,420</u>	<u>48,568,133</u>	<u>9,302,763</u>	<u>6,916,731</u>

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

As at 30 September 2007, other contingencies and commitments of the Group and of the Company are as follows:

- (a) The Company has given unsecured guarantees totalling RM329,600,000 (RM329,600,000 as at 31 March 2007) to various financial institutions in respect of credit facilities extended to certain subsidiary companies.
- (b) AmInvestment Group Berhad has given unsecured guarantees totalling RM10,000,000 (RM10,000,000 as at 31 March 2007) to a financial institution in respect of credit facilities extended to a subsidiary company.
- (c) AmInvestment Group Berhad has given a continuing undertaking totaling S\$50,000,000 (S\$50,000,000 as at 31 March 2007) to Monetary Authority of Singapore on behalf of FIPL to meet its liabilities and financial obligation and requirements.
- (d) As required, AmInvestment Bank Berhad has given a continuing guarantee to Bank Negara Malaysia on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.
- (e) The Company has given a guarantee to HSI Services Limited ("HSI") and Hang Seng Data Services Limited ("HSDS") on behalf of its subsidiary, AmAssurance Berhad ("AMAB"), for the performance and discharge by AMAB of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AMAB's investment-linked product called AmAsia Link-Capital Guaranteed Fund.
- (f) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ("AmTrustee"), a subsidiary of the Company in respect of a claim amounting to RM27.6 million for alleged loss and damage together with interests and costs arising from AmTrustee's provision of custodian services to Meridian.

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

Parties have filed several interim applications in the Meridian suit which are pending hearing including as follows:-

- (i) an application by AmTrustee to dispose the Meridian claim on the grounds that no loss was suffered by Meridian;
- (ii) an application by Meridian for Further and Better particulars in respect of the statement of defence filed by AmTrustee;
- (iii) an application by Meridian to add another subsidiary of the Company, namely AmInvestment Bank as 2nd Defendant;
- (iv) an application by Meridian to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84 to include alleged loss due to reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by AmTrustee to Meridian;

- (v) an application for leave for Meridian to serve Interrogatories on an officer of AmTrustee allegedly relating to matters in question between Meridian and AmTrustee and
- (vi) an application by AmTrustee for Stay of Proceedings pending disposal of the application for disposal under (i) above.

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

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

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

- (g) A suit dated 4 May 2007 was filed by Unitangkob (Malaysia) Berhad and four (4) others (collectively the "Plaintiffs") against AmInvestment Bank Bhd ("the Bank"), a subsidiary of the Company, in respect of a claim amounting to RM171,549,000.00 together with interest and further damages and costs arising from an alleged breach of contract ("Unitangkob Action").

The Bank has filed its defence and applied to strike out the Unitangkob Action with costs. The Bank's lawyers have advised that the Unitangkob Action is time barred and is an abuse of the court process since the issues raised by the Plaintiffs have already been dealt with by the Court and decided in favour of the Bank during the trial of Suit No.K22-11of 2004 which was commenced by the Bank against Unitangkob and 6 guarantors to recover credit facilities granted by the Bank to Unitangkob. The Bank's lawyers have also advised that the Bank has a good chance of succeeding in striking out the Unitangkob Action.

Neither material financial nor operational impact on the Group is expected as a result of the Unitangkob Action.

A26. RELATED PARTY TRANSACTIONS

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

A27. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 September 2007, derivative financial instruments outstanding are as follows:

The Group								
Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	>5 years RM'000	Margin requirement
Interest rate related contracts :								
Interest rate futures	670,734	-	190,734	180,000	20,000	280,000	-	-
Interest rate swaps	26,473,190	670,000	835,000	410,000	7,088,999	15,623,905	1,845,286	11,245
Foreign exchange related contracts :								
Forward exchange contracts	2,977,360	1,201,571	989,497	453,057	333,235	-	-	801
Cross currency swaps	662,914	-	-	-	48,841	614,073	-	1,081
Malaysian Government securities futures	5,000	-	5,000	-	-	-	-	-
Equity related contracts:								
Options	490,530	42,367	350,929	-	16,530	80,704	-	18
Total	31,279,728	1,913,938	2,371,160	1,043,057	7,507,605	16,598,682	1,845,286	13,145

RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES

Purpose of engaging in financial derivatives

Financial derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. Derivatives are contracts that transfer risks, mainly market risks. Financial derivatives is one of the financial instruments engaged by the Group both for revenue purposes as well as to manage the Group's own market risk exposure. The Group's involvement in financial derivatives is currently focussed on interest rate derivatives and foreign exchange rate derivatives.

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

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

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

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

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

Market risk arising from the above interest rate-related, foreign exchange-related derivatives and equity related contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

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

As at 30 September 2007, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM9,480,448 (RM1,628,136 as at 31 March 2007).

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM32,144,828 (RM25,885,784 as at 31 March 2007).

