

ANNUAL REPORT 2025



AMMB Holdings Berhad

(223035-V) (Incorporated in Malaysia)



Corporate Mission

“To entrench our position as a premier financial services group providing innovative products and services to our customers.”

Cover Rationale

The cover is warmly bathed in red and yellow as both colours are corporate colours of the AmBank Group.

Energy, strength, power and courage are represented by red; while yellow signifies enthusiasm, creativity, encouragement and stimulation.

The combined energy of red and the intellect of yellow symbolises strength and endurance.



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Proxy Form



Notice of Fourteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of AMMB Holdings Berhad (“the Company”) will be held at Dewan AmBank Group, 7th Floor, Bangunan AmBank Group, 55, Jalan Raja Chulan, 50200 Kuala Lumpur on Monday, 26 September 2005 at 10.30 a.m. for the following purposes:

Item	Agenda	Resolution on Proxy Form
AS ORDINARY BUSINESS		
1.	To receive the Audited Accounts for the year ended 31 March 2005 and the Reports of the Directors and Auditors thereon.	(Resolution No. 1)
2.	To approve a first and final dividend of 4.0% less tax for the year ended 31 March 2005.	(Resolution No. 2)
3.	To approve payment of Directors’ fees for the year ended 31 March 2005.	(Resolution No. 3)
4.	To re-elect the following Directors who retire by rotation pursuant to Article 89 of the Company’s Articles of Association: (a) Y Bhg Dato’ Azlan Hashim (b) Y A Bhg Tun Mohammed Hanif bin Omar (c) Y Bhg Prof Tan Sri Dato’ Dr Mohd Rashdan bin Haji Baba (d) Mr Soo Kim Wai	(Resolution No. 4) (Resolution No. 5) (Resolution No. 6) (Resolution No. 7)
5.	To re-elect as Director, Y Bhg Tan Sri Dato’ Dr Lim Kok Wing, who retires pursuant to Article 97 of the Company’s Articles of Association.	(Resolution No. 8)
6.	To re-appoint Messrs Ernst & Young, the retiring Auditors, and to authorise the Directors to determine their remuneration.	(Resolution No. 9)
AS SPECIAL BUSINESS		
To consider and if thought fit, to pass the following resolution as Ordinary Resolution:		
7.	Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 “THAT subject to the approvals from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965 to issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors, may, in their discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum of the issued share capital of the Company for the time being.”	(Resolution No. 10)
8.	To transact any other business of which due notice shall have been received.	

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the first and final dividend of 4.0% less tax for the financial year ended 31 March 2005, if approved by the shareholders at the Fourteenth Annual General Meeting, will be paid on 17 October 2005 to shareholders whose names appear in the Record of Depositors on 3 October 2005.

A depositor shall qualify for entitlement only in respect of:

- a. Shares transferred into the depositor's securities account before 4.00 p.m. on 3 October 2005 in respect of ordinary transfers; and
- b. Shares bought on Bursa Malaysia Securities Bhd on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Bhd.

By Order of the Board

RAVINDRA KUMAR THAMBIMUTHU

(LS 0000902)

Group Company Secretary

Kuala Lumpur

2 September 2005

Notes

- (1) A shareholder of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy or an attorney need not be a shareholder of the Company. Under Section 149(1) of the Companies Act, 1965, if a proxy is not a shareholder, he must be an advocate, an approved company auditor or a person approved by the Registrar of Companies in a particular case.
- (2) An Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one proxy in respect of each securities account held with ordinary shares of the Company standing to the credit of the securities account. The proxy so appointed shall be the beneficial owner of the shares in the said securities account or a person as provided under Section 149(1) of the Companies Act, 1965.
- (3) The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
- (4) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 22nd Floor, Bangunan AmBank Group, 55 Jalan Raja Chulan, 50200 Kuala Lumpur **not less than 48 hours** before the time appointed for holding the Meeting.
- (5) **Explanatory Note on Resolution No. 10**
- Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965
Ordinary resolution no. 10, if passed, will give the Directors of the Company, from the date of the General Meeting, authority to allot and issue ordinary shares from the unissued share capital of the Company up to an aggregate amount not exceeding 10 percent of the issued share capital of the Company for the time being, as and when the need or business opportunities arise which the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a General Meeting, will expire at the next Annual General Meeting.

Statement Accompanying Notice Of Annual General Meeting

Directors Who Are Seeking Re-Election At The 14th Annual General Meeting Of The Company

The Directors retiring by rotation pursuant to Article 89 of the Company's Articles of Association and seeking re-election are as follows:

- Y Bhg Dato' Azlan Hashim
- Y A Bhg Tun Mohammed Hanif bin Omar
- Y Bhg Prof Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba
- Mr Soo Kim Wai

A Director who was appointed to the Board since the last Annual General Meeting, retiring pursuant to Article 97 of the Company's Articles of Association and seeking re-election is as follows:

- Y Bhg Tan Sri Dato' Dr Lim Kok Wing (appointed on 1 November 2004)

The details of the five Directors seeking re-election are set out in their respective profiles which appear in the Profile of Directors and their securities holdings in the Company and its subsidiaries are set out in the Shareholding and Warrant Holding Structures of this Annual Report.



Letter to Shareholders

Dear Shareholder,

The financial year that has just ended on 31 March 2005 marked another milestone in our efforts to position the AmBank Group for future growth. In addition to our continued investments in both people and infrastructure, we completed the implementation of three major corporate exercises: the privatisation of the shareholding of AMFB Holdings Berhad in March 2005; the listing of the investment banking operations under AmInvestment Group Berhad on 17 May 2005; and the business merger of the Group's commercial banking and finance company operations into a single legal entity, AmBank (M) Berhad, on 1 June 2005.

The Group's corporate structure reflects our multi-niche strategy in the domestic financial services industry, to offer a comprehensive range of innovative products and quality service. The AmInvestment Group focuses on the capital markets and investment banking; AmBank concentrates on retail, commercial and Islamic banking, whilst AmAssurance provides both general and life insurance products and services. Our intention is to increase the scale of our already strong franchise in the country by continually improving our customer service and efficiency.

Our Results

Although the results have yet to reflect the full impact of the steps that we have taken to lay the foundation for the future, we recorded higher levels of revenue, net income and earnings per share. We gained meaningful market share in key retail banking, investment banking and insurance products – clear confirmation that our business model is working.

AmInvestment Group secured the No. 1 spot in Bloomberg's Lead Managers' League Table 2004 with 21.1% of the corporate bonds issued, and was ranked third in Bloomberg's Malaysian M&A League Table 2004 with deals totaling RM4.2 billion or 13.5% market share. It also won various awards in 2004, including the Malaysian Equity Deal of the Year, the Bond Deal of the Year and also secured the No. 2 spot in the Global Islamic Bond League Table, with 16.8% share of Islamic bonds issued.



“ Our success is not based on any one product, but is based on the ability to deliver a full-service capability. ”

Despite our preoccupation with the merger integration between the commercial bank and the finance company, we continued to strengthen our leadership position in retail banking, as the largest financier of motor vehicles, and gained market share in both the mortgage lending and the credit cards financing market.

We have additionally moved up the ranks in the insurance industry due to the 30.0%



growth in new insurance premiums to RM700.0 million. In the general insurance industry, AmAssurance is ranked 2nd in terms of premiums with a market share of 6.1%, whilst in the life insurance industry, it is ranked 7th with a market share of 4.9%.

Further, with the launch of new retail unit trust funds and our established track record in the management of institutional funds, we maintained our No. 3 position, with total funds under management of RM6.9 billion, representing a market share of 12.0%.

All these increases in our market positioning were made possible by delivering differentiated products and services, and being responsive to the needs of our customers.

In my Letter to Shareholders last year, we highlighted that the Group has adopted a multi-niche strategy to develop more diversified and stable sources of revenue, as well as to have the added advantage of ensuring a more sustainable performance and value to shareholders. The Group aspires to compete in markets where we believe we can add distinct value, be a meaningful player ranked among the best, and attain leadership position in key products in each of these lines of businesses.

The Group reported a profit before tax of RM489.7 million for the financial year ended 31 March, 2005, a satisfactory 42.9% increase as compared with the previous financial year. The pre-tax profits had improved despite the adoption of a more stringent policy of classifying loans in arrears of 90 days as non-performing (“NPL”), the setting aside of additional provisions of RM244.7 million due to the assignment of zero value for property collaterals for NPLs that are older than seven years, as well as the higher overhead expenses, some of which were one-off relating to the transformation of the finance company into a commercial bank. The Group’s non-interest income to total income ratio of 36.6%, has been consistently above 30.0% for the last three years.

Dividends

As at end-March, 2005, the Group’s risk weighted capital ratio stood at 11.6%, which is significantly above the statutory minimum of 8.0%. In recognition of our strong financial position and in line with our commitment to pass on value to shareholders, your Board of Directors is recommending a final dividend payment of 4.0% less tax. This will result in a payment of approximately RM61.36 million to shareholders, or 30.4% of the net profit after taxes and minority interests of RM201.94 million. Going forward, the Group is also adopting a policy of paying at least 25.0% of the net profits of the Group annually as dividends.

Share Price Performance

Whilst these results confirm that the Group’s strategy is working: to grow and diversify the business; to pursue a client focused business model; to maintain discipline in how we manage our expenses and capital, and to reinforce the AmBank culture, however, these achievements have yet to be reflected in the share price performance. As at end July, 2005, we had market capitalisation of RM6.03 billion, a marginal decrease of 2.0% from June 2004, making us the 23rd largest company on the Bursa Malaysia Securities Berhad. As you are aware, the share price had come under pressure during the first three months of 2005, due to the 15.0% increase in the paid-up capital of the Company through the issuance of approximately 272 million new shares in March, 2005. A total of close to 189 million new shares were issued as part settlement of the purchase consideration for the privatisation of the shareholding in AMFB Holdings Berhad; another 70 million new shares were issued due to the exercise of the Warrants 2003/2008, and approximately 13 million new shares were issued under the Company’s Employee Share Option Scheme, which expired in October 2004.

