

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies
AUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008

| | Note | The Group | |
|--|------|--------------------|--------------------|
| | | 31.03.08 RM'000 | 31.03.07 RM'000 |
| ASSETS | | | |
| Cash and short-term funds | | 10,958,364 | 10,593,220 |
| Securities purchased under resale agreements | | 52,468 | 501,431 |
| Deposits and placements with banks and other financial institutions | | 1,387,810 | 1,639,857 |
| Securities held-for-trading | A8 | 6,699,010 | 6,918,905 |
| Securities available-for-sale | A9 | 1,850,935 | 1,855,529 |
| Securities held-to-maturity | A10 | 1,179,878 | 2,312,570 |
| Loans, advances and financing | A11 | 52,453,593 | 47,610,755 |
| Derivative financial assets | | 370,681 | 400,312 |
| Other assets | A12 | 2,231,758 | 2,151,703 |
| Statutory deposits with Bank Negara Malaysia | | 1,660,197 | 1,807,058 |
| Investments in associated companies | | 1,301 | 1,754 |
| Prepaid land lease payment | | 7,059 | 7,156 |
| Property and equipment | | 225,616 | 234,000 |
| Life fund assets | | 1,702,469 | 1,458,908 |
| Deferred tax assets | | 608,583 | 901,258 |
| Intangible assets | | 1,801,985 | 588,442 |
| TOTAL ASSETS | | 83,191,707 | 78,982,858 |
| LIABILITIES AND EQUITY | | | |
| Deposits from customers | A13 | 47,767,451 | 42,381,662 |
| Deposits and placements of banks and other financial institutions | A14 | 15,118,689 | 17,441,339 |
| Obligations on securities sold under repurchase agreements | | - | 3,140,243 |
| Bills and acceptances payable | | 1,909,243 | 1,461,577 |
| Recourse obligations on loans sold to Cagamas Berhad | | 243,979 | 755,061 |
| Derivative financial liabilities | | 410,929 | 470,742 |
| Other liabilities | A15 | 3,250,328 | 3,125,060 |
| Term loans | | 1,790,844 | 309,680 |
| Subordinated term loans | | 460,000 | 460,000 |
| Unsecured bonds | | 1,750,000 | 1,322,795 |
| Medium Term Notes | | 860,000 | - |
| Hybrid capital | | 673,830 | 666,474 |
| Life fund liabilities | | 189,819 | 172,281 |
| Life policyholder funds | | 1,512,650 | 1,286,627 |
| Total Liabilities | | 75,937,762 | 72,993,541 |
| Share capital | | 2,722,970 | 2,130,565 |
| Reserves | | 4,446,623 | 2,657,236 |
| Equity attributable to equity holders of the Company | | 7,169,593 | 4,787,801 |
| Minority interests | | 84,352 | 1,201,516 |
| Total Equity | | 7,253,945 | 5,989,317 |
| TOTAL LIABILITIES AND EQUITY | | 83,191,707 | 78,982,858 |

AMMB HOLDINGS BERHAD
 (223035-V) (Incorporated in Malaysia)
 and its subsidiary companies
AUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008 (CONTD.)

| | Note | The Group | |
|---|------|--------------------|--------------------|
| | | 31.03.08 RM'000 | 31.03.07 RM'000 |
| COMMITMENTS AND CONTINGENCIES | A25 | 57,539,798 | 48,568,133 |
| CAPITAL ADEQUACY RATIO | A29 | | |
| Core capital ratio | | 8.17% | 8.72% |
| Risk-weighted capital ratio | | 13.50% | 12.61% |
| NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM) | | 2.63 | 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

AUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2008

| The Group | Note | Fourth Quarter Ended | | Year Ended | |
|--|------|----------------------|--------------------|--------------------|--------------------|
| | | 31.03.08 RM'000 | 31.03.07 RM'000 | 31.03.08 RM'000 | 31.03.07 RM'000 |
| Revenue | | 1,491,130 | 1,457,039 | 6,007,582 | 5,497,289 |
| Interest income | A16 | 985,470 | 855,763 | 3,783,729 | 3,366,912 |
| Interest expense | A17 | (553,283) | (529,419) | (2,153,121) | (1,994,802) |
| Net interest income | | 432,187 | 326,344 | 1,630,608 | 1,372,110 |
| Net income from Islamic banking business | | 136,772 | 130,548 | 517,185 | 506,102 |
| Other operating income | A18 | 260,658 | 335,348 | 1,218,824 | 1,150,040 |
| Net income | | 829,617 | 792,240 | 3,366,617 | 3,028,252 |
| Other operating expenses | A19 | (457,598) | (394,294) | (1,552,272) | (1,356,845) |
| Operating profit | | 372,019 | 397,946 | 1,814,345 | 1,671,407 |
| Allowance for losses on loans and financing | A20 | (37,822) | (929,133) | (512,183) | (1,519,481) |
| Impairment gain/(loss) on: | | | | | |
| Securities | | (14,700) | (187,407) | (111,958) | (283,758) |
| Amount recoverable under asset-backed securitisation transaction | | (3,000) | (10,000) | (10,000) | (10,000) |
| Assets acquired in exchange of debts | | 27 | (1,619) | (45) | (2,555) |
| Transfer (to)/from profit equalisation reserve | | (8,076) | 26,460 | 18,211 | 60,912 |
| Writeback of allowance/(Allowance) for doubtful sundry receivables - net (Provision)/Writeback of provision for commitments and contingencies | | 2,108 | 7,505 | (2,292) | (2,205) |
| | | (1,940) | (300) | (1,641) | 25 |
| Profit before share in results of associated companies | | 308,616 | (696,548) | 1,194,437 | (85,655) |
| Share in results of associated companies | | - | - | - | 1,043 |
| Profit before taxation | | 308,616 | (696,548) | 1,194,437 | (84,612) |
| Taxation and zakat | B5 | (84,975) | 171,673 | (383,618) | (44,285) |
| Profit for the period | | 223,641 | (524,875) | 810,819 | (128,897) |
| Attributable to: | | | | | |
| Equity holders of the Company | | 217,493 | (551,553) | 668,542 | (282,456) |
| Minority interests | | 6,148 | 26,678 | 142,277 | 153,559 |
| Profit for the period | | 223,641 | (524,875) | 810,819 | (128,897) |
| EARNINGS PER SHARE (SEN) | B13 | | | | |
| Basic | | 8.23 | (25.89) | 28.24 | (13.26) |
| Fully diluted | | 8.15 | (25.89) | 27.91 | (13.26) |

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

AMMB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

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

| Group | <-----Attributable to Equity Holders of the Company-----> | | | | | | | | | |
|---|---|-------------------------|-----------------------------|--------------------------------------|--|----------------------------------|------------------|------------------|------------------------------|------------------------|
| | Non-Distributable | | | | | | Distributable | | Minority interests RM'000 | Total equity RM'000 |
| | Share capital 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 | | | |
| At 1 April 2006 | | | | | | | | | | |
| As previously stated | 2,130,534 | 791,550 | 1,000,417 | 9,713 | 15,736 | 1,199,136 | 5,147,086 | 1,108,820 | 6,255,906 | |
| Prior year adjustments | - | - | - | - | - | (8,626) | (8,626) | - | (8,626) | |
| At 1 April 2006 (restated) | 2,130,534 | 791,550 | 1,000,417 | 9,713 | 15,736 | 1,190,510 | 5,138,460 | 1,108,820 | 6,247,280 | |
| Net unrealised loss on revaluation of securities available-for-sale | - | - | - | 26,649 | - | - | 26,649 | - | 26,649 | |
| Transfer from unappropriated profits | - | - | 107,340 | - | - | (107,340) | - | - | - | |
| Exchange fluctuation adjustments | - | - | - | - | (5,439) | - | (5,439) | - | (5,439) | |
| Net (expense)/income recognised directly in equity | - | - | 107,340 | 26,649 | (5,439) | (107,340) | 21,210 | - | 21,210 | |
| (Loss)/Profit for the year | - | - | - | - | - | (282,456) | (282,456) | 153,559 | (128,897) | |
| Total recognised net income/(expense) for the year | - | - | 107,340 | 26,649 | (5,439) | (389,796) | (261,246) | 153,559 | (107,687) | |
| Arising from restricted offer for sale of AmFirst REIT^^ | - | - | - | - | - | (12,783) | (12,783) | - | (12,783) | |
| Issue of shares pursuant to exercise of Warrants 2003/2008 | 31 | 38 | - | - | - | - | 69 | - | 69 | |
| Arising from acquisition of AmPrivate Equity Sdn Bhd | - | - | - | - | - | - | - | 4,500 | 4,500 | |
| Arising from acquisition of Am ARA REIT Holdings Sdn Bhd | - | - | - | - | - | - | - | 300 | 300 | |
| Acquisition of shares in P.T. AmCapital Indonesia | - | - | - | - | - | - | - | (822) | (822) | |
| Disposal of shares in P.T. AmCapital Indonesia | - | - | - | - | - | - | - | 511 | 511 | |
| Dividends paid | - | - | - | - | - | (76,699) | (76,699) | (65,352) | (142,051) | |
| At 31 March 2007 | 2,130,565 | 791,588 | 1,107,757 | 36,362 | 10,297 | 711,232 | 4,787,801 | 1,201,516 | 5,989,317 | |

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

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

AMMB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

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

| Group | <-----Attributable to Equity Holders of the Company-----> | | | | | | | | | | |
|---|---|---|-------------------------|-----------------------------|--------------------------------------|--|----------------------------------|------------------|-----------------|------------------------------|------------------------|
| | Share capital RM'000 | Converting preference shares^ RM'000 | Non-Distributable | | | | Distributable | | Total RM'000 | Minority interests RM'000 | Total equity 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 | | | | |
| 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 | - | - | - | - | 6,538 | - | - | 6,538 | - | 6,538 | |
| Expenses relating to Rights Issue | - | - | (6,434) | - | - | - | - | (6,434) | - | (6,434) | |
| Transfer from unappropriated profit | - | - | - | 137,676 | - | - | (137,676) | - | - | - | |
| Exchange fluctuation adjustments | - | - | - | - | - | (2,131) | - | (2,131) | - | (2,131) | |
| Net income/(expense) recognised directly in equity | - | - | (6,434) | 137,676 | 6,538 | (2,131) | (137,676) | (2,027) | - | (2,027) | |
| Profit for the year | - | - | - | - | - | - | 668,542 | 668,542 | 142,277 | 810,819 | |
| Total recognised net income/(expense) for the year | - | - | (6,434) | 137,676 | 6,538 | (2,131) | 530,866 | 666,515 | 142,277 | 808,792 | |
| Issue of CPS ^ | - | 458,343 | - | - | - | - | - | 458,343 | - | 458,343 | |
| Issue of shares pursuant to: | | | | | | | | | | | |
| Exercise of Warrants 1997/2007 | -* | - | -* | - | - | - | - | - | - | - | |
| Exercise of Warrants 2003/2008 | 132,498 | - | 155,302 | - | - | - | - | 287,800 | - | 287,800 | |
| Rights Issue | 295,973 | - | 710,335 | - | - | - | - | 1,006,308 | - | 1,006,308 | |
| Converting of CPS | 163,934 | (458,343) | 336,066 | - | - | - | - | 41,657 | - | 41,657 | |
| Arising from acquisition of AmPrivate Equity Sdn Bhd | - | - | - | - | - | - | - | - | 3,180 | 3,180 | |
| Arising from privatisation of AIGB | - | - | - | - | - | - | - | - | (1,188,227) | (1,188,227) | |
| Arising from disposal of shares in MVMI | - | - | - | - | - | - | - | - | (380) | (380) | |
| Dividends paid | - | - | - | - | - | - | (78,831) | (78,831) | (74,014) | (152,845) | |
| At 31 March 2008 | 2,722,970 | - | 1,986,857 | 1,245,433 | 42,900 | 8,166 | 1,163,267 | 7,169,593 | 84,352 | 7,253,945 | |