The value at risk of the options related contracts used for trading purposes was RM1,724,213 (RM26,007,863 as at 31 March 2007) for the Group.

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

Credit risk of derivatives

Counterparty credit risk arises from the possibility that a counterparty may be unable to meet the terms of the derivatives contract. Unlike conventional asset instruments, the Group's financial loss is not the entire contracted principal value of the derivatives, but rather a fraction equivalent to the cost to replace the defaulted contract with another in the market. The cost of replacement is equivalent to the difference between the original value of the derivatives at time of contract with the defaulted counter party and the current fair value of a similar substitute at current market prices. The Group will only suffer a replacement cost if the contract carries a fair value gain at time of default.

As at 30 September 2007, the amount of counter party credit risk, measured in terms of the cost to replace the positive value contracts of the Group, was RM12,714,297 (RM27,277,893 as at 31 March 2007). This amount will increase or decrease over the life of the contracts, mainly as a function of movement in market rates and time.

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

Derivative Financial Instruments And Hedge Accounting

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

A28. INTEREST/PROFIT RATE RISK

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

The Group	<-----Non Trading Book----->							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
30.9.07	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	4,364,472	-	-	-	-	-	2,702,207	-	7,066,679	3.78
Securities purchased under resale agreements	494,920	-	-	-	-	-	-	-	494,920	1.29
Deposits and placements with banks and other financial institutions	10,838	530,571	35,115	4,003	-	-	58,031	-	638,558	4.70
Securities held-for-trading	-	-	-	-	-	-	-	8,798,428	8,798,428	4.24
Securities available-for-sale	17,099	61,563	45,387	43,181	1,112,865	176,220	162,573	-	1,618,888	5.27
Securities held-to-maturity	-	149,148	139,132	79,018	972,977	567,086	142,886	-	2,050,247	3.58
Loans, advances and financing:										
- performing	13,893,091	2,364,786	520,123	488,833	8,829,454	14,763,568	7,078,707	-	47,938,562	6.55
- non-performing *	-	-	-	-	-	-	1,539,794	-	1,539,794	-
Amount due from Originators	-	-	2,782	36,654	-	-	-	-	39,436	4.23
Other non-interest sensitive balances	-	-	-	-	-	-	7,526,724	-	7,526,724	-
TOTAL ASSETS	18,780,420	3,106,068	742,539	651,689	10,915,296	15,506,874	19,210,922	8,798,428	77,712,236	
LIABILITIES AND EQUITY										
Deposits from customers	16,214,048	6,740,994	4,419,334	7,250,490	2,913,927	-	7,802,744	-	45,341,537	3.30
Deposits and placements of banks and other financial institutions	5,072,117	2,425,129	1,388,366	999,320	1,430,282	1,507,430	1,693,839	-	14,516,483	3.87
Bills and acceptances payable	276,602	1,099,228	208,016	-	-	-	523,346	-	2,107,192	3.61
Recourse obligation on loans sold to Cagamas Berhad	207,241	-	2,782	129,039	152,678	-	-	-	491,740	3.58

A28. INTEREST/PROFIT RATE RISK

The Group 30.9.07	<-----Non Trading Book----->								Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading Book RM'000		
Term loans	-	206,000	-	102,318	-	-	-	-	308,318	5.61
Subordinated term loans	-	-	-	-	460,000	-	-	-	460,000	6.88
Unsecured exchangeable bonds	-	-	-	-	-	575,000	-	-	575,000	5.22
Redeemable unsecured bonds	-	-	-	-	329,377	595,000	400,000	-	1,324,377	6.00
Hybrid capital	-	-	-	-	-	660,049	-	-	660,049	6.83
Other non-interest sensitive balances	-	-	-	-	-	-	5,233,852	-	5,233,852	-
Total Liabilities	21,770,008	10,471,351	6,018,498	8,481,167	5,286,264	3,337,479	15,653,781	-	71,018,548	
Share capital	-	-	-	-	-	-	2,592,788	-	2,592,788	
Reserves	-	-	-	-	-	-	2,855,411	-	2,855,411	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	5,448,199	-	5,448,199	
Minority interests	-	-	-	-	-	-	1,245,489	-	1,245,489	
Total equity	-	-	-	-	-	-	6,693,688	-	6,693,688	
TOTAL LIABILITIES AND EQUITY	21,770,008	10,471,351	6,018,498	8,481,167	5,286,264	3,337,479	22,347,469	-	77,712,236	
On-balance sheet interest rate gap sensitivity	(2,989,588)	(7,365,283)	(5,275,959)	(7,829,478)	5,629,032	12,169,395	(3,136,547)	8,798,428	-	
Off-balance sheet interest rate gap sensitivity	1,781,680	7,172,407	5,442,795	(9,300,897)	(7,260,306)	1,786,385	-	-	(377,936)	
Total interest rate gap sensitivity	(1,207,908)	(192,876)	166,836	(17,130,375)	(1,631,274)	13,955,780	(3,136,547)	8,798,428	(377,936)	
Cumulative interest rate gap sensitivity	(1,207,908)	(1,400,784)	(1,233,948)	(18,364,323)	(19,995,597)	(6,039,817)	(9,176,364)	(377,936)		