As the privatisation was completed in March, 2005, the last month of the financial year, the expansion in the Group’s shareholders’ funds was not accompanied by a corresponding increase in the contribution from the finance company operations. If not for this increase in the shareholders’ equity, the Group would have reported a higher return on equity of 6.5%, as compared to 4.5% for FY2005.



Source: StarBiz (Section: News, page 3) dated Thursday, 19 May 2005.

Strengthening Our Balance Sheet

We also continue to strengthen our balance sheet. With total assets of RM61.9 billion and shareholders funds of RM4.78 billion as at end-March, 2005, the AmBank Group is already ranked as the fifth largest banking group in the country. More importantly, the transformation of AmFinance into a commercial bank enables the Group to achieve accelerated revenue growth: we are able to offer a full range of commercial banking services and innovative products to meet the trade finance and working capital management requirements of the SMEs; as well as our more than two million retail customers through the nationwide network of 171 branches, 228 ATMs and internet banking; reduce our funding costs, by mobilising demand deposits; and realize cost savings from the consolidation of the back office operations.

Further, the intensified recovery efforts under a centralised Group Rehabilitation Unit to restructure the non-performing corporate NPLs that were extended prior to the Asian Crisis, the implementation of a centralised Retail Collections system coupled with the improved economic environment, have contributed to a decline in the overall level of NPLs, since the Group adopted a three months classification from 13.8% as at March, 2005 to 11.7% as at June 2005. The loan loss coverage has also improved from 43.4% as at March, 2005 to 48.9% as at June, 2005.



The significant investments in credit risk rating and retail credit scoring systems are proving to be timely in enhancing our ability to evaluate and approve the significant rise in demand for new credit facilities, particularly as retail lending now comprises 66.0% of the Group's total loans portfolio. During the financial year 2005, total retail loans expanded by nearly 15.0% or RM3.0 billion to RM28.0 billion. The Group disbursed nearly RM7.2 billion of car loans, approved RM2.3 billion of new housing loans, and the credit cards in circulation rose to 362,000. This rapid expansion in retail lending activities was made possible through the use of technology, the credit scoring models and the improvements in processes and procedures as customers continue to demand reductions in response times.



Taking advantage of the liberalisation of the exchange control regulations, the Group is capitalising on its entrenched franchise in investment and retail banking to introduce foreign currency products, innovative unit trust funds, private equity funds and real estate investment trusts. In addition, following the footprints of the corporate clients, the Group is also expanding its regional presence in Singapore and Indonesia.

Considerable effort is also being made to implement the two-prong strategy to expand our insurance business: product bundling of life and general insurance products to be sold to retail and corporate customers; and expansion of the agency network to achieve the target of RM1.0 billion of insurance premiums in FY2006.

We are confident that the success of these strategies, in ensuring the sustainability of the earnings, and the efforts to align our people around a common culture and set of values, would eventually be reflected in an improvement in the Group's financial performance and share price.

Corporate Governance

We continue to emphasise the practice of good corporate governance to ensure corporate and fiscal discipline and to enable consistency in financial performance and to protect the interests of shareholders and customers. While we believe that this starts with the Board, our intention is to instill our principles of governance and risk management into the culture of our people. Our culture encourages and rewards staff for hard work, creativity and team work in responding rapidly and flexibly to changes in customer needs and the market place.

To enable a sound framework for decision-making, the Board includes a majority of independent board members who have the requisite expertise and experience to provide guidance and counsel to the Group. The Board is supported by four key Committees, the Nomination, Remuneration, Audit and Examination and Risk Management Committees, which meet regularly. The Group also has in place internal controls and risk management systems, as well as professional and capable senior management personnel to lead the various Business Divisions.



Going Forward

The strength of our results confirms the effectiveness of the Group's strategy. On behalf of the Board, I congratulate the Group's Managing Director, Mr Cheah Tek Kuang, his management team, and the Group's staff for another successful year, and thank them for their significant contribution.

I can assure you we remain focused on our priorities to enhance shareholders' value, and our intention is to achieve the following targets in the financial year ending 31 March, 2006:

- Improve asset quality and reduce non-performing loans ratio to below 10.0%;
- Reduce the overheads to income ratio to 36.0%;
- Reduce the funding cost by mobilizing demand deposits; and
- Improve customer service.

We very clearly understand that our business can be impacted by many factors and our on-going success will be determined by our ability to anticipate and respond to these challenges. In this regard, it is heartening to note that despite global uncertainties, the economy is firmly on the growth track to register a GDP growth of 5.5% providing the Group a positive economic backdrop to sustain our growth momentum.

“The Group's ability to innovate and adapt is a key factor in our quest for growth in the medium and long-term.”

A Word of Appreciation

Our progress over the years would not have been possible without the trust and partnership of our clients, the commitment, dedication and integrity of our people; the guidance of Bank Negara Malaysia, the Securities Commission and Bursa Malaysia Securities Berhad, and most importantly the long standing support of our shareholders.

I would also like to take this opportunity to welcome Tan Sri Lim Kok Wing as a member of the Board, and to extend my sincere thanks to Dato' Malek Merican, who retired this year, after more than a decade with the Board.

I thank all of you for helping to make this year a success. As we set our course for the future, we remain excited about the opportunities, and challenges ahead, and optimistic about our prospects for growth.

Yours sincerely,

Tan Sri Dato' Azman Hashim
Non-Executive Chairman

Kuala Lumpur
8 August 2005

Philosophy

The Strategies we follow and the actions we take are aligned to value creation for all stakeholders.



The AmBank Way

A Culture of Excellence and Professionalism

• Customer Priority

Our clients are our reason for existence. We are committed to them and we will strive to provide outstanding service to all our customers.

• Integrity

Integrity and honesty are paramount in everything we do when we conduct our business. We will treat all our business partners and competitors with unwavering grace and honour.

• Speed and Creativity

We strive to be fearless, responsive and nimble in our approach to doing business. We are not afraid to pioneer new ideas and approaches.

• Quality

Any output or deliverable we produce serves to represent the AmBank Group. We know we must never compromise on what we need to do to perpetuate the reputation of the Group.

• Initiative

We are empowered to take responsibility for what we do, going the extra mile and applying sound judgement in the process.

• Vision and Goal-Oriented

We are a winning team. Our victories and goals are achieved through a strong sense of purpose, ownership and commitment.

• Teamwork

Teamwork is the essence of our success. We willingly come together in formal and informal teams, valuing our colleagues and cooperating wholeheartedly with them.

• Open-Mindedness

The spirit of open communication is important to us. We will give and receive criticism constructively. We will always treat each other with respect and good humour.

• Self-Realisation

We will coach, develop and mould our people to allow them to realise their highest potential. We will facilitate their ability to meaningfully contribute to the AmBank Group.

History

1975

- AHB had its origins way back in 1975 with the incorporation of Arab-Malaysian Development Bank (now known as AmMerchant Bank Berhad).



1983

- Arab-Malaysian Development Bank changed its name to Arab-Malaysian Merchant Bank Berhad (AMMB).

1984

- AMMB acquired a general insurance company, Teguh Insurance Company Sdn Bhd and changed its name to Arab-Malaysian Insurance Berhad (AMIB) to reflect its new major shareholding.

1985

- AMMB acquired a life insurance company, Perima Assurance Bhd, and changed its name to Arab-Malaysian Eagle Assurance Berhad (AMEAB) (now known as AmAssurance Berhad). AMEAB was subsequently merged with AMIB in 1987. The merger enabled the composite company to offer both life and general insurance.

1986

- AMMB through a wholly-owned subsidiary company, Arab-Malaysian Securities Holding Sdn Bhd (AMSH) (now known as AmSecurities Holding Sdn Bhd) acquired majority interest in a stockbroking firm, Kris Securities Sdn Bhd (now known as AmSecurities Sdn Bhd).

1988

- AMMB assumed its listing status when the entire issued share capital of AMMB were quoted on the Kuala Lumpur Stock Exchange (KLSE). AMMB was the first merchant bank to be listed on the KLSE.



1991

- AHB was incorporated as the vehicle for the implementation of the corporate restructuring scheme of AMMB. Pursuant to the restructuring scheme, AMMB was delisted from the KLSE and became a wholly-owned subsidiary of AHB, which was subsequently listed on the KLSE on 13 February 1992 in place of AMMB.
- Subsequent to the restructuring scheme, AMMB transferred its entire investments in Arab-Malaysian Finance Berhad (AMFB) (now known as AMFB Holdings Berhad), Arab-Malaysian Credit Berhad, AMSH and Arab-Malaysian Assurance Berhad to AHB.

of Security Pacific Asian Bank Limited, Kuala Lumpur Branch (SPABL-KL). Simultaneous with the acquisition by AmBank of the business operations of SPABL-KL on 1 August 1994, AHB completed its acquisition of an 80.0% equity interest in AmBank.

1992

- AHB listed its subsidiary AMFB on the KLSE.

1994

- AmBank Berhad (AmBank) (formerly known as Arab-Malaysian Bank Berhad) was incorporated to acquire the commercial banking business of the Malaysian branch of Bank of America (Asia) Limited, then operating under the name



1995

- Commenced offshore banking operations, through its wholly-owned subsidiary, AmInternational (L) Ltd, in Labuan.

1996

- Commenced futures broking business, through AmFutures Sdn Bhd, which provides a full range of broking services of financial derivative instruments.
- AmAsset Management Sdn Bhd was incorporated to take over the portfolio funds management services business from AmMerchant Bank Berhad.

1998

- In line with the Government's plan to consolidate the industry to withstand the challenges of increased liberalisation and globalisation, AMFB acquired the assets and liabilities of Abrar Finance Berhad.



2001

- AMFB successfully acquired MBf Finance Berhad (MBf Finance) making it a wholly-owned subsidiary of AMFB.