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

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

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

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

AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

| The Group | 31.03.08 RM'000 | 31.03.07 RM'000 |
|--|----------------------------------|----------------------------------|
| Profit before taxation and zakat | 1,194,437 | (84,612) |
| Add adjustments for non-operating and non-cash items | 531,357 | 1,589,733 |
| Operating profit before working capital | 1,725,794 | 1,505,121 |
| Increase in operating assets | (4,651,712) | (6,370,650) |
| Increase in operating liabilities | 1,509,357 | 5,914,611 |
| Cash (used in)/generated from operations | (1,416,561) | 1,049,082 |
| Taxation paid | (93,509) | (111,362) |
| Net cash (used in)/generated from operating activities | (1,510,070) | 937,720 |
| Net cash (used in)/generated from investing activities | (1,249,951) | 26,435 |
| Net cash generated from financing activities | 2,929,063 | 105,716 |
| Net decrease in cash and cash equivalents | 169,042 | 1,069,871 |
| Cash and cash equivalents at beginning of year | 10,490,422 | 9,420,551 |
| Cash and cash equivalents at end of year | 10,659,464 | 10,490,422 |

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 | 31.03.08 RM'000 | 31.03.07 RM'000 |
|---|----------------------------------|----------------------------------|
| Cash and short-term funds | 10,958,364 | 10,593,220 |
| Bank overdrafts | (541) | (9,515) |
| | 10,957,823 | 10,583,705 |
| Less: Cash and bank balances and deposits held in trust | (297,825) | (92,900) |
| | 10,659,998 | 10,490,805 |
| Effect of exchange rates changes | (534) | (383) |
| Cash and cash equivalents | 10,659,464 | 10,490,422 |

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 year.

A4. UNUSUAL ITEMS

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

A5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter and year ended 31 March 2008.

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

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

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

1. 132,496,745 new ordinary shares of RM1.00 each at RM2.19 per share before Rights Issue and RM2.15 per share after Rights Issue by virtue of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM155,302,602 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.
3. Rights Issue of 295,972,939 new ordinary shares of RM1.00 each at a price of RM3.40 per share on the basis of one (1) new ordinary share of RM1.00 each for every eight (8) existing ordinary shares of RM1.00 each held. The resulting share premium amounting to RM 710,335,054 has been credited to share premium account.
4. 163,934,426 new ordinary shares of RM1.00 each at a price of RM3.05 per share on the basis of one (1) new ordinary share of RM 1.00 each for every one (1) existing CPS of RM1.00 each held. The resulting share premium amounting to RM366,065,574 has been credited to share premium account.

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

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.

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

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

A7. DIVIDENDS PAID

During the financial year ended 31 March 2008, 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 | |
|---|------------------|------------------|
| | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 |
| At Fair Value | | |
| Money Market Securities: | | |
| Treasury bills | 26,566 | 166,303 |
| Islamic Treasury bills | 78,224 | 48,442 |
| Malaysian Government Securities | 160,705 | 1,505,936 |
| Malaysian Government Investment Certificates | 323,014 | 575,313 |
| Cagamas bonds | 25,058 | 60,230 |
| Cagamas Mudharabah bearer bonds | 37,167 | 16,217 |
| Khazanah bonds | 59,359 | 11,741 |
| Islamic Bank Negara Monetary Notes | 134,107 | - |
| Bank Negara Monetary Notes | 274,645 | 580,986 |
| Negotiable instruments of deposits | 15,368 | - |
| Negotiable Islamic Debt Certificates | 39,674 | 12,442 |
| | <u>1,173,887</u> | <u>2,977,610</u> |
| Securities Quoted: | | |
| In Malaysia: | | |
| Shares | 39,735 | 294,296 |
| Trust units | 252,202 | 198,185 |
| Corporate bonds | - | 33,922 |
| Outside Malaysia: | | |
| Shares | 70,026 | 43,072 |
| Trust units | 1,728 | 1,996 |
| | <u>363,691</u> | <u>571,471</u> |
| Unquoted Securities Of Companies Incorporated: | | |
| In Malaysia: | | |
| Shares | 18,493 | 2,200 |
| Outside Malaysia: | | |
| Shares | 17,848 | 18,910 |
| | <u>36,341</u> | <u>21,110</u> |
| Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia: | | |
| Corporate bonds | 207,743 | 244,739 |
| Islamic corporate bonds | 86,590 | 103,119 |
| Corporate notes | - | 39,749 |
| Islamic corporate notes | 30,725 | 30,425 |
| | <u>325,058</u> | <u>418,032</u> |

| | The Group | |
|--|------------------|------------------|
| | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 |
| Unquoted Private Debt Securities Of Companies | | |
| Incorporated: | | |
| In Malaysia: | | |
| Corporate bonds | 1,219,481 | 846,306 |
| Corporate notes | 456,554 | 105,934 |
| Islamic corporate bonds | 2,036,736 | 1,697,762 |
| Islamic corporate notes | 944,493 | 161,495 |
| Outside Malaysia: | | |
| Corporate bonds | 142,769 | 119,185 |
| | <u>4,800,033</u> | <u>2,930,682</u> |
| Total | <u>6,699,010</u> | <u>6,918,905</u> |

A9. SECURITIES AVAILABLE-FOR-SALE

| | The Group | |
|--|------------------|-----------------|
| | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 |
| At Fair Value | | |
| Money Market Securities: | | |
| Malaysian Government Securities | 12,081 | 44,474 |
| Cagamas bonds | 4,996 | 14,624 |
| Khazanah bonds | 9,841 | 9,604 |
| Negotiable instruments of deposits | 135,987 | 353,612 |
| | <u>162,905</u> | <u>422,314</u> |
| Securities Quoted: | | |
| In Malaysia: | | |
| Trust units | 74,714 | 76,334 |
| Corporate bonds | - | 17,329 |
| Outside Malaysia: | | |
| Shares | 21,981 | 13,505 |
| | <u>96,695</u> | <u>107,168</u> |
| Unquoted Securities Incorporated In Malaysia: | | |
| Shares | 4,378 | 2,400 |
| Debt Equity Converted Securities Quoted: | | |
| In Malaysia: | | |
| Shares | 26,139 | 46,043 |
| Shares - with options | 6,014 | 82,815 |
| Loan stocks | 9,145 | - |
| Corporate bonds | 4,411 | 50 |
| Outside Malaysia: | | |
| Shares | 77 | 229 |
| | <u>45,786</u> | <u>129,137</u> |

| | The Group | |
|---|------------------|------------------|
| | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 |
| Unquoted Private Debt Securities Of Companies Incorporated | | |
| In Malaysia: | | |
| Corporate bonds | 345,536 | 323,592 |
| Islamic corporate bonds | 927,167 | 558,857 |
| Outside Malaysia: | | |
| Corporate bonds | 78,635 | - |
| | <u>1,351,338</u> | <u>882,449</u> |
| Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia: | | |
| Corporate bonds | 189,833 | 312,061 |
| Total | <u>1,850,935</u> | <u>1,855,529</u> |
| 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 |
| Trust units | 2,010 | 1,001 |
| Islamic Corporate bonds | 25,552 | 27,648 |
| Outside Malaysia: | | |
| Islamic Corporate bonds | 6,388 | 6,912 |
| | <u>34,049</u> | <u>35,660</u> |
| Unquoted Securities Of Companies Incorporated: | | |
| In Malaysia: | | |
| Shares | 102,336 | 102,636 |
| Corporate bonds | 959 | 959 |
| Outside Malaysia: | | |
| Shares | 6,441 | 7,597 |
| | <u>109,736</u> | <u>111,192</u> |
| Quoted Debt Equity Converted Securities: | | |
| In Malaysia: | | |
| Shares | 5,314 | 13,193 |
| Loan stocks - collateralised | 85,824 | 419,542 |
| Loan stocks - with options | 80,595 | 424,490 |
| Corporate bonds | 52,754 | - |
| Outside Malaysia: | | |
| Warrants | 15 | 15 |
| | <u>224,502</u> | <u>857,240</u> |

| | The Group | |
|--|------------------|------------------|
| | 31.03.08 | 31.03.07 |
| | 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 | 524,876 | 691,933 |
| Corporate bonds - collateralised | 106,568 | - |
| Corporate bonds | 316,378 | 523,444 |
| | <u>1,067,650</u> | <u>1,351,924</u> |
| Unquoted Private Debt Securities Of Companies Incorporated: | | |
| In Malaysia: | | |
| Corporate bonds and notes denominated in USD | - | 56,871 |
| Corporate notes | 33,720 | - |
| Islamic corporate bonds | 190,331 | 193,598 |
| Outside Malaysia: | | |
| Corporate bonds and notes denominated in USD | - | 103,680 |
| | <u>224,051</u> | <u>354,149</u> |
| Unquoted Guaranteed Private Debt Securities Of Companies | | |
| Incorporated In Malaysia: | | |
| Corporate bonds | - | 79,216 |
| | <u>1,659,988</u> | <u>2,878,970</u> |
| Accumulated impairment losses | (480,110) | (566,400) |
| Total | <u>1,179,878</u> | <u>2,312,570</u> |

A11. LOANS, ADVANCES AND FINANCING

| | The Group | |
|---|-------------------|-------------------|
| | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 |
| Loans and financing: | | |
| Term loans and revolving credit | 15,562,586 | 14,037,374 |
| Housing loans | 11,314,355 | 11,074,856 |
| Staff loans | 179,052 | 185,536 |
| Hire-purchase receivables | 26,622,601 | 24,474,377 |
| Credit card receivables | 1,806,526 | 2,218,724 |
| Lease receivables | 1,462,734 | 1,430,654 |
| Overdrafts | 1,632,538 | 1,343,383 |
| Claims on customers under acceptance credits | 2,301,379 | 1,656,939 |
| Trust receipts | 325,968 | 215,921 |
| Block discount receivables | 59,572 | 56,751 |
| Factoring receivables | 60,094 | 52,047 |
| Bills receivable | 33,524 | 17,765 |
| | <u>61,360,929</u> | <u>56,764,327</u> |
| Less: Unearned interest and income | 6,482,856 | 6,022,129 |
| Total | <u>54,878,073</u> | <u>50,742,198</u> |
| Less: | | |
| Allowance for bad and doubtful debts and financing: | | |
| General | 845,225 | 778,396 |
| Specific | 1,579,255 | 2,353,047 |
| | <u>2,424,480</u> | <u>3,131,443</u> |
| Net loans, advances and financing | <u>52,453,593</u> | <u>47,610,755</u> |