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

A28. INTEREST/PROFIT RATE RISK

The Group 31.3.07	<-----Non Trading Book----->							Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
ASSETS										
Cash and short-term funds	7,752,304	-	-	100	-	-	2,840,816	-	10,593,220	3.83
Securities purchased under resale agreements	501,431	-	-	-	-	-	-	-	501,431	2.92
Deposits and placements with banks and other financial institutions	16,705	1,083,744	20,227	103,981	-	-	415,200	-	1,639,857	4.91
Securities held-for-trading	-	-	-	-	-	-	-	6,918,905	6,918,905	3.75
Securities available-for-sale	5,002	5,007	359,712	106,793	336,437	818,465	224,113	-	1,855,529	4.01
Securities held-to-maturity	1,340	-	139,763	148,073	1,036,424	768,406	218,564	-	2,312,570	4.70
Loans, advances and financing:										
- performing	14,215,473	2,123,047	1,516,986	305,935	7,242,069	13,509,946	6,294,401	-	45,207,857	6.90
- non-performing *	-	-	-	-	-	-	2,402,898	-	2,402,898	-
Amount due from Originators	-	400	9,441	2,980	39,600	-	-	-	52,421	4.30
Other non-interest sensitive balances	-	-	-	-	-	-	7,479,183	-	7,479,183	-
TOTAL ASSETS	22,492,255	3,212,198	2,046,129	667,862	8,654,530	15,096,817	19,875,175	6,918,905	78,963,871	
LIABILITIES AND EQUITY										
Deposits from customers	15,915,899	6,089,788	4,493,895	6,886,263	3,899,893	-	5,095,924	-	42,381,662	3.36
Deposits and placements of banks and other financial institutions	5,672,228	2,846,742	1,922,095	717,885	1,762,364	1,507,384	3,012,641	-	17,441,339	3.89
Obligations on securities sold under repurchase agreements	3,087,896	49,275	3,072	-	-	-	-	-	3,140,243	3.36
Bills and acceptances payable	278,358	547,637	188,968	-	-	-	446,614	-	1,461,577	3.56
Recourse obligation on loans sold to to Cagamas Berhad	18,934	38,438	201,770	244,996	250,923	-	-	-	755,061	3.71

A28. INTEREST/PROFIT RATE RISK

The Group	<-----Non Trading Book----->								Effective interest rate %	
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading Book RM'000		Total RM'000
31.3.07										
Term loans	-	206,000	-	103,680	-	-	-	-	309,680	5.60
Subordinated certificates of deposits	-	-	-	-	460,000	-	-	-	460,000	6.87
Subordinated term loan	-	-	-	-	727,795	595,000	-	-	1,322,795	5.64
Redeemable unsecured bonds	-	-	-	-	-	666,474	-	-	666,474	6.80
Other non-interest sensitive balances	-	-	-	-	-	-	5,035,723	-	5,035,723	-
Total Liabilities	24,973,315	9,777,880	6,809,800	7,952,824	7,100,975	2,768,858	13,590,902	-	72,974,554	
Share capital	-	-	-	-	-	-	2,130,565	-	2,130,565	
Reserves	-	-	-	-	-	-	2,657,236	-	2,657,236	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	4,787,801	-	4,787,801	
Minority interests	-	-	-	-	-	-	1,201,516	-	1,201,516	
Total equity	-	-	-	-	-	-	5,989,317	-	5,989,317	
TOTAL LIABILITIES AND EQUITY	24,973,315	9,777,880	6,809,800	7,952,824	7,100,975	2,768,858	19,580,219	-	78,963,871	
On-balance sheet interest rate gap sensitivity	(2,481,060)	(6,565,682)	(4,763,671)	(7,284,962)	1,553,555	12,327,959	294,956	6,918,905	-	
Off-balance sheet interest rate gap sensitivity	2,145,559	14,893,960	(1,500,860)	(1,040,081)	(15,270,228)	856,740	-	-	85,091	
Total interest rate gap sensitivity	(335,501)	8,328,278	(6,264,531)	(8,325,043)	(13,716,673)	13,184,699	294,956	6,918,905	85,091	
Cumulative interest rate gap sensitivity	(335,501)	7,992,777	1,728,246	(6,596,797)	(20,313,470)	(7,128,770)	(6,833,814)	85,091		