2002

- AHB completed the acquisition of minority stake in AmBank Berhad, representing 20.0% equity interest in AmBank Berhad.
- AMFB's business was vested into MBf Finance, which marked the creation of the country's largest finance company in terms of asset size and branch network. AMFB was renamed as AMFB Holdings Berhad to reflect its holdings company status.
- MBf Finance simultaneously underwent a corporate identity revamp and was renamed as AmFinance Berhad, in line with the Group's rebranding initiative. The image makeover ushers in a new era for the Company and enhances the Company's visibility in the consumer-financing arena.



2005

- AHB listed its investment banking business under AmInvestment Group Berhad ("AIGB") on Bursa Malaysia Securities Berhad on 18 May 2005 at the price of RM1.40 per share. As at this publication date, AIGB's share price remained above its initial public offering price.
- AMFB Holdings Berhad was privatised on 17 March 2005 and its shares were delisted from Bursa Malaysia Securities Berhad on 30 March 2005. The delisting paved the way for the subsequent transfer of AmBank Berhad's commercial banking business into AmFinance Berhad via a vesting order effective 1 June 2005. AmFinance Berhad was, on the same date, renamed AmBank (M) Berhad to reflect its new status as a banking and finance company ("BAFIN") which is able to offer the complete range of commercial banking and finance company products and services.

Corporate Structure

Subsidiaries and Associated Companies

The following are the Company's subsidiaries and associated companies grouped under the major business lines.

Companies	Effective Shareholdings (%)
Investment Banking	
Investment Banking	
AmInvestment Group Berhad	51.00
AmMerchant Bank Berhad	51.00
AmInternational (L) Ltd	51.00
Stockbroking	
AmSecurities Holding Sdn Bhd	51.00
AmSecurities Sdn Bhd	51.00
AmFutures Sdn Bhd	51.00
AmResearch Sdn Bhd	51.00
AmEquities Sdn Bhd	51.00
P.T. AmCapital Indonesia	42.37
Funds Management	
AmInvestment Services Berhad	35.70
AmInvestment Management Sdn Bhd	35.70
Malaysian Venture Management Incorporated Sdn Bhd	30.09
AMMB Consultant Sdn Bhd	51.00
Property Trust Management	
AmProperty Trust Management Berhad	51.00
Trustee & Custodian Services	
AmTrustee Berhad	60.40
AMMB Nominees (Tempatan) Sdn Bhd	51.00
AMMB Nominees (Asing) Sdn Bhd	51.00
AMSEC Nominees (Tempatan) Sdn Bhd	51.00
AMSEC Nominees (Asing) Sdn Bhd	51.00
AM Nominees (Tempatan) Sdn Bhd	51.00
AM Nominees (Asing) Sdn Bhd	51.00
South Johor Securities Nominees (Tempatan) Sdn Bhd	51.00
Associated Companies – Singapore	
Frasers International Pte Ltd	24.99
Fraser Securities Pte Ltd	24.99
Fraser Financial Planners Pte Ltd	24.99
Fraser-AMMB Research Pte Ltd	24.99
Fraser Financial Services Pte Ltd	24.99
Frasers Nominees Limited	24.99
Dormant	
AmSecurities (HK) Limited	51.00
AMMB Labuan (L) Ltd	51.00
South Johor Securities Nominees (Asing) Sdn Bhd	51.00
AMMB Properties Sdn Bhd	51.00
Malaysian Ventures (Two) Sdn Bhd*	51.00
Malaysian Ventures Sdn Bhd*	51.00

Companies	Effective Shareholdings (%)
Commercial and Retail Banking Group	
Commercial & Retail Banking	
AMFB Holdings Berhad	100.00
AmBank (M) Berhad (formerly known as AmFinance Berhad)	100.00
AmBank Berhad	100.00
Others	
AmProperty Holdings Sdn Bhd	100.00
Bougainvillea Development Sdn Bhd	100.00
MBf Trustees Berhad	60.00
MBf Information Services Sdn Bhd	100.00
MBf Equity Partners Sdn Bhd	100.00
Natprop Sdn Bhd	100.00
Dormant	
Anling Sdn Bhd	100.00
Crystal Land Sdn Bhd	80.00
Everflow Credit & Leasing Corporation Sdn Bhd	100.00
AmCredit & Leasing Sdn Bhd	100.00
Komuda Credit & Leasing Sdn Bhd	100.00
Lekir Development Sdn Bhd	100.00
Li & Ho Sdn Bhd	100.00
Malco Properties Sdn Bhd	50.90
MBf Nominees (Asing) Sdn Bhd	100.00
MBf Nominees (Tempatan) Sdn Bhd	100.00
Teras Oak Pembangunan Sdn Bhd	100.00
Insurance Group	
Life & General Insurance	
AmAssurance Berhad	80.00
Dormant	
Arab-Malaysian Services Berhad	80.00
Others	
Arab-Malaysian Credit Berhad	100.00
AMCB Mezzanine Sdn Bhd	100.00
AMMB Factors Sdn Bhd	100.00
AmManagement Services Sdn Bhd	100.00

* Under members' voluntary liquidation.

Group Corporate Structure

Principal Businesses

By 1 June 2005



Board of Directors

• Y Bhg Tan Sri Dato' Azman Hashim	Chairman
• Y Bhg Dato' Azlan Hashim	Deputy Chairman
• Y A Bhg Tun Mohammed Hanif bin Omar	Director
• Y Bhg Prof Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba	Director
• Y Bhg Tan Sri Datuk Dr Aris Othman	Director
• Y Bhg Tan Sri Datuk Clifford Francis Herbert	Director
• Y Bhg Tan Sri Dato' Dr Lim Kok Wing <i>(appointed on 1 November 2004)</i>	Director
• Y Bhg Tan Sri Dato' Mohd Ibrahim Mohd Zain	Director
• Y Bhg Dato' Izham Mahmud	Director
• Mr Cheah Tek Kuang	Group Managing Director
• Mr Soo Kim Wai	Director
• Puan Shalina Azman	Director

Corporate Information

REGISTERED OFFICE

22nd Floor
Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia
Telephone No: 03-2078 2633/44/55
Facsimile No: 03-2031 6453
Telex: MA 31167 & 31169 ABMAL
Cable: ARABMAL

REGISTRAR

Symphony Share Registrars
Sdn Bhd
Level 26
Menara Multi-Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Malaysia
Telephone No: 03-2721 2222
Facsimile No: 03-2721 2530

AUDITORS

Messrs Ernst & Young
Chartered Accountants

PRINCIPAL BANKER

AmBank (M) Berhad

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia
Securities Berhad
(13.02.92)

WEBSITE

ambg.com.my

Please e-mail your comments and enquiries to:
gpa@ambg.com.my



Group Company Secretary

Ravindra Kumar Thambimuthu
LL B (Melbourne)
LL B (Hons)
LL M (London)
Dip Air & Space Law (London)

Profile of Directors

Y Bhg Tan Sri Dato' Azman Hashim

Executive Chairman until 30 June 2004

Non-Independent Non-Executive Chairman

with effect from 1 July 2004

Y Bhg Tan Sri Dato' Azman Hashim, a Malaysian, aged 66 was appointed to the Board on 15 August 1991 and has been the Chairman of AMMB Holdings Bhd (AHB) since 1991. He was the Executive Chairman of AHB from 1 April 2002 to 30 June 2004. Currently, he is the Non-Executive Chairman of the Company.

He sits as Chairman of the Board of several subsidiaries of AHB, namely AmInvestment Group Bhd, AMFB Holdings Bhd, AmBank (M) Bhd (formerly known as AmFinance Bhd), AmMerchant Bank Bhd, AmBank Bhd, Arab-Malaysian Credit Bhd, AmProperty Trust Management Bhd and AmAssurance Bhd.

Tan Sri Dato' Azman, a Chartered Accountant, a Fellow of the Institute of Chartered Accountants and a Fellow of the Institute of Chartered Secretaries and Administrators, has been in the banking industry since 1960 when he joined Bank Negara Malaysia and served there until 1964. He practised as a Chartered Accountant in Azman Wong Salleh and Co. from 1964 to 1971. He then joined the Board of Malayan Banking Berhad from 1966 until 1980 and was its Executive Director from 1971 until 1980. He was the Executive Chairman of Kwong Yik Bank Berhad, a subsidiary of Malayan Banking Berhad, from 1980 until April 1982 when he acquired AmMerchant Bank Bhd.

Tan Sri Dato' Azman is the Executive Chairman of Arab-Malaysian Corporation Bhd and Chairman of AMDB Bhd, RCE Capital Bhd, Malaysian South-South Corporation Bhd, and MCM Technologies Bhd. He serves as a member on the Board of Cagamas Bhd and Pembangunan MasMelayu Bhd. Tan Sri Dato' Azman is also involved in several charitable organisations including AmGroup Foundation, ECM Libra Foundation and Perdana Leadership Foundation.

Tan Sri Dato' Azman is the Chairman of the Association of Merchant Banks in Malaysia, the National Productivity Corporation, East-Asia Business Council and the Pacific Basin Economic Council (PBEC) Malaysia, and Co-Chairman of Malaysia – Singapore Roundtable. He is President of the Malaysia South-South Association, Malaysia-Japan Economic Association, Malaysian Prison FRIENDS Club and Non-Aligned Movement's Business Council and Vice Chairman of PBEC International. He is a Member of the APEC Business Advisory Council, The Trilateral Commission (Asia-Pacific Group), the Malaysian-British Business Council, the Malaysia-China Business Council, and UNESCAP Business Advisory Council. He is also the Leader of the ASEAN-Japanese Business Meeting (Malaysia Committee, Keizai Doyukai) and is on the Board of Advisors, AIM Centre for Corporate Social Responsibility.



Y Bhg Dato' Azlan Hashim

Non-Independent Non-Executive Deputy Chairman

Y Bhg Dato' Azlan Hashim, a Malaysian, aged 63, joined the Board on 12 February 1992 and has been the Deputy Chairman of AHB since 1992. He is the Chairman of the Group Information Technology and Nomination Committees and a member of the Company's Audit and Examination, and Remuneration Committees.