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

| | The Group | | | | Annualised Loans Growth (%) |
|-------------------------------------|-------------|-------|-------------|-------|-----------------------------------|
| | 31.03.08 | | 31.03.07 | | |
| | RM'000 | % | RM'000 | % | |
| Purchase of transport vehicles | 24,128,479 | 42.5 | 22,739,226 | 42.5 | |
| Purchase of landed properties: | | | | | |
| - Residential | 10,998,983 | 19.4 | 10,777,779 | 20.2 | |
| - Non-residential | 2,312,866 | 4.1 | 2,491,641 | 4.7 | |
| Working capital | 9,326,716 | 16.4 | 7,921,566 | 14.8 | |
| Personnel use | 2,080,383 | 3.7 | 1,651,691 | 3.1 | |
| Fixed assets | 1,798,568 | 3.2 | 1,561,570 | 2.9 | |
| Credit cards | 1,777,686 | 3.1 | 2,207,352 | 4.1 | |
| Purchase of securities | 1,545,274 | 2.7 | 1,237,484 | 2.3 | |
| Construction | 919,301 | 1.6 | 1,160,173 | 2.2 | |
| Merger and acquisition | 278,877 | 0.5 | 207,044 | 0.4 | |
| Consumer durables | 3,892 | 0.0 | 4,648 | 0.0 | |
| Other purpose | 1,663,070 | 2.9 | 1,500,857 | 2.9 | |
| Gross loans, advances and financing | 56,834,095 | 100.0 | 53,461,031 | 100.0 | |
| Less: Islamic financing sold to | | | | | |
| Cagamas Berhad | (1,863,857) | | (2,718,833) | | |
| | 54,970,238 | | 50,742,198 | | 8.3 |

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

| | The Group | |
|---------------------------------------|--------------------|--------------------|
| | 31.03.08 RM'000 | 31.03.07 RM'000 |
| Domestic : | | |
| Business enterprises: | | |
| Small medium enterprises | 5,452,391 | 4,806,779 |
| Others | 11,579,642 | 9,932,336 |
| Other non-bank financial institutions | 834,365 | 760,703 |
| Government and statutory bodies | 115,410 | 140,282 |
| Individuals | 36,612,489 | 34,583,382 |
| Other domestic entities | 44,537 | 327,991 |
| Foreign entities | 239,239 | 190,725 |
| | 54,878,073 | 50,742,198 |

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

| | The Group | |
|---------------------------|-------------------|-------------------|
| | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 |
| Variable rate | | |
| BLR-plus | 14,704,097 | 14,154,129 |
| Cost-plus | 5,865,602 | 4,919,740 |
| Other variable rates | 544,617 | 567,196 |
| | <u>21,114,316</u> | <u>19,641,065</u> |
| Fixed rate | | |
| Housing loans | 2,361,505 | 3,129,736 |
| Hire purchase receivables | 23,152,454 | 21,100,285 |
| Other fixed rates | 8,249,798 | 6,871,112 |
| | <u>33,763,757</u> | <u>31,101,133</u> |
| | <u>54,878,073</u> | <u>50,742,198</u> |

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

| | The Group | |
|--|--------------------|--------------------|
| | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 |
| Gross | | |
| Balance at beginning of year | 5,534,341 | 6,136,695 |
| Non-performing during the year | 1,319,500 | 1,604,797 |
| Reclassification to performing loans and financing | (758,019) | (818,554) |
| Recoveries | (535,523) | (457,448) |
| Debt equity conversion | (106,351) | (6,182) |
| Amount written off | (1,298,557) | (935,779) |
| Sale of non-performing loans | (547,859) | - |
| Exchange fluctuation adjustments | (5,711) | 2,001 |
| Reclassification from trading to margin | 658 | - |
| Transfer from stock and share-broking activities | - | 8,811 |
| Balance at end of year | <u>3,602,479</u> | <u>5,534,341</u> |
| Less: Specific allowance | <u>(1,579,255)</u> | <u>(2,353,047)</u> |
| Non-performing loans, advances and financing - net | <u>2,023,224</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>3.7%</u> | <u>6.2%</u> |
| Loan loss coverage excluding collateral values | <u>67.3%</u> | <u>56.6%</u> |

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

| | The Group | | | |
|--------------------------------|------------------|--------------|------------------|--------------|
| | 31.03.08 | | 31.03.07 | |
| | RM'000 | % | RM'000 | % |
| Working capital | 1,014,761 | 28.2 | 1,205,711 | 21.8 |
| Purchase of landed properties: | | | | |
| Residential | 962,785 | 26.7 | 1,372,850 | 24.8 |
| Non-residential | 334,169 | 9.3 | 781,598 | 14.1 |
| Purchase of transport vehicles | 428,615 | 11.9 | 806,824 | 14.6 |
| Construction | 281,961 | 7.8 | 364,953 | 6.6 |
| Purchase of securities | 198,320 | 5.5 | 273,202 | 4.9 |
| Credit cards | 66,011 | 1.8 | 216,850 | 3.9 |
| Fixed assets | 44,119 | 1.2 | 62,217 | 1.1 |
| Personnel use | 35,246 | 1.0 | 54,394 | 1.0 |
| Merger and acquisition | - | - | 15,020 | 0.3 |
| Consumer durables | 485 | 0.1 | 327 | 0.1 |
| Other purpose | 236,007 | 6.6 | 380,395 | 6.8 |
| | <u>3,602,479</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 | |
|---|------------------|------------------|
| | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 |
| General allowance | | |
| Balance at beginning of year | 778,396 | 721,817 |
| Allowance during the year | 67,107 | 55,567 |
| Transfer from stock and share-broking operations | - | 1,321 |
| Exchange fluctuation adjustments | (278) | (309) |
| Balance at end of year | <u>845,225</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 year | 2,353,047 | 1,532,664 |
| Allowance during the year | 1,192,451 | 2,162,855 |
| Amount written back in respect of recoveries and reversals | (427,341) | (426,953) |
| Net charge to income statements | 765,110 | 1,735,902 |
| Amount written off | (1,291,798) | (935,929) |
| Sale of non-performing loans | (219,832) | - |
| Debt equity conversion | (17,190) | (3,182) |
| Reclassification from sundry receivables | (8,103) | 8,205 |
| Exchange fluctuation adjustments | (1,877) | (1,146) |
| Adjustment (to)/from deferred asset account | (102) | 7,792 |
| Transfer from stock and share-broking operations | - | 8,741 |
| Balance at end of year | <u>1,579,255</u> | <u>2,353,047</u> |

A12 OTHER ASSETS

| | The Group | |
|---|------------------|------------------|
| | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 |
| Trade receivables, net of allowance for doubtful debts | 756,706 | 777,650 |
| Other receivables, deposits and prepayments, net of allowance for doubtful debts | 910,914 | 808,846 |
| Interest receivables on treasury assets, net of allowance for doubtful debts | 112,194 | 173,229 |
| Fee receivables, net of allowance for doubtful debts | 44,056 | 34,336 |
| Amount due from Originators | 35,140 | 52,421 |
| Amount due from agents, brokers and reinsurer, net of allowance | 161,405 | 85,334 |
| Amount recoverable under asset-backed securitisation transactions, net of impairment loss | 67,066 | 77,066 |
| Foreclosed properties, net of allowance for impairment in value | 102,396 | 98,882 |
| Tax Recoverable | 2,180 | - |
| Deferred assets | 39,701 | 43,939 |
| | <u>2,231,758</u> | <u>2,151,703</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 | |
|---|-------------------|-------------------|
| | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 |
| Term/Investment deposits | 37,304,081 | 35,981,135 |
| Savings deposits | 3,340,718 | 3,160,423 |
| Current deposits | 2,913,137 | 2,162,453 |
| Negotiable instruments of deposits | 16,652 | 16,950 |
| Other deposits | 4,192,863 | 1,060,701 |
| | <u>47,767,451</u> | <u>42,381,662</u> |
| The deposits are sourced from the following types of customers: | | |
| Business enterprises | 15,575,034 | 12,535,438 |
| Individuals | 23,634,465 | 23,029,293 |
| Government | 6,508,023 | 4,877,907 |
| Others | 2,049,929 | 1,939,024 |
| | <u>47,767,451</u> | <u>42,381,662</u> |

A14 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

| | The Group | |
|------------------------------|-------------------|-------------------|
| | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 |
| Deposits from: | | |
| Licensed banks | 2,527,071 | 4,807,110 |
| Licensed merchant banks | 791,584 | 499,284 |
| Bank Negara Malaysia | 1,386,398 | 1,278,320 |
| Other financial institutions | 10,413,636 | 10,856,625 |
| | <u>15,118,689</u> | <u>17,441,339</u> |

A15 OTHER LIABILITIES

| | The Group | |
|---|------------------|------------------|
| | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 |
| Trade payables | 969,301 | 962,845 |
| Securities sold not yet re-purchased | - | 98,209 |
| Other payables and accruals | 1,558,005 | 1,258,145 |
| Interest payable on deposits and borrowings | 393,882 | 473,091 |
| Lease deposits and advance rentals | 55,696 | 57,665 |
| General insurance funds | 227,430 | 194,637 |
| Provision for commitments and contingencies | 1,941 | 300 |
| Bank overdrafts | 541 | 9,515 |
| Profit equalization reserve | 37,607 | 55,837 |
| Deferred tax liabilities | 5,925 | 8,475 |
| Tax payable | - | 6,341 |
| | <u>3,250,328</u> | <u>3,125,060</u> |

A16 INTEREST INCOME

| The Group | Individual Quarter | | Cumulative Quarter | |
|---|---------------------------|-----------------|---------------------------|------------------|
| | 31.03.08 | 31.03.07 | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Short-term funds and deposits with financial institutions | 86,575 | 85,717 | 290,400 | 274,621 |
| Securities held-for-trading | 68,778 | 48,109 | 255,625 | 215,829 |
| Securities available for sale | 23,645 | 20,760 | 96,021 | 84,781 |
| Securities held-to-maturity | 3,194 | 9,018 | 110,181 | 73,749 |
| Loans and advances | | | | |
| - Interest income other than recoveries from NPLs | 745,736 | 636,525 | 2,836,807 | 2,498,278 |
| - Recoveries from NPLs | 72,376 | 75,522 | 274,600 | 302,849 |
| Others | 563 | 2,120 | 3,810 | 10,395 |
| Gross interest income | <u>1,000,867</u> | <u>877,771</u> | <u>3,867,444</u> | <u>3,460,502</u> |
| Amortisation of premiums less accretion of discounts | 3,887 | 2,145 | 14,640 | 14,912 |
| Interest suspended | <u>(19,284)</u> | <u>(24,153)</u> | <u>(98,355)</u> | <u>(108,502)</u> |
| Total after net interest suspension | <u>985,470</u> | <u>855,763</u> | <u>3,783,729</u> | <u>3,366,912</u> |