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

A29. CAPITAL ADEQUACY

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

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

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
Tier 1 capital		
Paid-up ordinary share capital	2,134,445	2,130,565
Converting preference shares	500,000	-
Share premium	796,205	791,588
Statutory reserve	1,107,757	1,107,757
Hybrid capital	660,049	666,474
Exchange fluctuation reserve	9,863	10,297
Unappropriated profit at end of year	885,602	798,502
Minority interests	1,245,489	1,201,516
Total	<u>7,339,410</u>	<u>6,706,699</u>
Less : Goodwill	527,939	527,121
Deferred tax assets - net	747,026	861,968
Total tier 1 capital	<u>6,064,445</u>	<u>5,317,610</u>
Tier 2 capital		
Subordinated term loans	422,215	421,696
Redeemable unsecured bonds	1,175,000	1,175,000
Unsecured exchangeable bonds	575,000	-
General allowance for bad and doubtful debts	804,755	778,396
Total tier 2 capital	<u>2,976,970</u>	<u>2,375,092</u>
Capital base	<u>9,041,415</u>	<u>7,692,702</u>
Risk-weighted assets	<u>67,755,576</u>	<u>60,987,817</u>
Capital Ratios:		
Core capital ratio	8.95%	8.72%
Risk-weighted capital ratio	13.34%	12.61%
Core capital ratio (net of proposed final dividend)	8.95%	8.59%
Risk-weighted capital ratio (net of proposed final dividend)	<u>13.34%</u>	<u>12.48%</u>

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

	30.9.07		31.3.07	
	Principal Amount RM'000	Risk- Weighted Amount RM'000	Principal Amount RM'000	Risk- Weighted Amount RM'000
0%	7,417,905	-	11,227,356	-
10%	2,987	299	3,418	342
20%	3,324,430	664,886	7,187,595	1,437,519
50%	9,719,203	4,859,602	9,572,932	4,786,466
100%	53,946,446	53,946,446	48,311,104	48,311,104
	<u>74,410,970</u>	<u>59,471,232</u>	<u>76,302,405</u>	<u>54,535,431</u>
Add: total risk weighted assets equivalent for market risk		8,283,855		6,451,937
Add: Large Exposure Risk requirements for single entity		449		449
Add: Counterparty risk requirement for unsettled trades		40		-
		<u>67,755,576</u>		<u>60,987,817</u>

A30. ISLAMIC BANKING BUSINESS

The state of affairs as at 30 September 2007 and the results for the period ended 30 September 2007 of the Islamic banking business of the Group and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2007

	Note	The Group	
		30.9.07 RM'000	31.3.07 RM'000
ASSETS			
Cash and short-term funds		2,418,381	2,523,494
Deposit and placements with banks and other financial institutions		50,000	415,200
Securities held-for-trading		474,955	552,260
Securities available-for-sale		-	17,596
Securities held-to-maturity		34,622	35,092
Financing, advances and other loans	A30a	7,249,549	6,403,619
Statutory deposits with Bank Negara Malaysia		268,500	263,500
Other receivables, deposits and prepayments		105,044	98,312
Property and equipment		531	946
Deferred tax assets		183,423	223,716
Intangible assets		486	65
TOTAL ASSETS		10,785,491	10,533,800
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	A30b	5,665,472	5,095,924
Deposits and placements of banks and other financial institutions		2,678,765	3,012,641
Converted fund		-	14,197
Acceptances payable		523,346	446,614
Other liabilities	A30c	134,950	249,624
Subordinated Sukuk Musyarakah		400,000	400,000
Total Liabilities		9,402,533	9,219,000
ISLAMIC BANKING FUNDS			
Share capital/Capital funds		505,877	505,877
Reserves		877,081	808,923
Islamic Banking Funds		1,382,958	1,314,800
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		10,785,491	10,533,800
COMMITMENTS AND CONTINGENCIES		6,812,176	7,440,167

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007**

The Group	Individual Quarter		Cumulative Quarter	
	30.9.07	30.9.06	30.9.07	30.9.06
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	178,077	187,455	355,887	357,045
Allowance for losses on financing	(31,388)	(40,362)	(69,722)	(78,575)
Transfer from profit equalization reserve	2,285	15,414	28,136	20,440
Other expenses directly attributable to depositors and Islamic Banking Funds	-	(20,228)	-	(20,228)
Total attributable income	148,974	142,279	314,301	278,682
Income attributable to the depositors	(90,952)	(95,962)	(185,268)	(181,514)
Profit attributable to the Group	58,022	46,317	129,033	97,168
Income derived from Islamic Banking Funds	44,930	42,137	97,730	76,918
Total net income	102,952	88,454	226,763	174,086
Operating expenditure	(50,744)	(41,066)	(100,401)	(82,133)
Finance cost	(5,475)	-	(11,587)	-
Profit before taxation	46,733	47,388	114,775	91,953
Taxation	(16,476)	(20,382)	(38,508)	(32,765)
Profit for the period	30,257	27,006	76,267	59,188