He is also the Deputy Chairman of several subsidiaries of AHB, including AMFB Holdings Bhd, AmProperty Trust Management Bhd and AmAssurance Bhd, and sits as the Chairman of the Board of AmSecurities Sdn Bhd and AmInternational (L) Ltd.

Dato' Azlan served the Malayan Railways from 1966 to 1971, where he was the Chief Accountant for two years. In 1972, he became a Partner of a public accounting firm, Azman Wong Salleh and Co., and was a Senior Partner there prior to joining AMDB Bhd's Board in 1982.

Dato' Azlan is currently the Executive Vice-Chairman of Arab-Malaysian Corporation Bhd. He also serves on the Board of AMDB Bhd, Metrod (M) Bhd, Paramount Corporation Bhd, Sapura Industrial Bhd, Kesas Holdings Bhd, Kumpulan Perangsang Selangor Bhd, Syarikat Permodalan & Perusahaan Selangor Bhd and Global Carriers Bhd. He is a Trustee of AmGroup Foundation.

Dato' Azlan is a Fellow of the Institute of Chartered Accountants (Ireland), Economic Development Institute (World Bank, Washington D.C. USA) and Institute of Bankers Malaysia. He is also a Certified Public Accountant.



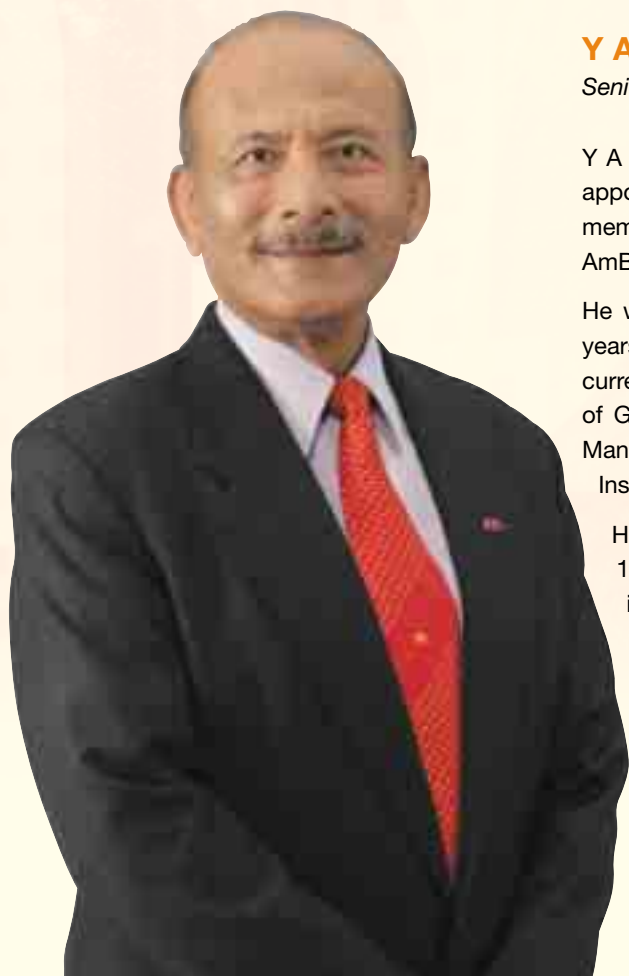
Y A Bhg Tun Mohammed Hanif bin Omar

Senior Independent Non-Executive Director

Y A Bhg Tun Mohammed Hanif bin Omar, a Malaysian, aged 66, was appointed to the Board of Directors on 6 May 1994. He is also a Board member of AHB's subsidiaries namely AMFB Holdings Bhd and AmBank (M) Bhd.

He was the Inspector General of the Malaysian Police Force for 20 years until his retirement in January 1994. Tun Mohammed Hanif is also currently the Chairman of General Corporation Bhd, Deputy Chairman of Genting Bhd and Resorts World Bhd, and a Director of Fullmark Manufacturing Bhd. He has been the President of the Malaysian Institute of Management since 2002.

He received his BA from the then University of Malaya, Singapore in 1959, his LLB (Hons) from Buckingham University, United Kingdom in 1986 and his Certificate of Legal Practice (Hons) from the Legal Qualifying Board in 1987.



Y Bhg Prof Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba

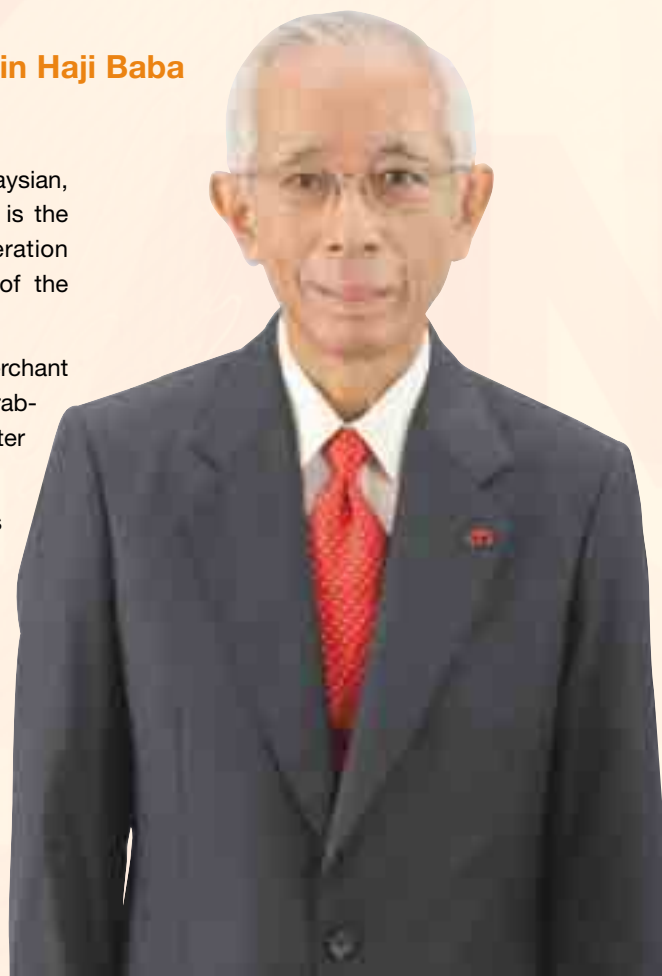
Independent Non-Executive Director

Y Bhg Prof Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba, a Malaysian, aged 69, joined the Board of Directors on 22 June 1996. He is the Chairman of the Audit and Examination, and Remuneration Committees, and a member of the Nomination Committee of the Company.

He also sits on the Board of AmInvestment Group Bhd, AmMerchant Bank Bhd, AmBank Bhd and other companies including Arab-Malaysian Corporation Bhd, Unisem (M) Berhad and Computer System Advisers (M) Berhad.

Previously, Prof Tan Sri Dato' Dr Mohd Rashdan had served as the Executive Chairman of Kumpulan Guthrie Berhad from 1982 to 1987 and Telekom Malaysia Berhad from 1987 to 1995.

Prof Tan Sri Dato' Dr Mohd Rashdan graduated with a B. Sc. from the University of Reading (UK) and later obtained his PhD from the University of Leeds.



Y Bhg Tan Sri Datuk Dr Aris Othman

Independent Non-Executive Director

Y Bhg Tan Sri Datuk Dr Aris Othman, a Malaysian, aged 60, was appointed to the Board of AHB and its subsidiary, AmMerchant Bank Berhad on 1 April 2004.

Tan Sri Datuk Dr Aris had served in various positions in the Economic Planning Unit, Prime Minister's Department from 1966 to 1986. He was seconded to Bank Bumiputra Malaysia Berhad, Kuala Lumpur as Chief General Manager (Corporate Planning, Financial Subsidiaries, Treasury and Human Resources) from 1986 to 1989. From 1989 to 1999, Tan Sri Datuk Dr Aris was with the Ministry of Finance, during which he had served as Executive Director (South-East Asia Group) of the World Bank from 1991 to 1994 and Secretary General to the Treasury from 1998 to mid-1999. This was followed by a career in banking, where he had held the positions of Executive Chairman and Managing Director/Chief Executive Officer of Bank Pembangunan dan Infrastruktur Malaysia Berhad. He is currently the Chairman of Malaysia Airports Holdings Berhad.

Tan Sri Datuk Dr Aris holds a PhD in Development Economics and a M.A. in Political Economy both from Boston University, a M.A. in Development Economics from Williams College, Massachusetts, and a Bachelor of Arts (Honours) in Analytical Economics from University of Malaya.





Y Bhg Tan Sri Datuk Clifford Francis Herbert

Independent Non-Executive Director

Y Bhg Tan Sri Datuk Clifford Francis Herbert, a Malaysian, aged 63, was appointed to the Board of AHB on 16 April 2004.

Tan Sri Datuk Clifford joined the Malaysian civil service in 1964 as Assistant Secretary in the Public Services Department. From 1968 to 1975, he was the Assistant Secretary in the Development Administration Unit, Prime Minister's Department. Tan Sri Datuk Clifford served in the Ministry of Finance from 1975 to 1997, culminating as Secretary General to the Treasury. He had been a Board member of numerous statutory bodies and government-related public companies.

Tan Sri Datuk Clifford is currently the Chairman of Percetakan Nasional Malaysia Berhad and a Board member of Resorts World Berhad, AmMerchant Bank Berhad and AmBank Berhad. Additionally, Tan Sri Datuk Clifford is also involved in several charitable organisations.

Tan Sri Datuk Clifford holds a Masters of Public Administration from University of Pittsburgh and a Bachelor of Arts (Honours) from the University of Malaya.

Y Bhg Tan Sri Dato' Dr Lim Kok Wing

Independent Non-Executive Director

Y Bhg Tan Sri Dato' Dr Lim Kok Wing, a Malaysian, aged 58, was appointed to the Board on 1 November 2004. Tan Sri Dato' Dr Lim's career in communications spans 40 years. He set up Wings Creative Consultants, Malaysia's first professional advertising agency in 1975 which evolved to become Limkokwing Integrated Sdn Bhd in 1992, reputed for national and international strategic communications.