A17 INTEREST EXPENSE

| The Group | Individual Quarter | | Cumulative Quarter | |
|---|---------------------------|-----------------|---------------------------|------------------|
| | 31.03.08 | 31.03.07 | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits from customers | 378,125 | 328,987 | 1,452,355 | 1,267,716 |
| Deposit of banks and other financial institutions | 68,961 | 95,373 | 328,189 | 310,228 |
| Securities sold under repurchase agreements | - | 21,919 | 17,388 | 91,029 |
| Amount due to Cagamas Berhad | 1,914 | 8,197 | 15,056 | 47,012 |
| Bank borrowings: | | | | |
| Term loans | 16,658 | 6,476 | 30,082 | 27,062 |
| Overdrafts | 37 | 400 | 214 | 1,087 |
| Subordinated deposits and term loans | 5,694 | 2,485 | 12,459 | 52,986 |
| Interest on Bonds | 22,691 | 20,075 | 103,202 | 65,182 |
| Medium term notes | 4,777 | - | 4,777 | - |
| Interest rate swap | 18,343 | 18,163 | 79,051 | 49,699 |
| Hybrid securities | 10,916 | 11,886 | 45,643 | 49,273 |
| Others | 25,167 | 15,458 | 64,705 | 33,528 |
| | <u>553,283</u> | <u>529,419</u> | <u>2,153,121</u> | <u>1,994,802</u> |

A18 OTHER OPERATING INCOME

| The Group | Individual Quarter | | Cumulative Quarter | |
|--|---------------------------|-----------------|---------------------------|------------------|
| | 31.03.08 | 31.03.07 | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Fee income: | | | | |
| Fees on loans and advances | 42,206 | 36,387 | 130,340 | 127,855 |
| Corporate advisory | 5,038 | 9,046 | 35,153 | 20,805 |
| Guarantee fees | 4,867 | 10,814 | 19,624 | 27,938 |
| Underwriting commissions | 2,808 | (929) | 13,566 | 14,480 |
| Portfolio management fees | 9,205 | 1,025 | 21,792 | 9,540 |
| Unit trust management fees | 15,577 | 9,210 | 62,584 | 37,920 |
| Brokerage rebates | 43 | 423 | 546 | 1,161 |
| Property trust management fees | 926 | 733 | 3,126 | 2,298 |
| Brokerage fees and commissions | 31,247 | 43,283 | 162,682 | 102,630 |
| Banc assurance commission | 5,781 | 5,290 | 27,804 | 26,104 |
| Expense from asset securitisation | 66 | (103) | (183) | (179) |
| Other fee income | 12,407 | 18,633 | 57,224 | 45,619 |
| | <u>130,171</u> | <u>133,812</u> | <u>534,258</u> | <u>416,171</u> |
| Investment and trading income: | | | | |
| Net gain from sale of securities held-for-trading | 17,879 | 73,058 | 131,616 | 197,902 |
| Net gain from sale of securities available-for-sale | 2,033 | 6,998 | 31,735 | 28,033 |
| Net gain on redemption of securities held-to-maturity | 3,439 | 8,304 | 106,235 | 53,177 |
| (Loss)/gain on revaluation and valuation adjustments for securities held for trading | (39,297) | (4,334) | (128,923) | 93,465 |
| Loss on revaluation of derivatives | (35,329) | (16,595) | (9,662) | (122,679) |
| Unrealised gain/(loss) on hybrid capital | 36,251 | 2,152 | 56,432 | 15,575 |
| Gross dividend income from: | | | | |
| Securities held-for-trading | 3,987 | 7,526 | 30,477 | 19,285 |
| Securities available-for-sale | - | 140 | 894 | 5,965 |
| Securities held-to-maturity | 11,177 | 10,687 | 27,169 | 23,804 |
| | <u>140</u> | <u>87,936</u> | <u>245,973</u> | <u>314,527</u> |
| Premium income from general insurance business | 118,368 | 106,921 | 447,903 | 404,664 |
| Insurance commission | (14,722) | (12,477) | (55,237) | (44,823) |
| | <u>103,646</u> | <u>94,444</u> | <u>392,666</u> | <u>359,841</u> |
| Surplus transfer from life insurance business | 17,000 | 13,500 | 17,000 | 13,500 |
| | <u>120,646</u> | <u>107,944</u> | <u>409,666</u> | <u>373,341</u> |
| Other income: | | | | |
| Foreign exchange gain | 8,188 | 3,961 | 21,810 | 13,034 |
| Gain on disposal of property and equipment - net | 377 | 100 | 679 | 1,700 |
| Rental income | 1,008 | 1,011 | 4,351 | 7,986 |
| Gain on disposal of assets held for sale | - | - | - | 19,284 |
| Other non-operating income | 128 | 584 | 2,087 | 3,997 |
| | <u>9,701</u> | <u>5,656</u> | <u>28,927</u> | <u>46,001</u> |
| | <u>260,658</u> | <u>335,348</u> | <u>1,218,824</u> | <u>1,150,040</u> |

A19 OTHER OPERATING EXPENSES

| The Group | Individual Quarter | | Cumulative Quarter | |
|--|---------------------------|-----------------|---------------------------|------------------|
| | 31.03.08 | 31.03.07 | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Personnel/Staff costs | | | | |
| - Salaries, allowances and bonuses | 185,734 | 129,116 | 607,610 | 494,434 |
| - Others | 24,083 | 22,904 | 87,706 | 82,636 |
| | <u>209,817</u> | <u>152,020</u> | <u>695,316</u> | <u>577,070</u> |
| Establishment costs | | | | |
| - Depreciation and amortisation of prepaid land lease payments | 12,525 | 11,712 | 48,590 | 51,752 |
| - Amortisation of computer software | 6,226 | 6,023 | 23,494 | 21,238 |
| - Computerisation costs | 20,866 | 20,488 | 65,541 | 73,259 |
| - Rental | 14,881 | 16,108 | 59,696 | 49,719 |
| - Cleaning and maintenance | 6,039 | 5,850 | 21,899 | 18,495 |
| - Others | 5,442 | 4,948 | 23,062 | 16,506 |
| | <u>65,979</u> | <u>65,129</u> | <u>242,282</u> | <u>230,969</u> |
| Marketing and communication expenses | | | | |
| - Sales commission | 6,506 | 4,271 | 18,523 | 12,878 |
| - Advertising, promotional and other marketing activities | 16,270 | 16,844 | 79,057 | 63,966 |
| - Telephone charges | 4,893 | 4,251 | 18,527 | 16,113 |
| - Postage | 2,608 | 3,405 | 11,924 | 12,060 |
| - Travel and entertainment | 4,680 | 4,140 | 17,850 | 14,311 |
| - Others | 6,265 | 6,363 | 26,950 | 23,450 |
| | <u>41,222</u> | <u>39,274</u> | <u>172,831</u> | <u>142,778</u> |
| Administration and general | | | | |
| - Professional services | 18,729 | 15,389 | 77,727 | 49,994 |
| - Donations | 2,163 | 169 | 2,986 | 484 |
| - Administration and management expenses | 274 | 2,008 | 2,025 | 12,769 |
| - Others | 12,370 | 28,159 | 43,506 | 54,128 |
| | <u>33,536</u> | <u>45,725</u> | <u>126,244</u> | <u>117,375</u> |
| Overheads | 350,554 | 302,148 | 1,236,673 | 1,068,192 |
| General insurance claims | 107,044 | 92,146 | 315,599 | 288,653 |
| | <u>457,598</u> | <u>394,294</u> | <u>1,552,272</u> | <u>1,356,845</u> |

A20 ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

| The Group | Individual Quarter | | Cumulative Quarter | |
|--|---------------------------|-----------------|---------------------------|------------------|
| | 31.03.08 | 31.03.07 | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Allowance for bad and doubtful debts and financing: | | | | |
| Specific allowance - net | 78,982 | 973,251 | 765,110 | 1,735,902 |
| Allowance during the period | 183,657 | 1,080,865 | 1,192,451 | 2,162,855 |
| Amount written back in respect of recoveries and reversal | (104,675) | (107,614) | (427,341) | (426,953) |
| General allowance | 27,530 | 16,669 | 67,107 | 55,567 |
| Recoveries of value impairment on amount recoverable from Danaharta | - | - | (609) | (17,282) |
| Bad debts and financing recovered - net | (68,690) | (60,787) | (319,425) | (254,706) |
| Written off | 2,500 | 203 | 2,653 | 215 |
| Recovered | (71,190) | (60,990) | (322,078) | (254,921) |
| | <u>37,822</u> | <u>929,133</u> | <u>512,183</u> | <u>1,519,481</u> |

A21 SEGMENTAL INFORMATION

BY BUSINESS SEGMENT

| | Individual Quarter | | Cumulative Quarter | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31.03.08 RM'000 | 31.03.07 RM'000 | 31.03.08 RM'000 | 31.03.07 RM'000 |
| Investment banking | | | | |
| Revenue | 284,902 | 380,491 | 1,266,685 | 1,389,250 |
| Profit before taxation | 91,232 | 79,399 | 398,504 | 390,056 |
| Commercial and retail banking | | | | |
| Revenue | 1,372,941 | 887,590 | 4,383,859 | 3,454,909 |
| Profit/(Loss) before taxation | 240,900 | (768,912) | 742,576 | (521,564) |
| Offshore banking | | | | |
| Revenue | 28,015 | 44,593 | 71,645 | 91,793 |
| (Loss)/Profit before taxation | (11,439) | 8,547 | 17,349 | 8,003 |
| Insurance | | | | |
| Revenue | 231,542 | 264,808 | 937,509 | 897,615 |
| Profit before taxation | 24 | 21,821 | 56,530 | 68,753 |
| Others | | | | |
| Revenue | 41,779 | 70,298 | 119,987 | 79,828 |
| Profit/(Loss) before taxation | 767 | (7,463) | 12,381 | (24,392) |
| Total before consolidation adjustments | | | | |
| Revenue | 1,959,179 | 1,647,780 | 6,779,685 | 5,913,395 |
| Profit before taxation | 321,484 | (666,608) | 1,227,340 | (79,144) |
| Consolidation adjustments | | | | |
| Revenue | (468,049) | (190,741) | (772,103) | (416,106) |
| Profit/(Loss) before taxation | (12,868) | (29,940) | (32,903) | (5,468) |
| Total after consolidation adjustments | | | | |
| Revenue | 1,491,130 | 1,457,039 | 6,007,582 | 5,497,289 |
| Profit/(Loss) before taxation | 308,616 | (696,548) | 1,194,437 | (84,612) |

Included in the above is Islamic banking business profit before taxation of RM46.7 million for the quarter and RM192.2 million for the year ended 31 March 2008 (RM50.3 million for the quarter and RM191.4 million for the year ended 31 March 2007).