A30a. Financing, Advances and Other Loans

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
Term financing/Revolving credit facilities	1,991,336	1,709,358
Islamic hire purchase, net of unearned income	4,194,426	3,631,079
Credit card receivables	281,406	318,470
Trust receipts	31,196	25,331
Claims on customer under acceptance credits	545,568	475,119
Other financing	618,209	637,472
Gross financing, advances and other loans	<u>7,662,141</u>	<u>6,796,829</u>
Allowance for bad and doubtful debts and financing		
-general	(145,048)	(139,511)
-specific	(267,544)	(253,699)
	<u>(412,592)</u>	<u>(393,210)</u>
Net financing, advances and other loans	<u>7,249,549</u>	<u>6,403,619</u>

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

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
Gross		
Balance at beginning of period/year	503,084	531,434
Non-performing during the period/year	142,687	305,982
Reclassification to performing financing	(86,046)	(96,163)
Recoveries	(48,562)	(89,082)
Amount written off	(50,780)	(149,087)
Balance at end of period/year	<u>460,383</u>	<u>503,084</u>
Specific allowance	(267,544)	(253,699)
Non-performing financing - net	<u>192,839</u>	<u>249,385</u>
Net NPL as % of gross financing, advances and other loans (including Islamic financing sold to Cagamas Berhad) less specific allowance	<u>2.02%</u>	<u>2.69%</u>

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

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
General Allowance		
Balance at beginning of period/year	139,511	132,658
Allowance made during the period/year	5,537	6,853
Balance at end of period/year	<u>145,048</u>	<u>139,511</u>
% of total financing, advances and other loans (including Islamic financing sold to Cagamas Berhad) less specific allowance	 <u>1.52%</u>	 <u>1.51%</u>
Specific Allowance		
Balance at beginning of period/year	<u>253,699</u>	<u>173,181</u>
Allowance made during the period/year	120,584	310,522
Amount written back in respect of recoveries	<u>(46,734)</u>	<u>(88,788)</u>
Net charge to income statement	73,850	221,734
Amount written off/Adjustment to Asset Deficiency Account	<u>(60,005)</u>	<u>(141,216)</u>
Balance at end of period/year	<u>267,544</u>	<u>253,699</u>

A30b. DEPOSITS FROM CUSTOMERS

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
Mudarabah Fund		
Special Investment deposits	455,935	424,870
General Investment deposits	<u>4,020,302</u>	<u>3,642,756</u>
	<u>4,476,237</u>	<u>4,067,626</u>
Non-Mudarabah Fund		
Demand deposits	449,669	354,020
Saving deposits	733,129	667,730
Negotiable Islamic debt certificates	<u>6,437</u>	<u>6,548</u>
	<u>1,189,235</u>	<u>1,028,298</u>
	<u>5,665,472</u>	<u>5,095,924</u>

A30c. OTHER LIABILITIES

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
Other payables and accruals	96,358	86,158
Taxation and zakat payable	5,912	9,051
Amount owing to head office	-	91,327
Lease deposits and advance rentals	4,982	7,251
Profit equalisation reserve	27,698	55,837
	<u>134,950</u>	<u>249,624</u>

A31. CHANGE IN ACCOUNTING POLICIES AND RECLASSIFICATIONS

(a) Changes in accounting policy in current financial period

During the financial period, the Group has adopted the revised FRS 117 Leases issued by MASB and BNM Revised Guidelines on derivative financial instruments that are transacted for the purposes of hedging, both of which are effective for the Group's annual reporting date, 31 March 2008 which have resulted in changes in accounting policies as follows:

(i) FRS 117: Leases

Prior to 1 April 2007, lease of land and buildings held for own use was classified as property and equipment and was stated at cost less accumulated depreciation and impairment loss. The adoption of the revised FRS 117 Leases in 2007 resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Under FRS 117, lease of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid land lease payment and is amortised on a straight-line basis over the remaining lease term.

The Group have applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 April 2007, the unamortised carrying amount of leasehold land is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively. Certain comparatives of the balance sheets of the Group as at 31 March 2007 have been restated. There were no effects on the income statements of the Group for the 2nd quarter ended 30 September 2007.

(ii) BNM Revised Guidelines on Financial Reporting for Licensed Institutions

The Group adopted Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions dated 5 October 2004 on the accounting treatment of derivative financial instruments which are transacted for the purpose of hedging with effect from the Group's annual reporting date 31 March 2008.

Prior to 1 April 2007, the Group disclosed derivative financial instruments transacted for the purpose of hedging as off-balance sheet items as allowed by the BNM Revised Guidelines as an alternative accounting treatment until 31 March 2007. Thereafter, as required by the BNM Revised Guidelines, derivative financial instruments are to be measured at fair value and carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from the change in the fair value of the derivative financial instrument is recognised in the income statements. This change in accounting policy has been applied retrospectively for one financial year and certain comparative figures have been adjusted to conform with the requirements of the BNM Revised Guidelines.