Tan Sri Dato' Dr Lim is currently President of the Malaysian Institute of Directors, Chairman of the Board of Advisors of the Malaysian Footwear Manufacturers Association, Special Advisor to the Branding Association of Malaysia, an Advisor to the National Science Centre, a Fellow of the Institute of Public Relations Malaysia, a Member of the Malaysian Business Council and National Higher Education Council, and Patron of the Malaysian Furniture Entrepreneurs Association.

He is President of the Malaysian World Peace Foundation, Malaysian-American Society, and Designers and Animators Guild Malaysia & UK, and a former Vice-Chairman of the United Nations Malaysia Association. He is Founder President of Limkokwing University College of Creative Technology Sdn Bhd, Branding & Packaging Design Centre Sdn Bhd, Public Opinion & Perception Research Centre Sdn Bhd, and Centre for Content Creation Sdn Bhd.

He also sits on the Board of Multimedia Development Corporation Sdn Bhd, Malaysia Design Innovation Centre Sdn Bhd, Malaysian Content Creation Council Bhd, Millennium Institute of Technology Sdn Bhd, Council for Effective Communications Bhd and Malaysian Education Promotion Council Sdn Bhd.



Y Bhg Tan Sri Dato' Mohd Ibrahim bin Mohd Zain

Independent Non-Executive Director

Y Bhg Tan Sri Dato' Mohd Ibrahim bin Mohd Zain, a Malaysian, aged 62, joined the Board of Directors on 16 April 2004.

Upon his graduation in 1965, he was attached to University Technology MARA as a lecturer where he was later appointed a Director of the Board, a position which he holds to this present day. His career in banking includes positions he had held as Chief Executive of Amanah International Finance Bhd, Amanah Chase Merchant Bank Bhd, and Oriental Bank Bhd, and Chairman of Bank Kerjasama Rakyat (M) Bhd. He was also the former Chairman and Chief Executive Officer of Setron (Malaysia) Bhd. He was a past Board member of Penang Regional Development Authority and Tourist Development Corporation.

He is currently the Chairman of Pan Malaysia Holdings Bhd, Pan Malaysia Capital Bhd and Kawan Food Bhd, and serves as Deputy Chairman of Metrojaya Bhd. His directorships in other public companies include Pan Malaysian Industries Bhd and K & N Kenanga Holdings Bhd.

Tan Sri Dato' Mohd Ibrahim graduated from the British Institute of Management in 1965 and Institute of Marketing in United Kingdom, and holds a Masters in Business Administration from University of Ohio in 1971.



Y Bhg Dato' Izham bin Mahmud

Independent Non-Executive Director

Y Bhg Dato' Izham bin Mahmud, a Malaysian, aged 64, was appointed to the Board of Directors of the Company on 16 October 2003. He is a member of the Audit and Examination, Nomination and Remuneration Committees of the Company.

Dato' Izham joined the Malaysian civil service in 1965 and had served for almost a decade, mainly at the Federal Treasury. His career in merchant banking began in 1974 with Aseambankers Malaysia Berhad, where he later became the Managing Director, a position that he held for over 17 years.

He is currently the Executive Chairman of Delcom Services Sdn Bhd group of companies. His current directorships in public companies include AmInvestment Group Bhd, AmMerchant Bank Berhad, Pearl Island Country Club Bhd, CNLT (Far East) Bhd, and Kinta Kellas Public Limited Company.

He holds a Bachelor of Science (Honours) in Economics from Queen's University, Belfast, Northern Ireland and a Master of Arts in Economic Development from Vanderbilt University, USA.





Mr Cheah Tek Kuang

*Non-Independent Non-Executive Director until 31 December 2004
Group Managing Director with effect from 1 January 2005*

Mr Cheah Tek Kuang, a Malaysian, aged 58, was appointed to the Board on 14 January 1994 as a Non-Independent Non-Executive Director. He is currently the Group Managing Director of AHB.

He joined AmMerchant Bank Bhd in 1978 and served in various senior positions in the Bank. In 1994, he was promoted to Managing Director, and he became the Group Managing Director of AmMerchant Bank Bhd from January 2002 to December 2004 before assuming the office of Group Managing Director in AHB. He remains as a Non-Independent Non-Executive Director of AmMerchant Bank Bhd.

His directorships in other public companies include AmInvestment Group Bhd, AMFB Holdings Bhd, AmBank Bhd and AmBank (M) Bhd. He also currently serves on the Board of Employees' Provident Fund and Bursa Malaysia Bhd, and is the Alternate Chairman of the Association of Merchant Banks in Malaysia.

Mr Cheah has a Bachelor of Economics (Honours) degree from the University of Malaya and is a Fellow of the Institute of Bankers Malaysia.

Mr Soo Kim Wai

Non-Independent Non-Executive Director

Mr Soo Kim Wai, a Malaysian, aged 44, was appointed to the Board of Directors on 4 October 2002.

He is currently the Managing Director of Arab-Malaysian Corporation Bhd. He also sits on the Board of RCE Capital Bhd, MCM Technologies Bhd, and AmProperty Trust Management Bhd and hold directorships in other private limited companies.

Mr Soo joined Arab-Malaysian Corporation Bhd in 1989 as Senior Manager, Finance, and has since held various positions before he was promoted to his current appointment. Prior to that, he was with Plantation Agencies Sdn Bhd from 1985 to 1989, and in the accounting profession for five years with Deloitte KassimChan from 1980 to 1985.

Mr Soo is a Chartered Accountant (Malaysian Institute of Accountants) and a Certified Public Accountant (Malaysian Institute of Certified Public Accountants).



Puan Shalina Azman

Non-Independent Non-Executive Director

Puan Shalina Azman, a Malaysian, aged 38, joined the Board of Directors on 16 October 2003.

Puan Shalina first gained invaluable experience in the media industry when she was a Business Development Officer with RCE Capital Bhd in 1990. From 1995 to 1999, she was with Arab-Malaysian Corporation Bhd as a Senior Manager, Corporate Planning. In January 2000, she rejoined RCE Capital Bhd as the Executive Director and became the Managing Director on 1 September 2000. She held the position until 31 July 2002, prior to assuming her current position as Deputy Group Managing Director of Arab-Malaysian Corporation Bhd. She remains a Non-Independent Non-Executive Director of RCE Capital Bhd until this present day. She also sits on the Board of MCM Technologies Bhd and holds Directorships in other private limited companies.

She holds a Bachelor of Science in Business Administration majoring in Finance and Economics from Chapman University in California and in 1993 she obtained her Masters in Business Administration from University of Hull in United Kingdom.



None of the Directors have any family relationship with other Directors or substantial shareholders of the Company, except as disclosed herein.

Tan Sri Dato' Azman Hashim and Dato Azlan Hashim are brothers. Puan Shalina Azman is the daughter to Tan Sri Dato' Azman Hashim. Tan Sri Dato' Azman Hashim is the Executive Chairman and a substantial shareholder of Arab-Malaysian Corporation Bhd, which in turn is a substantial shareholder of AHB. Tan Sri Dato' Azman Hashim is a director of Slan Sdn Bhd and Ginagini Sdn Bhd, which are his family-owned companies. These companies are deemed substantial shareholders of AHB by virtue of their interests in Arab-Malaysian Corporation Bhd. Dato' Azlan Hashim is the Executive Vice Chairman, while Prof Tan Sri Dato' Dr Mohd Rashdan and Mr. Soo Kim Wai are Director and Managing Director of Arab-Malaysian Corporation Bhd respectively.

None of the Directors have been convicted for offences within the past 10 years. None of the Directors have any conflict of interest with the Company other than as announced or set out in Note 35 to Financial Statements under "Significant Related Party Transactions and Balances".

The Management



Cheah Tek Kuang
*Group Managing Director
AMMB Holdings Berhad*



Mohamed Azmi Mahmood
*Managing Director
Retail Banking
AmBank (M) Berhad*



Kok Tuck Cheong
*Managing Director
AmMerchant Bank Berhad*



Y Bhg Dato' James Lim Cheng Poh
*Managing Director
Business Banking
AmBank (M) Berhad*



Ng Lian Lu
*Chief Executive Officer
AmAssurance Berhad*



Mustafa Mohd Nor
*Managing Director
AmSecurities Sdn Bhd*



Pushpa Rajadurai
*Executive Director
AmMerchant Bank Berhad*



Mahdi Murad
*Executive Director
Retail Banking
AmBank (M) Berhad*



Sim How Chuah
*Senior General Manager
Business Banking
AmBank (M) Berhad*



Kamalul Arifin Othman
*Chief Executive Officer
AmProperty Trust Management Berhad*

Corporate Developments

The Financial Year 2005 was an eventful one for the AmBank Group with respect to corporate developments. Various corporate exercises were undertaken during the year, which would set the necessary building blocks to streamline and simplify the corporate structure, and enable the Group to offer a full suite of financial products and services.

Privatisation of AMFB

The AMFB privatisation, whereby AHB had acquired the remaining 35.7% shareholding that was previously held by minority shareholders in AMFB, was implemented to facilitate the eventual merger of the Group's commercial banking and finance company businesses into a single legal entity, holding the Bank and Finance Company ("BAFIN") license.

Listing of AmInvestment Group

AHB implemented the listing of AIGB on the Main Board of Bursa Securities by way of a restricted offer for sale of the AIGB shares to existing shareholders of AHB, upon completion of the AMFB privatisation.

- Proceeds raised from listing exercise were used to finance the AMFB privatisation
- Reward shareholders. Provided opportunity for shareholders to participate directly in equity of AIGB and to benefit from capital gains arising from future appreciation in value of AIGB shares
- Reorganisation in anticipation of BNM's Investment Banking Framework, which guidelines were announced in July, 2005

Merger between AmBank and AmFinance

Following the privatisation of AMFB, on 1 June, 2005 the commercial banking business of AmBank was vested into AmFinance, pursuant to a vesting order of the High Court of Malaya. AmFinance was renamed AmBank (M) Bhd.