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for AmFraser International Pte. Ltd. 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 year 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 note 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 31 March 2008, the commitments and contingencies outstanding are as follows:

| The Group | 31.03.08 | | | 31.03.07 | | |
|---|-------------------------------|--|--------------------------------------|-------------------------------|--|--------------------------------------|
| | 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 | 270,000 | 194,810 | 97,404 | 290,000 | 7,438 | 3,719 |
| Interest rate swaps | 26,770,307 | 601,940 | 126,949 | 23,131,423 | 667,038 | 137,537 |
| Foreign exchange related contracts: | | | | | | |
| Forward exchange contracts | 5,747,856 | 102,651 | 34,932 | 4,370,080 | 128,442 | 26,830 |
| Cross currency swaps | 624,647 | 76,143 | 15,228 | 811,310 | 92,886 | 18,577 |
| Malaysian Government securities futures | - | - | - | 5,000 | 6 | 3 |
| Equity related contracts: | | | | | | |
| Options | 151,596 | - | - | 165,618 | - | - |
| Equity futures | 363 | - | - | - | - | - |
| | <u>33,564,769</u> | <u>975,544</u> | <u>274,513</u> | <u>28,773,431</u> | <u>895,810</u> | <u>186,666</u> |
| Commitments | | | | | | |
| Irrevocable commitments to extend credit maturing : | | | | | | |
| within one year | 8,564,981 | 1,558,976 | 1,422,930 | 9,565,515 | - | - |
| more than one year | 2,742,901 | 1,371,451 | 1,257,912 | 1,225,230 | 612,615 | 611,985 |
| Unutilised credit card line | 4,006,449 | 801,290 | 598,888 | - | - | - |
| Sell and buy back agreements | 1,216,782 | 1,216,782 | 879,744 | 1,923,143 | 1,923,143 | 1,221,740 |
| Forward purchase commitments | 338,081 | 338,081 | 30,108 | 834,911 | 834,911 | 218,958 |
| | <u>16,869,194</u> | <u>5,286,580</u> | <u>4,189,582</u> | <u>13,548,799</u> | <u>3,370,669</u> | <u>2,052,683</u> |
| Contingent Liabilities | | | | | | |
| Guarantees given on behalf of customers | 1,865,387 | 1,865,387 | 1,769,182 | 1,404,043 | 1,404,043 | 1,210,877 |
| Certain transaction-related contingent items | 1,048,285 | 524,143 | 511,156 | 897,800 | 448,900 | 423,564 |
| Underwriting liabilities | 1,720,000 | 860,000 | 776,800 | 815,000 | 407,500 | 267,100 |
| Short term self liquidating trade-related contingencies | 584,432 | 116,886 | 113,419 | 283,789 | 56,758 | 56,758 |
| Islamic financing sold to Cagamas | 1,863,857 | 1,863,857 | 1,404,403 | 2,718,833 | 2,718,833 | 2,718,833 |
| Others | 23,874 | 250 | 250 | 126,438 | 250 | 250 |
| | <u>7,105,835</u> | <u>5,230,523</u> | <u>4,575,210</u> | <u>6,245,903</u> | <u>5,036,284</u> | <u>4,677,382</u> |
| | <u>57,539,798</u> | <u>11,492,647</u> | <u>9,039,305</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 31 March 2008, other contingencies and commitments of the Group and of the Company are as follows:

- (a) The Company has given unsecured guarantees totalling RM273,600,000 (RM329,600,000 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 RM50,000,000 (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\$40,000,000 (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)
 - (i) As required, AmInvestment Bank has given a continuing guarantee to Bank Negara Malaysia on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.
 - (ii) AmInvestment Bank has given guarantees in favour of Labuan International Financial Exchange ("LFX") in respect of USD 5 million each for AmInternational to act as a Listing Sponsor and as a Trading Agent on the LFX.
- (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 Meridian for Further and Better particulars in respect of the statement of defence filed by AmTrustee;
- (ii) an application by Meridian to add another subsidiary of the Company, namely AmInvestment Bank as 2nd Defendant;
- (iii) an application by Meridian to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84 to include alleged loss due to reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by AmTrustee to Meridian;

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

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

A26 RELATED PARTY TRANSACTIONS

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

A27 DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 March 2008, derivative financial instruments outstanding are as follows:

| The Group | | | | | | | | |
|--------------------------------------|--------------------------|------------------------|----------------------|----------------------|-----------------------|---------------------|------------------|--------------------|
| Items | Principial 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 | 270,000 | - | 70,000 | 50,000 | - | 150,000 | - | 5,724 |
| Interest rate swaps | 26,770,307 | 675,000 | 4,310,000 | 2,320,000 | 3,648,819 | 14,600,000 | 1,216,488 | 10,156 |
| Foreign exchange related contracts : | | | | | | | | |
| Forward exchange contracts | 5,747,856 | 1,785,142 | 935,386 | 1,902,906 | 1,124,422 | - | - | 990 |
| Cross currency swaps | 624,647 | - | - | 49,303 | 95,820 | 479,524 | - | 1,218 |
| Equity related contracts: | | | | | | | | |
| Options | 151,596 | 15,487 | - | 13,867 | 63,026 | 59,216 | - | - |
| Equity futures | 363 | - | - | - | - | 363 | - | - |
| Total | 33,564,769 | 2,475,629 | 5,315,386 | 4,336,076 | 4,932,087 | 15,289,103 | 1,216,488 | 18,088 |

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

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM26,191,724 (RM25,885,784 as at 31 March 2007).

The value at risk of the options related contracts used for trading purposes was RM Nil (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 31 March 2008, the amount of counter party credit risk, measured in terms of the cost to replace the positive value contracts of the Group, was RM8,018,674 (RM27,277,893 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-----> | | | | | | | Non- interest sensitive | 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 | RM'000 | | | | |
| 31.03.08 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| ASSETS | | | | | | | | | | | |
| Cash and short-term funds | 8,708,883 | - | - | - | - | - | 2,249,481 | - | - | 10,958,364 | 3.38 |
| Securities purchased under resale agreements | 52,468 | - | - | - | - | - | - | - | - | 52,468 | 3.33 |
| Deposits and placements with banks and other financial institutions | 1,281 | 1,273,519 | 65,100 | 278 | - | 47,632 | - | - | - | 1,387,810 | 4.64 |
| Securities held-for-trading | - | - | - | - | - | - | - | 6,699,010 | - | 6,699,010 | 3.57 |
| Securities available-for-sale | - | - | 19,961 | 135,866 | 897,502 | 676,145 | 121,461 | - | - | 1,850,935 | 5.82 |
| Securities held-to-maturity | 49,774 | 6,388 | 68,753 | 8,544 | 523,249 | 357,727 | 165,443 | - | - | 1,179,878 | 3.96 |
| Derivative financial assets | - | - | - | - | - | - | 370,681 | - | - | 370,681 | |
| Loans, advances and financing: | | | | | | | | | | | |
| - performing | 18,515,362 | 2,488,978 | 567,545 | 482,484 | 6,973,778 | 14,414,503 | 7,832,944 | - | - | 51,275,594 | 7.08 |
| - non-performing * | - | - | - | - | - | - | 1,177,999 | - | - | 1,177,999 | - |
| Amount due from Originators | - | 6,430 | 26,042 | - | 2,668 | - | - | - | - | 35,140 | 3.65 |
| Other non-interest sensitive balances | - | - | - | - | - | - | 8,203,828 | - | - | 8,203,828 | - |
| TOTAL ASSETS | 27,327,768 | 3,775,315 | 747,401 | 627,172 | 8,397,197 | 15,496,007 | 20,121,837 | 6,699,010 | 6,699,010 | 83,191,707 | |
| LIABILITIES AND EQUITY | | | | | | | | | | | |
| Deposits from customers | 17,458,191 | 6,294,579 | 5,784,561 | 7,264,641 | 2,699,721 | - | 8,265,758 | - | - | 47,767,451 | 3.27 |
| Deposits and placements of banks and other financial institutions | 6,472,394 | 2,068,654 | 1,180,675 | 1,024,523 | 991,330 | 1,228,000 | 2,153,113 | - | - | 15,118,689 | 3.43 |
| Bills and acceptances payable | 415,618 | 676,830 | 269,448 | - | - | - | 547,347 | - | - | 1,909,243 | 3.59 |
| Recourse obligation on loans sold to Cagamas Berhad | - | 70,070 | 26,042 | - | 147,867 | - | - | - | - | 243,979 | 3.65 |

A28 INTEREST/PROFIT RATE RISK

| The Group | <-----Non Trading Book-----> | | | | | | | Non-interest sensitive | 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 | RM'000 | | | | |
| 31.03.08 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Derivative financial liabilities | - | - | - | - | - | - | 410,929 | - | 410,929 | | |
| Term loans | - | 1,506,000 | - | 183,413 | - | - | 101,431 | - | 1,790,844 | 5.08 | |
| Subordinated term loans | - | - | 460,000 | - | - | - | - | - | 460,000 | 6.87 | |
| Unsecured bonds | 200,000 | - | - | - | - | 1,170,000 | 380,000 | - | 1,750,000 | 5.73 | |
| Medium Term Notes | - | - | - | - | - | 860,000 | - | - | 860,000 | 5.27 | |
| Hybrid capital | - | - | - | - | - | 673,830 | - | - | 673,830 | 6.79 | |
| Other non-interest sensitive balances | - | - | - | - | - | - | 4,952,797 | - | 4,952,797 | - | |
| Total Liabilities | 24,546,203 | 10,616,133 | 7,720,726 | 8,472,577 | 3,838,918 | 3,931,830 | 16,811,375 | - | 75,937,762 | | |
| Share capital | - | - | - | - | - | - | 2,722,970 | - | 2,722,970 | | |
| Reserves | - | - | - | - | - | - | 4,446,623 | - | 4,446,623 | | |
| Equity attributable to equity holders of the Company | - | - | - | - | - | - | 7,169,593 | - | 7,169,593 | | |
| Minority interests | - | - | - | - | - | - | 84,352 | - | 84,352 | | |
| Total equity | - | - | - | - | - | - | 7,253,945 | - | 7,253,945 | | |
| TOTAL LIABILITIES AND EQUITY | 24,546,203 | 10,616,133 | 7,720,726 | 8,472,577 | 3,838,918 | 3,931,830 | 24,065,320 | - | 83,191,707 | | |
| On-balance sheet interest rate gap sensitivity | 2,781,565 | (6,840,818) | (6,973,325) | (7,845,405) | 4,558,279 | 11,564,177 | (3,943,483) | 6,699,010 | - | | |
| Off-balance sheet interest rate gap sensitivity | 2,576,862 | 7,718,038 | (3,531,661) | (3,581,237) | (4,006,040) | 803,608 | - | - | (20,430) | | |
| Total interest rate gap sensitivity | 5,358,427 | 877,220 | (10,504,986) | (11,426,642) | 552,239 | 12,367,785 | (3,943,483) | 6,699,010 | (20,430) | | |
| Cumulative interest rate gap sensitivity | 5,358,427 | 6,235,647 | (4,269,339) | (15,695,981) | (15,143,742) | (2,775,957) | (6,719,440) | (20,430) | | | |