(b) Changes in accounting policy in the fourth quarter of the previous financial year

During the 4th quarter of 2006, the Group adopted the BNM's Circular on Handling Fees dated 16 October 2006 which resulted in the Group capitalising handling fees paid for hire purchase loans in the Balance Sheet and amortising the amount in the Income Statement over the life of the loans with retrospective effect. Previously, such handling fees were expensed off in the Income Statement when incurred. The handling fees amount which was previously reported as operating expenses in the income statement has been reclassified and deducted from the interest income upon the change of this accounting policy. Certain comparative figures of the Group have been restated as set out below.

(i) Summary of effects of adoption of FRS 117 Leases and BNM Guidelines on derivative financial instruments on current quarter's financial statements:

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the period ended 30 September 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

(a) Effects on Balance Sheets as at 30 September 2007

Description of change	Increase/(Decrease)		
	FRS 117 RM'000	BNM Guidelines on derivative financial instruments RM'000	Total RM'000
The Group			
Prepaid land lease payment	(7,082)	-	(7,082)
Property and equipment	7,082	-	7,082
Deferred tax assets	-	(20,337)	(20,337)
Derivative financial liabilities	-	(75,477)	(75,477)
Hybrid capital	-	(2,309)	(2,309)
Unappropriated profits	-	57,449	57,449

(b) Effects on Income Statements for the quarter ended 30 September 2007 and 2006

	Individual Quarter		Cumulative Quarter	
	30.9.07 RM'000	30.9.06 RM'000	30.9.07 RM'000	30.9.06 RM'000
Profit after taxation before changes in accounting policies	97,163	136,389	316,356	266,531
Effects of adopting Revised BNM Guidelines on derivative financial instruments	18,062	(53,511)	29,821	(45,702)
Effects of adopting BNM Circular on Handling Fees	-	5,972	-	10,518
Profit after taxation, after changes in accounting policies	115,225	88,850	346,177	231,347

(ii) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting FRS 117 Leases, Revised BNM Guidelines on derivative instruments and BNM's Circular on Handling Fees

	As previously reported RM'000	Effect of change RM'000	As restated RM'000
Balance Sheet as at 31 March 2007			
Assets			
Derivative financial assets	-	380,742	380,742
Other assets	2,222,645	(70,359)	2,152,286
Prepaid land lease payment	-	7,156	7,156
Property and equipment	241,156	(7,156)	234,000
Deferred tax assets	870,443	30,815	901,258
Derivative financial liabilities	-	451,755	451,755
Other liabilities	3,148,347	(23,287)	3,125,060
Unappropriated profits	798,502	(87,270)	711,232
Income Statement for the quarter ended 30 September 2006			
Revenue	1,414,753	(102,180)	1,312,573
Interest income	953,941	(18,498)	935,443
Net income from Islamic banking business	130,220	(7,647)	122,573
Other operating income	330,592	(76,035)	254,557
Other operating expenses	(366,228)	37,058	(329,170)
Taxation	(88,523)	17,583	(70,940)
Profit after taxation attributable to equity holders of the Company	100,307	(47,539)	52,768
Basic earnings per share (sen)	4.71	(2.23)	2.48
Fully diluted earnings per share (sen)	4.67	(2.21)	2.46
Income Statement for the period ended 30 September 2006			
Revenue	2,755,274	(120,403)	2,634,871
Interest income	1,863,640	(41,785)	1,821,855
Net income from Islamic banking business	252,449	(11,057)	241,392
Other operating income	543,444	(67,561)	475,883
Other operating expenses	(737,577)	72,206	(665,371)
Taxation	(146,573)	13,013	(133,560)
Profit after taxation attributable to equity holders of the Company	207,107	(35,184)	171,923
Basic earnings per share (sen)	9.72	(1.65)	8.07
Fully diluted earnings per share (sen)	9.64	(1.64)	8.00

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

The Group registered a strong growth in pre-tax profit of RM560.2 million (+53.5%) for the half year ended 30 September 2007 as compared to RM364.9 million in the corresponding period 30 September 2006. Accordingly, the Group profit after tax and minority interests rose by 47.3% to RM253.2 million from RM171.9 million. All three major business divisions, namely commercial and retail banking, investment banking and insurance business, registered an improvement in profits.

The Group's revenue was higher at RM3.12 billion compared with RM2.63 billion in the previous corresponding period arising mainly from net interest income, Islamic banking business, fee based income, investment and trading income and premium income from insurance businesses.

During the second quarter, net interest income increased to RM355.1 million (+1.8%) as compared to RM348.9 million in the corresponding quarter ended 30 September 2006 driven by growth in retail lending and securities held-for-trading. Net income from Islamic banking business rose to RM126.6 million for the second quarter as compared to RM122.6 million in the corresponding quarter, due to lower allowance for losses on financing. Other operating income increased by 28.8% to RM327.8 million driven by growth in fees, insurance premiums and investment banking business activities. Other operating expenses increased to RM380.0 million from RM329.2 million in the corresponding quarter ended 30 September 2006 largely driven by increase in marketing expenses for higher business volumes as well as increase in staff numbers.