The significant benefits of the merger are:

- AmBank emerged as the sixth largest commercial bank in Malaysia
- Expanded commercial bank branch network from 23 to 171 branches
- Improve customer service as able to offer full range of financial services and products for both retail and corporate clients
- Ability to lower cost of funding by mobilising current accounts
- Enable the Group to expand exposure to SME sector, by offering overdraft, trade finance and remittance services
- Improve operational efficiency with consolidation of duplicated back-office functions



Shareholding in AmAssurance

The Group had increased its shareholding in AmAssurance from 65.9% to 80.0%, by acquiring an additional 14.06% equity interest, as there is tremendous potential to extract value from banc assurance activities going forward, both in the area of general and life insurance.

Moving Forward

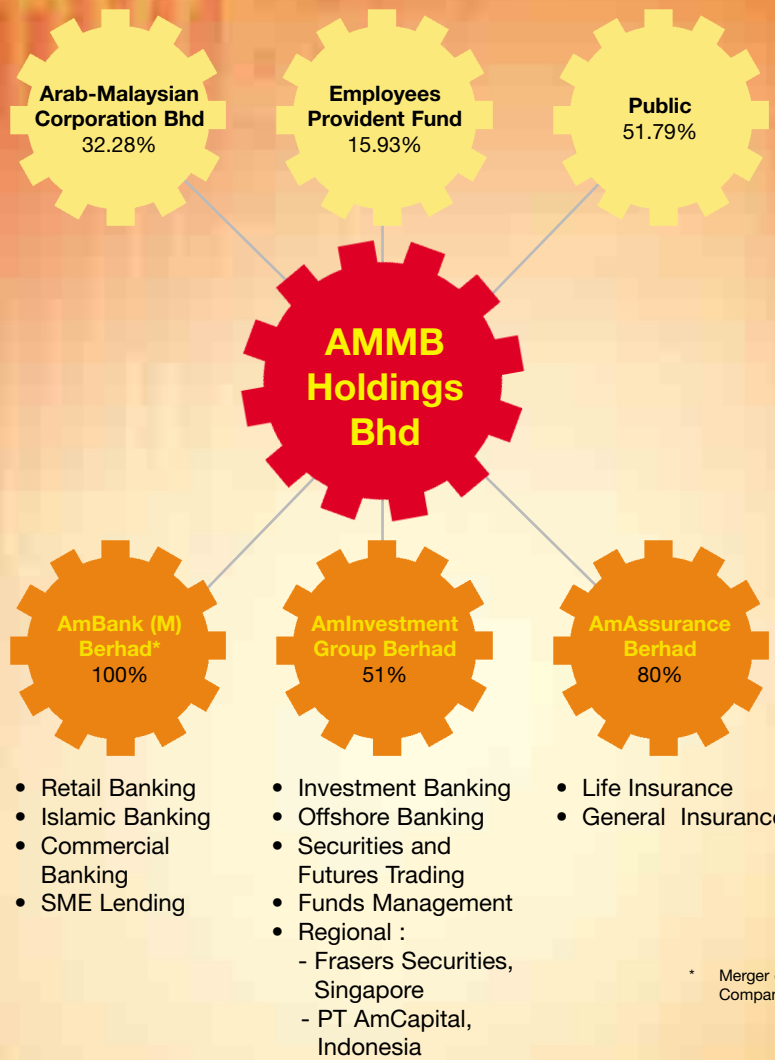
The organisation structure will be further streamlined to improve efficiency and business synergies through the implementation of the following corporate exercises:

- the establishment of an Islamic Banking subsidiary to undertake the Islamic banking business of the AmBank Group;
- the creation of an Investment Bank through the rationalisation of the merchant banking business and stockbroking business; and
- the expansion of overseas operations.

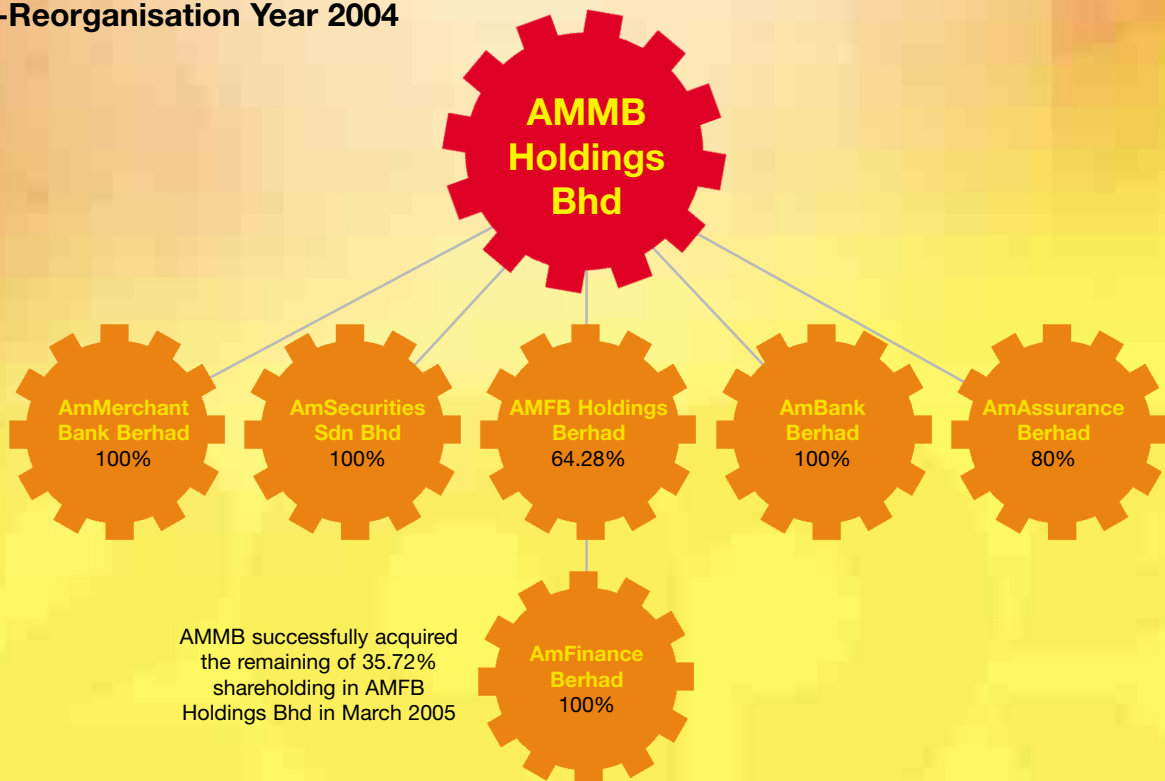


STREAMLINED CORPORATE STRUCTURE IN MAY 2005 FOR FUTURE GROWTH

Post Reorganisation May 2005



Pre-Reorganisation Year 2004



CORPORATE CALENDAR

Proposal	Date	Event
<p>Privatisation of AMFB Proposal from AHB to privatise AMFB through the acquisition of the 188,927,911 ordinary shares in AMFB, not already owned by AHB. Purchase consideration based on market price of AMFB at RM7.20 per share amounted to RM1,360.3 million.</p> <p><i>Settlement of Purchase Consideration</i></p> <ul style="list-style-type: none"> • RM623.5 million by way of issuance of 188,927,911 new AHB shares, on the basis of one (1) new AHB share valued at RM3.30 per new AHB share for every one (1) AMFB share; and • RM736.8 million in cash, on the basis of RM3.90 for every one (1) AMFB share. 	<p>27.02.04 10.12.04 17.12.04 31.01.05 17.02.05 17.02.05 08.03.05 30.03.05</p>	<ul style="list-style-type: none"> • Proposal announced • BNM approval • SC approval • Shareholders approval • Court Order • Announcement of Books Closure • Books Closure and Settlement of Purchase Consideration • Delisting of AMFB
<p>Listing of AmInvestment Group Proposal to list AHB's investment banking operations via a newly incorporated company, AmInvestment Group Berhad (AIGB).</p> <p>Prior to the listing, AHB transferred to AIGB, the shareholding held by AHB in AmMerchant Bank and AmSecurities Holding Sdn Bhd.</p> <p>Offer for sale/restricted issue of:</p> <ul style="list-style-type: none"> • 488.4 million AIGB shares or 37.0% of the paid up capital of AIGB to the shareholders of AHB; • 39.6 million shares or 3.0% of AIGB paid-up capital allotted to directors of AHB; employees of AIGB and business associates of AHB; • 118.8 million shares or 9.0% of AIGB paid up capital to Tan Sri Dato' Azman Hashim as an approved Bumiputera investor; and • Issue price of RM1.40 per share or 1.05 times NTA of AIGB. <p>Listed on Main Board of the Bursa.</p>	<p>27.02.04 31.05.04 10.12.04 17.12.04 31.01.05 08.03.05 24.03.05 31.03.05 26.04.05 18.05.05</p>	<ul style="list-style-type: none"> • Preliminary announcement • Details of listing • BNM approval • SC approval • Shareholders approval • Announcement of Books Closure for Entitlement • Books Closure for Entitlement • Issue of Prospectus • Payment received • Listing of shares
<p>Merger between AmBank and AmFinance Internal reorganisation to facilitate the merge between AmBank and AmFinance.</p> <ul style="list-style-type: none"> • AHB transferred its entire shareholding in AmBank to AMFB. • Subsequently, AMFB transferred the shareholding in AmBank to AmFinance i.e. AmBank becomes a wholly owned subsidiary of AmFinance. • Vesting of commercial banking business of AmBank into AmFinance pursuant to a vesting order from the High Court of Malaya. • AmFinance changes its name to AmBank (M) Bhd. • AmBank (M) Bhd licensed to undertake Bank and Finance Business under BAFIN. • Conversion of IT systems, branches. • Consolidation of general ledger & other systems. 	<p>26.04.05 20.05.05 31.05.05 31.05.05 18.05.05 01.06.05 01.06.05 01.06.05 05.06.05 19.06.05</p>	<ul style="list-style-type: none"> • BNM/MOF approval • SC approval • Completed • Completed • Court Hearing • Assets Vested • Name changed • License issued • Completed • Completed