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

A28 INTEREST/PROFIT RATE RISK

| The Group 31.03.07 | <-----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 |
| Derivative financial assets | - | - | - | - | - | - | 400,312 | - | 400,312 | - |
| 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 | - | - | - | - | - | - | 7,097,858 | - | 7,097,858 | - |
| TOTAL ASSETS | 22,492,255 | 3,212,198 | 2,046,129 | 667,862 | 8,654,530 | 15,096,817 | 19,894,162 | 6,918,905 | 78,982,858 | |
| LIABILITIES AND EQUITY | | | | | | | | | | |
| Deposits from customers | 15,915,899 | 6,089,788 | 4,493,895 | 6,886,263 | 3,899,893 | - | 5,095,924 | - | 42,381,662 | 3.36 |
| Deposits and placements of banks and other financial institutions | 5,672,228 | 2,846,742 | 1,922,095 | 717,885 | 1,762,364 | 1,507,384 | 3,012,641 | - | 17,441,339 | 3.89 |
| Obligations on securities sold under repurchase agreements | 3,087,896 | 49,275 | 3,072 | - | - | - | - | - | 3,140,243 | 3.36 |
| Bills and acceptances payable | 278,358 | 547,637 | 188,968 | - | - | - | 446,614 | - | 1,461,577 | 3.56 |
| Recourse obligation on loans sold to to Cagamas Berhad | 18,934 | 38,438 | 201,770 | 244,996 | 250,923 | - | - | - | 755,061 | 3.71 |

A28 INTEREST/PROFIT RATE RISK

| The Group 31.03.07 | <-----Non Trading Book-----> | | | | | | | Non- interest sensitive RM'000 | 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 | | | | | |
| Derivative financial liabilities | - | - | - | - | - | - | 470,742 | - | 470,742 | | |
| 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 | - | - | - | - | - | - | 4,583,968 | - | 4,583,968 | - | |
| Total Liabilities | 24,973,315 | 9,777,880 | 6,809,800 | 7,952,824 | 7,100,975 | 2,768,858 | 13,609,889 | - | 72,993,541 | | |
| Share capital | - | - | - | - | - | - | 2,130,565 | - | 2,130,565 | | |
| Reserves | - | - | - | - | - | - | 2,657,236 | - | 2,657,236 | | |
| Equity attributable to equity holders of the Company | - | - | - | - | - | - | 4,787,801 | - | 4,787,801 | | |
| Minority interests | - | - | - | - | - | - | 1,201,516 | - | 1,201,516 | | |
| Total equity | - | - | - | - | - | - | 5,989,317 | - | 5,989,317 | | |
| TOTAL LIABILITIES AND EQUITY | 24,973,315 | 9,777,880 | 6,809,800 | 7,952,824 | 7,100,975 | 2,768,858 | 19,599,206 | - | 78,982,858 | | |
| On-balance sheet interest rate gap sensitivity | (2,481,060) | (6,565,682) | (4,763,671) | (7,284,962) | 1,553,555 | 12,327,959 | 294,956 | 6,918,905 | - | | |
| Off-balance sheet interest rate gap sensitivity | 2,145,559 | 14,893,960 | (1,500,860) | (1,040,081) | (15,270,228) | 856,740 | - | - | 85,091 | | |
| Total interest rate gap sensitivity | (335,501) | 8,328,278 | (6,264,531) | (8,325,043) | (13,716,673) | 13,184,699 | 294,956 | 6,918,905 | 85,091 | | |
| Cumulative interest rate gap sensitivity | (335,501) | 7,992,777 | 1,728,246 | (6,596,797) | (20,313,470) | (7,128,770) | (6,833,814) | 85,091 | | | |

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

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.

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

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

| | The Group | |
|--|-------------------|-------------------|
| | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 |
| Tier 1 capital | | |
| Paid-up ordinary share capital | 2,722,970 | 2,130,565 |
| Share premium | 1,986,857 | 791,588 |
| Statutory reserve | 1,245,433 | 1,107,757 |
| Hybrid capital | 673,830 | 666,474 |
| Exchange fluctuation reserve | 8,166 | 10,297 |
| Unappropriated profit at end of year | 1,163,267 | 798,502 |
| Minority interests | 84,352 | 1,201,516 |
| Total | <u>7,884,875</u> | <u>6,706,699</u> |
| Less : Goodwill | 1,732,872 | 527,121 |
| Deferred tax assets - net | 602,658 | 861,968 |
| Total tier 1 capital | <u>5,549,345</u> | <u>5,317,610</u> |
| Tier 2 capital | | |
| Subordinated term loans | 403,243 | 421,696 |
| Medium term notes | 860,000 | - |
| Redeemable unsecured bonds | 1,750,000 | 1,175,000 |
| General allowance for bad and doubtful debts | 845,225 | 778,396 |
| Total tier 2 capital | <u>3,858,468</u> | <u>2,375,092</u> |
| Capital base | <u>9,407,813</u> | <u>7,692,702</u> |
| Less: Restriction on tier 2 capital | 238,571 | - |
| Capital base | <u>9,169,242</u> | <u>7,692,702</u> |
| Risk-weighted assets | <u>67,898,253</u> | <u>60,987,817</u> |
| Capital Ratios: | | |
| Core capital ratio | 8.17% | 8.72% |
| Risk-weighted capital ratio | 13.50% | 12.61% |
| Core capital ratio (net of proposed final dividend) | 7.99% | 8.59% |
| Risk-weighted capital ratio (net of proposed final dividend) | <u>13.32%</u> | <u>12.48%</u> |

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

| | 31.03.08 | | 31.03.07 | |
|--|-------------------------------|---------------------------------------|-------------------------------|---------------------------------------|
| | Principal Amount RM'000 | Risk- Weighted Amount RM'000 | Principal Amount RM'000 | Risk- Weighted Amount RM'000 |
| 0% | 11,911,523 | - | 11,227,356 | - |
| 10% | - | - | 3,418 | 342 |
| 20% | 2,982,733 | 596,547 | 7,187,595 | 1,437,519 |
| 35% | 2,967,500 | 1,038,625 | - | - |
| 50% | 5,750,598 | 2,875,299 | 9,572,932 | 4,786,466 |
| 75% | 33,910,030 | 25,432,523 | - | - |
| 100% | 24,796,708 | 24,796,708 | - | - |
| 150% | 2,373,580 | 3,560,370 | 48,311,104 | 48,311,104 |
| | <u>84,692,672</u> | <u>58,300,071</u> | <u>76,302,405</u> | <u>54,535,431</u> |
| Add: total risk weighted assets equivalent for market risk | | 5,198,595 | | 6,451,937 |
| Add: total risk weighted assets equivalent for operational risk | | 4,384,664 | | - |
| Add: Large Exposure Risk Requirements for equity holdings | | 14,923 | | 449 |
| | | <u>67,898,253</u> | | <u>60,987,817</u> |

The capital adequacy ratio of the Group as at 31 March 2007 has not been restated for prior year adjustments effect.

A30. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 March 2008 and the results for the year ended 31 March 2008 of the Islamic banking business of the Group and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

AUDITED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008

| | Note | The Group | |
|---|------|--------------------|-------------------|
| | | 31.03.08 RM'000 | 31.3.07 RM'000 |
| ASSETS | | | |
| Cash and short-term funds | | 1,921,662 | 2,523,494 |
| Deposit and placements with banks and other financial institutions | | - | 415,200 |
| Securities held-for-trading | | 559,411 | 552,260 |
| Securities available-for-sale | | - | 17,596 |
| Securities held-to-maturity | | 32,373 | 35,092 |
| Financing, advances and other loans | A30a | 8,019,646 | 6,403,619 |
| Statutory deposits with Bank Negara Malaysia | | 271,700 | 263,500 |
| Other receivables, deposits and prepayments | | 127,469 | 98,312 |
| Property and equipment | | 536 | 946 |
| Deferred tax assets | | 157,781 | 223,716 |
| Intangible assets | | 611 | 65 |
| TOTAL ASSETS | | 11,091,189 | 10,533,800 |
| LIABILITIES AND ISLAMIC BANKING FUNDS | | | |
| Deposits from customers | A30b | 5,872,599 | 5,095,924 |
| Deposits and placements of banks and other financial institutions | | 2,681,413 | 3,012,641 |
| Converted fund | | 2,160 | 14,197 |
| Acceptances payable | | 547,347 | 446,614 |
| Other liabilities | A30c | 154,200 | 249,624 |
| Subordinated Sukuk Musyarakah | | 400,000 | 400,000 |
| Total Liabilities | | 9,657,719 | 9,219,000 |
| ISLAMIC BANKING FUNDS | | | |
| Share capital/Capital funds | | 505,877 | 505,877 |
| Reserves | | 927,593 | 808,923 |
| Islamic Banking Funds | | 1,433,470 | 1,314,800 |
| TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS | | 11,091,189 | 10,533,800 |
| COMMITMENTS AND CONTINGENCIES | | 6,111,742 | 7,440,167 |

**AUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2008**

| The Group | Individual Quarter | | Cumulative Quarter | |
|--|---------------------------|-----------------|---------------------------|-----------------|
| | 31.03.08 | 31.03.07 | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income derived from investment of depositors' funds and others | 177,011 | 179,936 | 704,757 | 702,852 |
| Allowance for losses on financing | (29,260) | (87,639) | (138,061) | (214,982) |
| Transfer (to)/from profit equalization reserve | (8,076) | 26,460 | 18,211 | 60,912 |
| Other expenses directly attributable to depositors and Islamic Banking Funds | - | 18,716 | - | - |
| Total attributable income | 139,675 | 137,473 | 584,907 | 548,782 |
| Income attributable to the depositors | (88,595) | (91,143) | (364,313) | (371,759) |
| Profit attributable to the Group | 51,080 | 46,330 | 220,594 | 177,023 |
| Income derived from Islamic Banking Funds | 50,547 | 47,068 | 195,994 | 180,322 |
| Total net income | 101,627 | 93,398 | 416,588 | 357,345 |
| Operating expenditure | (52,687) | (37,772) | (205,159) | (160,617) |
| Finance cost | (2,191) | (5,313) | (19,253) | (5,313) |
| Profit before taxation | 46,749 | 50,313 | 192,176 | 191,415 |
| Taxation | (18,364) | (8,537) | (73,116) | (58,708) |
| Profit for the year | 28,385 | 41,776 | 119,060 | 132,707 |

A30a. Financing, Advances and Other Loans

| | The Group | |
|--|------------------|------------------|
| | 31.03.08 | 31.3.07 |
| | RM'000 | RM'000 |
| Term financing/Revolving credit facilities | 2,309,469 | 1,709,358 |
| Islamic hire purchase, net of unearned income | 4,327,138 | 3,631,079 |
| Credit card receivables | 267,965 | 318,470 |
| Trust receipts | 44,996 | 25,331 |
| Claims on customer under acceptance credits | 686,376 | 475,119 |
| Other financing | 692,092 | 637,472 |
| Gross financing, advances and other loans | <u>8,328,036</u> | <u>6,796,829</u> |
| Allowance for bad and doubtful debts and financing | | |
| -general | (154,954) | (139,511) |
| -specific | (153,436) | (253,699) |
| | <u>(308,390)</u> | <u>(393,210)</u> |
| Net financing, advances and other loans | <u>8,019,646</u> | <u>6,403,619</u> |

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

| | The Group | |
|--|------------------|----------------|
| | 31.03.08 | 31.3.07 |
| | RM'000 | RM'000 |
| Gross | | |
| Balance at beginning of year | 503,084 | 531,434 |
| Non-performing during the year | 206,068 | 305,982 |
| Reclassification to performing financing | (103,518) | (96,163) |
| Recoveries | (70,877) | (89,082) |
| Amount written off | (229,436) | (149,087) |
| Balance at end of year | <u>305,321</u> | <u>503,084</u> |
| Specific allowance | (153,436) | (253,699) |
| Non-performing financing - net | <u>151,885</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>1.51%</u> | <u>2.69%</u> |