The Group's retail and commercial banking operations was the largest contributor to the Group pre-tax profits, reporting a pre-tax profit of RM105.4 million for the quarter and RM296.0 million for the period ended 30 September 2007 (quarter RM40.4 million and RM176.1 million for the quarter and period ended 30 September 2006), followed by the investment banking operations of RM71.0 million for the quarter and RM201.3 million for the period ended 30 September 2007 (RM111.2 million and RM163.1 million for the quarter and period ended 30 September 2006) and insurance operations of RM14.1 million and RM35.0 million for the quarter and period ended 30 September 2007.

The Group's ongoing initiatives in managing the non-performing loans continue to show improvement in asset quality with the ratio of net non-performing loans on a 3-month classification basis declining further to 4.5% as at end-September 2007, as compared with 6.2% as at end-March 2007. As at September 2007, loan loss coverage excluding collateral values further improved to 66.5% from 56.6% as at March 2007.

The Group's overall risk weighted capital ratio and Tier-1 capital ratio as at end-September 2007 stood at 13.34% (March 2007: 12.61%) and 8.95% (March 2007: 8.72%) respectively.

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 reported a pre-tax profit of RM225.3 million for the second quarter ended 30 September 2007 as compared to RM334.9 million for the first quarter ended 30 June 2007 mainly due to higher allowances for loans and financing and lower net gain from sales of securities held-for-trading and securities available-for-sale. However, the reduction was reduced by higher net gain on redemption of securities held-to-maturity.

B3. PROSPECTS FOR 31 MARCH 2008

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

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

The Group will continue to pursue its strategy of expanding its business operations regionally whilst maintaining its leadership position in the industry. The Group is confident that it has built an infrastructure, customer base and brand-awareness and leveraging on the ANZ partnership will enable the Group to take advantage of the growth opportunity and register an improvement in profit.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION

The Group	Individual Quarter		Cumulative Quarter	
	30.9.07 RM'000	30.9.06 RM'000	30.9.07 RM'000	30.9.06 RM'000
Estimated current tax payable	27,993	26,926	99,040	52,667
Transfer from deferred tax	82,063	41,563	114,943	79,116
	110,056	68,489	213,983	131,783
Overprovision of current taxation in respect of prior years	-	2,451	(8)	1,777
Taxation	110,056	70,940	213,975	133,560

The total tax charge of the Group for the financial quarter and period ended 30 September 2007 and 2006 reflects an effective tax rate which is higher than the statutory tax rate due mainly to the effect on deferred taxes resulting from reduction in statutory tax rate from 27.0% to 26.0% for year of assessment ("YA") 2007, 26.0% to 25.0% for YA2008 and disallowances of certain expenses.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

The Group	Individual Quarter		Cumulative Quarter	
	30.9.07 RM'000	30.9.06 RM'000	30.9.07 RM'000	30.9.06 RM'000
Net gain from sale of securities held-for-trading	18,136	4,499	113,332	9,532
Net gain from sale of securities available-for-sale	4,358	20,710	26,807	20,736
Net gain from redemption of securities held-to-maturity	39,860	27,643	45,878	43,190
Impairment loss on securities	(6,910)	(57,198)	(13,524)	(80,225)

B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

B8. CORPORATE PROPOSALS

1. On 19 June 2007, the Company announced the following proposals:
 - (i) The proposed privatisation of AmInvestment Group Berhad ("AIGB") through a scheme of arrangement between AIGB and its shareholders pursuant to Sections 176 and 178 of the Companies Act, 1965 ("Act") whereby AIGB will reduce its capital pursuant to Section 64 of the Act by canceling 646,800,000 ordinary shares of RM1.00 each ("AIGB Cancelled Share"), representing 49.0% of its existing issued and paid-up share capital which are not held by the Company, in consideration for a cash payment of RM3.70 per AIGB Cancelled Share payable by the Company ("Proposed Privatisation"); and
 - (ii) The proposed renounceable rights issue of up to 326,887,241 new ordinary shares of RM1.00 in the Company ("Rights Shares") at an issue price of RM3.40 per Rights Share, on the following basis:-
 - (a) one (1) Rights Share for every eight (8) existing ordinary shares of RM1.00 each ("Ordinary Shares"); and
 - (b) one (1) Rights Share for every eight (8) existing converting preference shares of RM1.00 each ("CPS"), held in the Company on an entitlement date to be determined ("Proposed Rights Issue").

As the Proposed Rights Issue is intended to provide the Company with the necessary funds to part finance the Proposed Privatisation, the Proposed Rights Issue and the Proposed Privatisation are inter-conditional with each other.

The Company has on 20 August 2007 obtained a letter from Bank Negara Malaysia ("BNM") informing that BNM has noted and acknowledged the Company's application to seek the approval of the Minister of Finance for the Proposed Privatisation and has informed the Company that, based on BNM's review of the Company's application, BNM has determined that the Proposed Privatisation does not require the approval of the Minister of Finance.