Proposal	Date	Event
AHB increase shareholding in AmAssurance <ul style="list-style-type: none"> Acquire 47,116,000 shares, representing 47.116% of paid-up capital in AmAssurance from AmMerchant Bank. Purchase consideration based on AmMerchant's saving of cost of investment in AmAssurance. Purchase consideration of RM75,762,537 to be satisfied by cash. 	13.09.04	<ul style="list-style-type: none"> Proposal announced
	23.09.04	<ul style="list-style-type: none"> BNM approval
	13.10.04	<ul style="list-style-type: none"> Sale & Purchase Agreement signed
	23.02.05	<ul style="list-style-type: none"> SC/FIC approval
	25.03.05	<ul style="list-style-type: none"> Completed
AmBank acquires shareholding in AmAssurance <ul style="list-style-type: none"> Acquire 14,062,000 shares, representing 14.062% of paid-up capital in AmAssurance from ABH Holdings Sdn Bhd. Purchase consideration based on actuarial valuation. Purchase consideration of RM44,588,774 to be satisfied by cash. 	13.09.04	<ul style="list-style-type: none"> Proposal announced
	23.09.04	<ul style="list-style-type: none"> BNM approval
	13.10.04	<ul style="list-style-type: none"> Sale & Purchase Agreement signed
	09.12.04	<ul style="list-style-type: none"> FIC approval
	14.12.04	<ul style="list-style-type: none"> Completed

FINANCIAL CALENDAR

<p>2004</p> <p>31 May Announcement of audited consolidated results and dividend for the financial year ended 31 March 2004.</p> <p>30 August Announcement of unaudited consolidated results for the financial first quarter ended 30 June 2004.</p> <p>6 September Issue of Notice of 13th Annual General Meeting, Notice of Dividend Entitlement and Payment, and Annual Report for the financial year ended 31 March 2004.</p> <p>15 September Issue of Notice of 15th Extraordinary General Meeting in respect of Acquisition of interest in AmAssurance Bhd by AmBank Bhd from ABH Holdings Sdn Bhd, and Shareholders' Mandates for Recurrent Related Party Transactions.</p>	<p>29 September 13th Annual General Meeting and 15th Extraordinary General Meeting.</p> <p>6 October Date of Entitlement to first and final dividend.</p> <p>21 October Payment of first and final dividend of 4.0% less tax for the financial year ended 31 March 2004.</p> <p>29 November Announcement of unaudited consolidated results for the financial half year ended 30 September 2004.</p> <p>2005</p> <p>7 January Notice of 16th Extraordinary General Meeting in respect of the Privatisation of AMFB Holdings Bhd, and Listing of AmInvestment Group Bhd.</p> <p>31 January 16th Extraordinary General Meeting.</p>	<p>25 February Announcement of unaudited consolidated results for the financial third quarter ended 31 December 2004.</p> <p>16 May Announcement of audited consolidated results and dividend for the financial year ended 31 March 2005.</p> <p>2 September Issue of Notice of 14th Annual General Meeting, Notice of Dividend Entitlement and Payment, and Annual Report for the financial year ended 31 March 2005.</p> <p>26 September 14th Annual General Meeting.</p>
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Corporate Governance

Improving Standards of Accountability

The Group firmly believes that integrity, excellence and commitment in its people supported by a sound system of policies, practices and internal controls will help to create long-term value for shareholders.

BOARD OF DIRECTORS

Principle 1: Board's Conduct of its Affairs

The Board remains fully committed in ensuring that the principles and best practices in corporate governance are applied consistently in AMMB Holdings Berhad and across the Group. The Company has complied with the Best Practices in Corporate Governance as set out in Part 2 of the Malaysian Code on Corporate Governance.

The Board of Directors supervises the management of the whole Group's businesses and affairs with the goal of enhancing shareholders' value. In addition to determining the overall strategy of the Group and the supervision of Senior Management of the Group, the Board meets regularly to address key matters in the area of strategy, finance, structure and organisation, and business development (subject to the matters reserved for shareholders' meetings by law). The Board approves the strategic plans and the annual financial plans developed by management of the Group and reviews the performance and effectiveness of the business units in the Group. It establishes guidelines for overall business, risk and control policies, capital allocation and approves major changes in the Group's business activities, including major lending and borrowing transactions. It also approves major business developments such as acquisitions and disposals of businesses or assets, investments or new businesses, mergers, joint-ventures and alliances and consider other matters of strategic importance to the Group.

Principle 2: Chairman and Chief Executive Officer

There is a clear division between the roles of Chairman and Chief Executive Officer, and the roles remain separate and distinct.

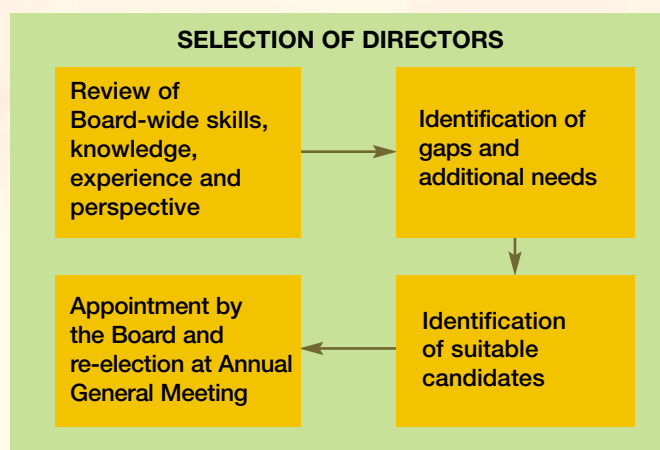
On 1 July 2004, Tan Sri Dato' Azman Hashim assumed the position of non-executive Chairman, whilst Mr Cheah Tek Kuang was appointed as the Group Managing Director effective 1 January 2005.



Principle 3: Board Composition and Balance

A Balanced and Well Qualified Board

The Board currently comprises twelve (12) directors with wide skills and experience, of which seven (7) are Independent Non-Executive Directors. The Directors participate fully in decision making on key issues regarding the Company and its subsidiaries. The Independent Non-Executive Directors ensure strategies proposed by the management are fully discussed and examined, as well as take into account the long term interests of various stakeholders. The Independent Non-Executive Directors are from varied business backgrounds, and their experiences enable them to exercise independent judgment on the Board as their views carry substantial weight in Board decisions.



Principle 4: Board Performance

Board Independence

The Directors participate fully in decision making on key issues regarding the Company and its subsidiaries. The views of the Independent Non-Executive Directors carry substantial weight in Board decisions and they fulfill their roles in ensuring that strategies proposed by the management are fully discussed and examined, as well as ensuring that interests of various stakeholders of the Company are properly safeguarded.

Senior Independent Non-Executive Director

In line with the recommendations stipulated in Part 2 of the Code, the Board has nominated Y A Bhg Tun Mohammed Hanif bin Omar as the Senior Independent Non-Executive Director to whom any concern on issues affecting the AMMB Holdings Berhad Group can be conveyed.

Principle 5: Access to Information

Board Meetings are scheduled every month, with additional or special Board meetings convening as and when required. All directors review a monthly board report circulated prior to the board meeting to enable the directors to obtain further explanations where necessary. In order to be briefed adequately, the senior management team is invited to attend Board Meetings to provide the Board with presentations, detailed explanations and clarification on matters that have been tabled.

As a full board or in their individual capacity, the directors have access to all information within the Group and the advice and services of the Company Secretaries. Independent professional advice is also available to the Directors, if necessary, at the Group's expense.

“With the growing complexities and challenges facing our industry, the Board plays a key role in setting the direction of the Group.”

During the financial year ended 31 March 2005, 14 board meetings were held. The attendance of directors during their tenure during the said period is as follows:

Directors	Number of Meetings Attended/Held
Y Bhg Tan Sri Dato' Azman Hashim	14/14
Y Bhg Dato' Azlan Hashim	13/14
Y A Bhg Tun Muhammed Hanif bin Omar	11/14
Y Bhg Prof Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba	14/14
Y Bhg Tan Sri Datuk Dr Aris Osman @ Othman	14/14
Y Bhg Tan Sri Datuk Clifford Francis Herbert	14/14
Y Bhg Tan Sri Dato' Mohd Ibrahim Mohd Zain	14/14
Y Bhg Tan Sri Dato' Dr Lim Kok Wing <i>(appointed with effect from 1 November 2004)</i>	4/7
Y Bhg Dato' Izham Mahmud	13/14
Y Bhg Dato' Malek Merican <i>(resigned with effect from 6 May 2004)</i>	1/1
Mr Cheah Tek Kuang	14/14
Mr Soo Kim Wai	14/14
Puan Shalina Azman	13/14

Re-election

In accordance with the Company's Article of Association, all directors who are appointed by the Board are subject to election by shareholders at the following general meeting after their appointment. The Articles also provide that the Directors are subject to re-election by rotation at each Annual General Meeting at least once every three years.

Directors' Training

As an integral process of appointing new directors, there is an in-house orientation programme for the new Board members to familiarise and provide them with an overview of the Group's businesses, the markets in which it operates; responsibilities and duties of the Board as a whole, its corporate and risk management strategies, regulatory constraints and compliance.

Besides that, all members of the Board are encouraged to attend seminars, conferences and various training programmes to keep abreast with developments in the financial services industry.