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

| | The Group | |
|---|------------------|-----------------|
| | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 |
| General Allowance | | |
| Balance at beginning of year | 139,511 | 132,658 |
| Allowance made during the year | 15,443 | 6,853 |
| Balance at end of year | <u>154,954</u> | <u>139,511</u> |
| | | |
| % of total financing, advances and other loans (including Islamic financing sold to Cagamas Berhad) less specific allowance | <u>1.54%</u> | <u>1.63%</u> |
| Specific Allowance | | |
| Balance at beginning of year | <u>253,699</u> | <u>173,181</u> |
| Allowance made during the year | 217,276 | 310,522 |
| Amount written back in respect of recoveries | (78,514) | (88,788) |
| Net charge to income statement | <u>138,762</u> | <u>221,734</u> |
| Amount written off/Adjustment to Asset Deficiency Account | (239,025) | (141,216) |
| Balance at end of year | <u>153,436</u> | <u>253,699</u> |

A30b. DEPOSITS FROM CUSTOMERS

| | The Group | |
|--------------------------------------|------------------|------------------|
| | 31.03.08 | 31.3.07 |
| | RM'000 | RM'000 |
| Mudarabah Fund | | |
| Special Investment deposits | 424,785 | 424,870 |
| General Investment deposits | 4,119,669 | 3,642,756 |
| | <u>4,544,454</u> | <u>4,067,626</u> |
| Non-Mudarabah Fund | | |
| Demand deposits | 520,564 | 354,020 |
| Saving deposits | 801,032 | 667,730 |
| Negotiable Islamic debt certificates | 6,549 | 6,548 |
| | <u>1,328,145</u> | <u>1,028,298</u> |
| | <u>5,872,599</u> | <u>5,095,924</u> |

A30c. OTHER LIABILITIES

| | The Group | |
|------------------------------------|------------------|----------------|
| | 31.03.08 | 31.3.07 |
| | RM'000 | RM'000 |
| Other payables and accruals | 105,075 | 86,158 |
| Taxation and zakat payable | 6,581 | 9,051 |
| Amount owing to head office | 68 | 91,327 |
| Lease deposits and advance rentals | 4,869 | 7,251 |
| Profit equalisation reserve | 37,607 | 55,837 |
| | <u>154,200</u> | <u>249,624</u> |

A31 CHANGE IN ACCOUNTING POLICIES AND RECLASSIFICATIONS

(a) Changes in accounting policy in current financial period

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

(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 4th quarter ended 31 March 2008.

(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 31 March 2008 is higher or lower than it would have been had the previous policies been applied in the current year.

(a) Effects on Balance Sheets as at 31 March 2008

| Description of change | Increase/(Decrease) | | |
|----------------------------------|---------------------|--|-----------------|
| | FRS 117 RM'000 | BNM Guidelines on derivative financial instruments RM'000 | Total RM'000 |
| The Group | | | |
| Prepaid land lease payment | (7,059) | - | (7,059) |
| Property and equipment | 7,059 | - | 7,059 |
| Deferred tax assets | - | 13,646 | 13,646 |
| Derivative financial liabilities | - | 4,836 | 4,836 |
| Hybrid capital | - | 56,886 | 56,886 |
| Unappropriated profits | - | (38,404) | (38,404) |

(b) Effects on Income Statements for the quarter ended 31 March 2008 and 2007

| | Individual Quarter | | Cumulative Quarter | |
|--|-----------------------|--------------------|-----------------------|--------------------|
| | 31.03.08 RM'000 | 31.03.07 RM'000 | 31.03.08 RM'000 | 31.03.07 RM'000 |
| Profit after taxation before changes in accounting policies | 216,995 | (512,001) | 761,953 | (50,253) |
| Effects of adopting Revised BNM Guidelines on derivative financial instruments | 6,646 | (4,088) | 48,866 | (78,644) |
| Effects of adopting BNM Circular on Handling Fees | - | (8,786) | - | - |
| Profit after taxation, after changes in accounting policies | 223,641 | (524,875) | 810,819 | (128,897) |

(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 | - | 400,312 | 400,312 |
| Other assets | 2,222,645 | (70,942) | 2,151,703 |
| Prepaid land lease payment | - | 7,156 | 7,156 |
| Property and equipment | 241,156 | (7,156) | 234,000 |
| Deferred tax assets | 870,443 | 30,815 | 901,258 |
| Derivative financial liabilities | - | 470,742 | 470,742 |
| Other liabilities | 3,148,347 | (23,287) | 3,125,060 |
| Unappropriated profits | 798,502 | (87,270) | 711,232 |
| Income Statement for the quarter ended 31 March 2007 | | | |
| Revenue | 1,573,594 | (116,555) | 1,457,039 |
| Interest income | 962,046 | (106,283) | 855,763 |
| Net income from Islamic banking business | 127,697 | 2,851 | 130,548 |
| Other operating income | 348,471 | (13,123) | 335,348 |
| Other operating expenses | (402,109) | 7,815 | (394,294) |
| Taxation | 170,325 | 1,348 | 171,673 |
| Profit after taxation attributable to equity holders of the Company | (547,299) | (4,254) | (551,553) |
| Basic earnings per share (sen) | (25.69) | (0.20) | (25.89) |
| Fully diluted earnings per share (sen) | (25.69) | (0.20) | (25.89) |
| Income Statement for the year ended 31 March 2007 | | | |
| Revenue | 6,025,613 | (528,324) | 5,497,289 |
| Interest income | 3,742,681 | (375,769) | 3,366,912 |
| Net income from Islamic banking business | 506,102 | - | 506,102 |
| Other operating income | 1,302,595 | (152,555) | 1,150,040 |
| Other operating expenses | (1,407,067) | 50,222 | (1,356,845) |
| Taxation | (73,373) | 29,088 | (44,285) |
| Profit after taxation attributable to equity holders of the Company | (203,812) | (78,644) | (282,456) |
| Basic earnings per share (sen) | (9.57) | (3.69) | (13.26) |
| Fully diluted earnings per share (sen) | (9.57) | (3.69) | (13.26) |

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

The Group recorded a significant improvement in pre-tax profit of RM1,194.4 million as compared to a loss of RM84.6 million for the previous financial year. The result was aided by substantial reduction in allowance for losses on loans and financing. After accounting for taxation and minority interests, the Group's net profit attributable to equity holders was RM668.5 million, representing net earnings per share of 28.2 sen, whilst post tax return on equity holders registered 11.2%.

For the year ended 31 March 2008, the Group's strong earnings performance was aided by sound growth in net interest income (+RM258.5 million or +18.8%) and net income from Islamic banking business (+RM11.1 million or +2.2%) due to the loans growth. Other operating income, capitalizing on strong capital markets in Malaysia and the region, also improved to RM1,218.8 million (+RM68.8 million or +6.0%). Both loan loss provisions at RM512.2 million (-RM1,007.3 million or -66.3%) and impairment loss on securities at RM111.9 million (-RM171.8 million or -60.5%) were lower. The Group's loan loss coverage improved to 67.3%, as compared with 56.6% as at end of 31 March 2007. However, this improvement was mitigated in part by the rise in other operating expenses by 14.4% due to backdated union salary increases and the growing scale in business operations.

During the fourth quarter, net interest income increased to RM432.2 million (+RM105.6 million or +32.4%) as compared to RM326.6 million in the corresponding quarter ended 31 March 2007 driven by growth in retail lending and securities. Loan loss provisions was lower at RM37.8 million as compared to RM929.1 million in the corresponding quarter. However, the improvement was mitigated in part by lower other operating income (-RM74.7 million) due to loss on securities held-for-trading (-RM90.1 million), higher loss on revaluation of derivatives (-RM18.7 million), transfer to profit equalization reserve (-RM34.5 million) and higher other operating expenses (-RM63.3 million).

The Group's overall financial position remains strong and healthy. Retail and commercial banking operations were the largest contributors to the Group pre-tax profits, reporting a pre-tax profit of RM240.9 million for the quarter and RM742.6 million for the year, followed by the investment banking operations of RM91.2 million for the quarter and RM398.5 million for the year. Insurance operations contributed RM56.5 million for the year.

Gross loans and advances outstanding registered an annualised growth of 8.2% rising by RM4.1 billion to RM54.9 billion. The Group continued to be focused on the financing of residential properties and passenger vehicles, as well as the small and medium sized industries. The major driver for the loans growth was retail lending, with loans for purchase of transport vehicles growing by RM1.3 billion or 5.7% to account for 42.4% of total loans. This was followed by loans for purchase of residential properties, which rose by RM221.2 million or 2.0% to account for 19.4% of the total loans portfolio.

The Group continued to see further improvement in asset quality, with net non-performing loans ("NPL") ratio on a 3-month classification basis, decreasing to 3.7%, from 6.2% as at 31 March 2007, due to the intensified loan recovery efforts as well as completion of the sale of a portfolio of non performing loans.

Total customer deposits registered a growth of RM5.4 billion or 12.7% to RM47.8 billion compared to 31 March 2007, with retail deposits accounting for nearly 49.5% of the Group's funding. In line with the expansion in SME lending, deposits mobilised from business enterprises registered a significant jump of RM3.0 billion or 24.2% to RM15.6 billion. The core customer deposits of the Group, comprising savings and current accounts, saw healthy growth rising by about 17.5% to RM6.3 billion.

As at 31 March 2008, the Group's total assets stood at RM83.2 billion. Meanwhile, the Group's risk-weighted capital ratio ("RWCR") stood at 13.50% as at 31 March 2008, compared with 12.61% as at 31 March 2007.

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 RM308.6 million for the fourth quarter ended 31 March 2008 as compared to RM325.7 million for the third quarter ended 31 December 2007 mainly due to lower investment and trading income. This is however, partly offset by lower loan loss provisions and impairment loss on securities.

B3. PROSPECTS FOR 31 MARCH 2009

The global economic environment is expected to be more challenging in 2008, due to a sharp slowdown in economic growth in the USA and moderation in other developed countries. However, strong commodity prices, domestic demand and more diversified export markets and products, will continue to benefit Malaysia, and the economy is expected to expand by 5% to 6% in 2008. The banking sector, expects sustained demand for financing, by both households and businesses, particularly with the implementation of the 9th Malaysia Plan.

Although the equity markets will continue to be impacted by the broad trends affecting most regional markets, the debt markets are expected to remain robust in view of the strong domestic liquidity. 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 the issuance of the capital market securities.