The Company had on 14 September 2007 obtained Securities Commission's ("SC") approval for the Proposed Rights Issue. In addition, the Equity Compliance Unit (via the SC) had also vide the same letter approved the Proposed Privatisation under Foreign Investment Committee requirements.

The Proposed Privatisation was approved by the shareholders of AIGB at the Court Convened Meeting held pursuant to the order of the High Court of Malaya on 26 September 2007.

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

B9. BORROWINGS

	The Group	
	30.9.07	31.3.07
	RM'000	RM'000
(i) Deposits from customers		
Due within six months	34,555,126	31,056,154
Six months to one year	7,747,238	7,325,760
One year to three years	2,241,049	3,141,092
Three to five years	798,124	858,656
	<u>45,341,537</u>	<u>42,381,662</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	8,797,406	10,826,939
Six months to one year	1,618,390	1,684,584
One year to three years	1,808,093	2,456,875
Three to five years	2,292,594	2,472,941
	<u>14,516,483</u>	<u>17,441,339</u>
<i>Recap:</i>		
<i>Interbank lendings</i>	5,743,055	9,812,102
<i>Interbank borrowings</i>	(593,555)	(1,101,039)
<i>Net interbank lendings</i>	<u>5,149,500</u>	<u>8,711,063</u>
(iii) Term loans		
Due within one year		
Secured	308,318	309,680
(vi) Subordinated term loans		
More than one year	460,000	460,000
(v) Redeemable unsecured bonds		
More than one year	1,324,377	1,322,795
(vi) Hybrid capital		
More than one year	660,049	666,474
(vii) Unsecured exchangeable bonds		
More than one year	575,000	-

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

The salient features of the exchangeable bonds are as follows:

- (i) The exchangeable bonds bear interest at 5.00% per annum for the first five (5) years and subsequently at 5.50% for the next five (5) years. The interest is payable on a quarterly basis.
- (ii) The exchangeable bonds is redeemable at the nominal amount ten (10) years from issue date.
- (iii) The exchangeable bonds is for a period of ten (10) years. ANZ has the right to exchange all or any of the exchangeable bonds for ordinary listed shares of the Company, at any time/times up to Year 10, at RM3.05 per share.

B10. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to note A27

B11. MATERIAL LITIGATION

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

B12. DIVIDENDS

There has been no dividends proposed for the current financial quarter.

B13. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	30.9.07 RM'000	30.9.06 RM'000	30.9.07 RM'000	30.9.06 RM'000
Net profit attributable to equity holders of the Company	72,123	52,768	253,201	171,923
Number of ordinary shares at beginning of period	2,130,584	2,130,539	2,130,565	2,130,539
Effect of ordinary shares issued pursuant to:				
- exercise of Warrants 2003/2008	1,272	-	642	-
- conversion of CPS	163,934	-	120,935	-
Weighted average number of ordinary shares in issue	2,295,790	2,130,539	2,252,142	2,130,539
Basic earnings per share (Sen)	3.14	2.48	11.24	8.07

B13. EARNINGS PER SHARE (SEN)(CONTD.)

b. Fully diluted earnings per share

Fully diluted earnings per share is calculated by dividing the adjusted net profit attributable to equity holders of the Company by the adjusted weighted average number of ordinary shares in issue and issuable during the financial quarter.

The Company has three categories of dilutive potential ordinary shares:

- (i) Warrants 1997/2007 (expired on 13 May 2007)
- (ii) Warrants 2003/2008
- (iv) Unsecured exchangeable bonds

	Individual Quarter		Cumulative Quarter	
	30.9.07 RM'000	30.9.06 RM'000	30.9.07 RM'000	30.9.06 RM'000
Net profit attributable to equity holders of the Company	72,123	52,768	253,201	171,923
Weighted average number of ordinary shares in issue (as in (a) above)	2,295,790	2,130,539	2,252,142	2,130,539
Adjusted for:				
Exercise of Warrants 2003/2008	63,506	18,650	63,506	18,650
Conversion of unsecured exchangeable bonds	56,036	-	56,036	-
Adjusted weighted average number of ordinary shares in issue and issuable	2,415,332	2,149,189	2,371,684	2,149,189
Fully diluted earnings per share (Sen)	2.99	2.46	10.68	8.00

For the financial period ended 30 September 2006, outstanding share warrants 1997/2007 have been excluded in the computation of fully diluted earnings per RM1.00 ordinary share for the Group, as their exercise and conversion to ordinary shares would increase earnings per share.

The Group's adjusted weighted average number of ordinary shares in issue and issuable for the financial period ended 30 September 2007 and 2006 have been arrived at based on the assumption that dilutive share warrants 2003/2008 is exercised and the bonds is exchanged at beginning of period.

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

Date : 14 November 2007