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

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION

| The Group | Individual Quarter | | Cumulative Quarter | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31.03.08 RM'000 | 31.03.07 RM'000 | 31.03.08 RM'000 | 31.03.07 RM'000 |
| Estimated current tax payable | 22,022 | 58,197 | 122,091 | 161,625 |
| Transfer from deferred tax | 92,100 | (182,325) | 290,125 | (82,805) |
| | 114,122 | (124,128) | 412,216 | 78,820 |
| Overprovision of current taxation in respect of prior years | (29,246) | (48,331) | (29,199) | (35,321) |
| Taxation | 84,876 | (172,459) | 383,017 | 43,499 |
| Zakat | 99 | 786 | 601 | 786 |
| Taxation | 84,975 | (171,673) | 383,618 | 44,285 |

The total tax charge of the Group for the financial quarter ended 31 March 2008 and year ended 31 March 2008 and 2007 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 28.0% to 27.0% for year of assessment ("YA") 2007, 27.0% to 26.0% for YA2008, 26.0% to 25.0% for YA2009 and disallowances of certain expenses.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

| The Group | Individual Quarter | | Cumulative Quarter | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31.03.08 RM'000 | 31.03.07 RM'000 | 31.03.08 RM'000 | 31.03.07 RM'000 |
| Net gain from sale of securities held-for-trading | 17,879 | 73,058 | 131,616 | 197,902 |
| Net gain from sale of securities available-for-sale | 2,033 | 6,998 | 31,735 | 28,033 |
| Net gain from redemption of securities held-to-maturity | 3,439 | 8,304 | 106,235 | 53,177 |
| Impairment loss on securities | (14,700) | (187,407) | (111,958) | (283,758) |

B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

B8. CORPORATE PROPOSALS

- (1) The Company has sought the approval of Bank Negara Malaysia (“BNM”) for the commencement of discussions with MAA Holdings Berhad (“MAAH”), pursuant to section 67 of the Insurance Act, 1996, for the proposed acquisition of the general insurance business in Malaysian Assurance Alliance Berhad, a composite insurer, and an equity stake in MAA Takaful Berhad, which operates a Takaful insurance business, held by MAAH.
- (2) The Company has obtained the approval of BNM for the shareholders of AmAssurance Berhad (“AmAssurance”) to commence preliminary negotiations with Friends Provident plc, pursuant to the Insurance Act 1996 (“Insurance Act”), for the proposed sale of a minority stake in the life insurance business of AmAssurance. A separate application has also been submitted to BNM to obtain the regulatory approvals under the Insurance Act to enable the Company to split the existing composite insurance licence of AmAssurance, to enable the Company to undertake the life and general insurance business through two separate companies.
- (3) On 29 November 2007, AmInvestment Bank had entered into an memorandum of understanding with Woori, a member of the Woori Financial Group of Korea for the purpose of promoting the cooperation in the investment banking business between the two parties, enabling both the financial groups to leverage on each other’s established business franchise and network in both the domestic and regional capital markets
- (4) Upon obtaining the necessary approvals from the relevant authorities, on 11 March 2008, AmBank proposed issuance of up to Singapore Dollar (“SGD”) 425 million Non-Innovative Tier 1 Capital (“NIT1”), comprising Non-Cumulative Perpetual Capital Securities (“NCPCS”) issued by AmBank, which are stapled to Subordinated Notes (“SubNotes”) issued by AmCapital (L) Inc (“AmCapital”) (“Stapled Securities”).

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

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

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

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

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

B8. CORPORATE PROPOSALS (CONTD.)

- (5) On 10 April 2008, the Company announced a Group Proposed Internal Restructuring involving:
- (a) the transfer of the fund-based activities of AmInvestment Bank, a 100%-owned subsidiary of AIGB, to AmBank and AmBank's wholly-owned subsidiary, AmIslamic Bank Berhad ("AmIslamic") (the "Proposed Business Transfer"); and
 - (b) the re-alignment of the shareholding structure of certain operating subsidiaries to fully constitute the Capital Market Group and Asset Management Group (the "Proposed Internal Transfer").

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

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

- (i) Subject to exclusions as may be agreed between AmInvestment Bank and AmBank, AmBank will acquire the assets and assume the liabilities relating to AmInvestment Bank's conventional Fund-Based Activity which shall include AmInvestment Bank's 100% shareholding interest in AmInternational (L) Ltd, a licensed offshore bank; and
- (ii) Subject to exclusions as may be agreed between AmInvestment Bank and AmIslamic, AmIslamic will acquire the assets and assume the liabilities relating to AmInvestment Bank's Islamic Fund-Based Activity, based on the book value of the assets and liabilities as at the date the Order comes into effect. The consideration for the Proposed Business Transfer, computed on the basis of the book value of the assets acquired less the book value of the liabilities assumed, will be settled in cash by AmBank and AmIslamic.

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

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

- (a) AmInvestment Bank will acquire from AmSecurities Holding Sdn Bhd ("AMSH") the following companies:-
 - (i) AmFutures Sdn Bhd, a licensed futures broker for a cash consideration based on book value;
 - (ii) AmResearch Sdn Bhd, involved in providing investment advice, for a cash consideration based on book value; and
 - (iii) PT. AmCapital Indonesia ("AMCI"), a licensed stockbroking, which also undertake underwriting and investment management activities, for a cash consideration based on cost of investment
- (b) AIGB will acquire from AmInvestment Bank the following companies:-
 - (i) AmInvestment Management Sdn Bhd, an asset management company for a cash consideration based on book value; and
 - (ii) AmInvestment Services Berhad, an unit trust management company for a cash consideration based on book value.

B8. CORPORATE PROPOSALS (CONTD.)

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

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

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

- (6) On 6 May 2008, AmAssurance and AmG Insurance Berhad entered into a business transfer agreement and a scheme for the proposed transfer of the general insurance business of AmAssurance to AmG Insurance Berhad, a 70%-owned subsidiary of the Company, in relation to the proposed separation of the composite insurance business of AmAssurance into general and life insurance businesses (“Scheme of Business Transfer”).

The Scheme of Business Transfer will be implemented in accordance with the provisions of the Insurance Act 1996 (“Insurance Act”) and is subject to the confirmation and vesting order of the High Court. It involves the transfer of the entire assets and liabilities relating to the general insurance business of AmAssurance to AmG Insurance Berhad.

As an internal business reorganisation, the assets and liabilities of the general insurance business of AmAssurance will be acquired and assumed by AmG Insurance Berhad at book value of such assets and liabilities on the date the Scheme of Business Transfer becomes effective after obtaining High Court confirmation and vesting order. Further, since the book value of the assets to be acquired will be equal to the book value of the liabilities to be assumed by AmG Insurance Berhad, the consideration for the Scheme of Business Transfer will be a nominal cash consideration of RM1.00.

With the approvals of the Minister of Finance and the Foreign Investment Committee obtained on 11 April 2008 and 2 May 2008 respectively, the implementation of the Scheme of Business Transfer is therefore subject to AmAssurance obtaining the High Court’s confirmation and grant of vesting order.

On completion of the Scheme of Business Transfer, AmAssurance will be licensed to carry on life insurance business only, while AmG Insurance Berhad will be licensed to conduct general insurance business only.

As a licensed insurance company, AmG Insurance Berhad has to maintain a minimum capitalisation of RM100 million (the “Minimum Capital”). The company will subscribe for its 70% of the share issue by AmG Insurance Berhad towards meeting the Minimum Capital from its own cash resources. The balance of 30% will be subscribed for by IAG International Pty Ltd, the Company’s joint venture partner in AmAssurance in which it also holds a 30% equity interest.

B9. BORROWINGS

| | The Group | |
|--|-------------------|-------------------|
| | 31.03.08 | 31.3.07 |
| | RM'000 | RM'000 |
| (i) Deposits from customers | | |
| Due within six months | 37,253,676 | 31,056,154 |
| Six months to one year | 7,680,899 | 7,325,760 |
| One year to three years | 2,025,505 | 3,141,092 |
| Three to five years | 807,371 | 858,656 |
| | <u>47,767,451</u> | <u>42,381,662</u> |
| (ii) Deposits and placements of banks and other financial institutions | | |
| Due within six months | 9,985,559 | 10,826,939 |
| Six months to one year | 1,772,255 | 1,684,584 |
| One year to three years | 1,288,415 | 2,456,875 |
| Three to five years | 2,072,460 | 2,472,941 |
| | <u>15,118,689</u> | <u>17,441,339</u> |
| <i>Recap:</i> | | |
| <i>Interbank lendings</i> | 11,832,476 | 9,812,102 |
| <i>Interbank borrowings</i> | (37,001) | (1,101,039) |
| <i>Net interbank lendings</i> | <u>11,795,475</u> | <u>8,711,063</u> |
| (iii) Term loans | | |
| Due within one year | | |
| Secured | 1,790,844 | 309,680 |
| (vi) Subordinated term loans | | |
| More than one year | 460,000 | 460,000 |
| (v) Unsecured bonds | | |
| More than one year | 1,750,000 | 1,322,795 |
| (vi) Hybrid capital | | |
| More than one year | 673,830 | 666,474 |
| (vii) Medium Term Notes | | |
| More than one year | 860,000 | - |

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.

Pursuant to the Rights Issue as mentioned in note B8(1), the exchange price of the exchangeable bonds was adjusted from RM3.05 per share to RM2.95 per share pursuant to the adjustment arising from the Rights Issue.

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).

B12. DIVIDENDS

- (i) A first and final ordinary dividend of 6.0%, less 25.0% tax has been recommended by the directors
- (ii) Amount per share: 6 Sen less 25.0 tax;
- (iii) Previous corresponding year: 5 Sen less 26.0% tax;
- (iv) Payment date: To be determined and announced at a later date; and
- (v) In respect of deposited securities, later entitlement to dividend will be determined on the basis of the Record of Depositors on a date to be determined by the directors.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of unappropriated profits in the next financial year ending 31 March 2009.

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 | |
|--|---------------------------|-----------------|---------------------------|-----------------|
| | 31.03.08 | 31.03.07 | 31.03.08 | 31.03.07 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit attributable to equity holders of the Company | 217,493 | (551,553) | 668,542 | (282,456) |
| Number of ordinary shares at beginning of period | 2,203,849 | 2,130,544 | 2,130,565 | 2,130,544 |
| Effect of ordinary shares issued pursuant to: | | | | |
| - Exercise Warrants 2003/2008 | 7,632 | - | 27,984 | - |
| - Conversion of CPS | 163,934 | 22 | 142,435 | 10 |
| - Rights Issue | 266,701 | - | 66,311 | - |
| Weighted average number of ordinary shares in issue | 2,642,116 | 2,130,566 | 2,367,295 | 2,130,554 |
| Basic earnings per share (Sen) | 8.23 | (25.89) | 28.24 | (13.26) |

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 (expired on 20 March 2008)
- (iv) Unsecured exchangeable bonds

| | Individual Quarter | | Cumulative Quarter | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31.03.08 RM'000 | 31.03.07 RM'000 | 31.03.08 RM'000 | 31.03.07 RM'000 |
| Net profit attributable to equity holders of the Company | 217,493 | (551,553) | 668,542 | (282,456) |
| Weighted average number of ordinary shares in issue (as in (a) above) | 2,642,116 | 2,130,566 | 2,367,295 | 2,130,544 |
| Adjusted for: | | | | |
| Conversion of unsecured exchangeable bonds | 27,764 | - | 27,764 | - |
| Adjusted weighted average number of ordinary shares in issue and issuable | 2,669,880 | 2,130,566 | 2,395,059 | 2,130,544 |
| Fully diluted earnings per share (Sen) | 8.15 | (25.89) | 27.91 | (13.26) |

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

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

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

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

Date : 13 May 2008