Group Secretary

The Group Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

CORPORATE GOVERNANCE STRUCTURE



BOARD OF DIRECTORS

RISK MANAGEMENT

STATUTORY REQUIREMENT

SHARED SERVICES

BUSINESS MANAGEMENT

-  Risk Management Committee of Directors
-  Market & Funding Risk Management Committee
-  Credit, Strategic & Capital Risk Management Committee
-  Operation & Legal Risk Committee

-  Group Legal & Company Secretarial
-  Group Treasury
-  Group Human Resources and Training
-  Group Corporate Services
-  Group Finance
-  Group Public Affairs
-  Group Marketing
-  Group Compliance

-  Group Strategic Steering Committee
-  Executive Committee of Directors
-  Credit & Commitments Committee
-  Group Information Technology Committee
-  Group Arrears Committee
-  Business Focus Meeting
-  Business Performance Quarterly Strategic Review
-  Project Management Committee

-  Audit & Examination Committee
-  Remuneration Committee
-  Nomination Committee

BOARD COMMITTEES

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

1. Nomination Committee
2. Remuneration Committee
3. Audit & Examination Committee
4. Risk Management Committee

Principle 6: Board Membership

The Nomination Committee

This Committee comprises the Deputy Chairman of the Company and two other Independent Non-executive Directors of the Board. It is responsible for regularly reviewing the board structure, size and composition, as well as making recommendations to the Board with regard to any changes that are deemed necessary. It also recommends the appointment of Directors to Committees of the Board as well as annually reviews the mix of skills and experience and other qualities and competencies that Non-Executive Directors should bring to the Board.

“The Board has set up several Board Committees to assist the Group in performing its functions.”



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

In carrying out their duties, the Nomination Committee met three (3) times during the financial year ended 31 March 2005. The attendance of the members are as follows:

Directors	No. of Meetings Attended/Held
Y Bhg Dato' Azlan Hashim <i>(Committee Chairman)</i> <i>(Deputy Chairman of the Company and Non-Executive Director)</i>	3/3
Y Bhg Prof Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba <i>(Independent Non-Executive Director)</i>	3/3
Y Bhg Dato' Izham Mahmud <i>(Independent Non-Executive Director)</i>	3/3

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee

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

Remuneration is determined at levels which enable the Group to attract and retain the Directors, Chief Executive Officers and Senior Management staff with the relevant experience and expertise needed to assist in managing the Group effectively.

In carrying out their duties, the Remuneration Committee met three (3) times during the financial year ended 31 March 2005. The attendance of the members are as follows:

Directors	No. of Meetings Attended/Held
Y Bhg Prof Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba <i>(Committee Chairman)</i> <i>(Independent Non-Executive Director)</i>	3/3
Y Bhg Dato' Azlan Hashim <i>(Deputy Chairman of the Company and Non-Executive Director)</i>	3/3
Y Bhg Dato' Izham Mahmud <i>(Independent Non-Executive Director)</i>	3/3

Principle 8: Level and Mix of Remuneration

Directors' Remuneration

The remuneration of the Directors is tailored to ensure that the Group attracts and retains the right calibre of Directors with the necessary skills and experience needed to run the Group successfully.

The Remuneration Committee is responsible for recommending a remuneration framework for Directors as well as remuneration packages for Executive Directors of subsidiaries.

The Board, as a whole, determines the remuneration of Non-Executive Directors and Executive Directors of the Group with the interested Directors abstaining from discussion with respect to their remuneration.

Principle 9: Disclosure of Remuneration

Details and nature and amount of each major element of the remuneration of each Director in the Company for the financial year ended 31 March 2005 are as follows:

Aggregate Remuneration by Category (RM'000)	Executive Director	Non-Executive Directors
Salaries	495	-
Other Remuneration	367	2,993
Fees	116	795
Bonuses	715	-
Gratuity payment	200	62
Benefits-in-kind	83	33
Total	1,976	3,883

Aggregate Remuneration by Category	Executive Director	Non-Executive Directors
Less than RM50,000	-	4
RM50,001 - RM100,000	-	1
RM100,001 - RM150,000	-	2
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	-	1
RM300,001 - RM350,000	-	1
RM1,950,001 - RM2,000,000	1	-
RM2,500,001 - RM3,000,000	-	1

Principle 10: Accountability

The Audit & Examination Committee

The Board has overall responsibility to shareholders for ensuring that the Group is well managed and guided by strategic objectives.

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



Membership & Meetings

The A & E Committee comprises the following members and details of attendance of each member at Committee meetings held during the financial year ended 31 March 2005 are as follows:

Members of Audit and Examination Committee	Number of Meetings Attended
Y Bhg Prof Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba (Committee Chairman) (Independent Non-Executive Director)	7/7
Y Bhg Dato' Azlan Hashim (Non-Independent Non-Executive Deputy Chairman)	5/7
Y Bhg Dato' Izham Mahmud (Independent Non-Executive Director)	7/7
Y Bhg Tan Sri Datuk Dr Aris Osman @ Othman (Independent Non-Executive Director) (appointed with effect from 31 March 2005)	0/0

As the main activities of the Group are conducted at the subsidiaries, separate A & E Committees are also established at the major subsidiaries. This is to further enhance the effectiveness in monitoring and maintaining the system of internal control. Correspondingly, the Committees' activities were mostly concentrated at the subsidiaries.

The following is a summary of the number of A & E Committee meetings held at the major subsidiaries during the financial year ended 31 March 2005:

Subsidiary	Number of A & E Meetings Held
AmMerchant Bank Berhad	12
AmFinance Berhad	12
AmBank Berhad	11
AmAssurance Berhad	8
AmSecurities Berhad	5

The Managing Directors and the representatives of the external auditors are invited to attend the respective Committee meetings. The Company Secretary is the secretary to the Committees. The minutes of the Committee meetings are tabled at the subsequent Board meetings.

Principle 11: Risk Management

Risk Management Committee

The Risk Management Committee oversees the overall management of all risks impacting the Group. It comprises non-executive Directors and is chaired by an Independent Director to ensure independence from management as it is the Committee that reviews and approves risk management policies and risk tolerance limits.

As the Company is only an investment holding company, the Risk Management Committees of Directors are established at the Boards of the Company's banking subsidiaries; i.e. AmMerchant Bank Berhad, AmBank Berhad and AmFinance Berhad. The following is a summary of the number of the Risk Management Committee of Directors meetings held at the respective banking subsidiaries during the financial year ended 31 March 2005:

Subsidiary	Number of RMCD Meetings Held
AmMerchant Bank Berhad	7
AmFinance Berhad	6
AmBank Berhad	6



Principle 12: Internal Controls

Statement On Internal Control

The Board of Directors is responsible for the Group's system of internal control, which is designed to ensure effective and efficient operations, internal controls, including financial reporting, and compliance with laws and regulations. In establishing and reviewing the system of internal control, the Directors have regarded the materiality of relevant risks, the likelihood of a loss being incurred and the costs of control. Therefore, it follows that the system of internal control can only provide reasonable but not absolute assurance against the risk of material loss. The Group has adopted a coordinated and formalised approach to internal control and risk management. A risk-aware and control-conscious environment is fostered across the Group through its subsidiaries' Board Committees, including the Executive Committee of Directors and Risk Management Committees of Directors. These Board Committees are supported by the Risk Management Department, Legal and Compliance Departments in addition to Group Internal Audit Department.

The Board, through the Audit & Examination Committee, regularly reviews the ongoing process of control and self assessment. To assist the Board in meeting its responsibilities, the Group's Internal Audit Department introduced the Business Risk Scorecard to all business units. The Business Risk Scorecard is a tool to systematically identify and prioritise all risks arising from the activities of a unit, function or department and to identify measures and control to mitigate and manage the risks. The scorecards will then be reviewed regularly and updated whenever there are changes to their risk profiles.

The Internal Audit Department also conducts independent risk-based audits to ensure that the system of internal controls developed to mitigate the risks identified using the Business Risk Scorecard is effective and operating satisfactorily.

The effectiveness of the internal control system is reviewed regularly by the Board and the Audit & Examination Committee, which receives reports of reviews undertaken by the Internal Audit Department.

Audit and Examination Committee Report

Terms of Reference

The functions of the Committee are as follows:

- (a) To provide assistance to and to review and report to the Board in relation to:
 - i. fulfilling the statutory and fiduciary responsibilities of the Company/Group; and
 - ii. monitoring of the accounting and financial reporting practices of the Company/Group;
- (b) To determine that the Company/ Group has adequate established policies, procedures and guidelines, operating and internal controls, and that they are being complied with and are operating effectively in promoting efficiency and proper conduct and protecting the assets of the Company/Group;
- (c) To serve as an independent and objective party in the review of the financial information of the Company/Group that is presented by Management to the Board and Shareholders;
- (d) To review the quarterly results and year-end financial statements of the Company/Group and to ensure compliance with accounting standards and legal requirements;
- (e) To review and approve the scope of audits, audit plans and audit reports of both the external and internal auditors;
- (f) To evaluate the adequacy and effectiveness of the Management control systems of the Company/Group through the review of the reports of both the external and internal auditors that highlight internal accounting, organisational and operating control weaknesses and to determine that appropriate corrective actions are being taken by the Management;
- (g) To ensure the adequacy of the scope, functions and resources of the internal audit functions and that they have the necessary authority to carry out their work;
- (h) To ensure through discussions with the external and internal auditors, that no restrictions are being placed by Management and employees on the scope of their examinations;
- (i) To direct and supervise any special project or investigation considered necessary;

- (j) To prepare when deemed necessary, periodic reports to the Board summarizing the work performed in fulfilling the Committee's primary responsibilities;
- (k) To review any related party transactions and conflict of interest situation that may arise within the Company/Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- (l) To review the annual appointment of external auditors, or letter of resignation from external auditors, to negotiate and approve the annual audit fees and/or special audit fees, and evaluate basis of billings therewith.

Activities

The following is a summary of the main activities carried out by the Committees during the year:

- Reviewed and approved the Internal Audit Department's annual audit plan, including its resource and training needs;
- Reviewed the Internal Audit Department's methodology in assessing and rating the risk levels of the various auditable areas and ensured that audit emphasis was given on high and critical risk areas;
- Monitored the progress of the Internal Audit Department in completing its audit plan and assessed the performance of the Department;
- Reviewed the adequacy and effectiveness of the system of controls, reporting and risk management to ensure there is a systematic methodology in identifying, assessing and mitigating / controlling risk areas;
- Reviewed and discussed reports of the Internal Audit Department, including internal investigations, BNM, external auditors and other external parties, considered Management's response and accordingly directed Management to take the necessary remedial action. The Committee also followed-up on major issues raised in the reports;
- Reviewed related party transactions and the adequacy of the Group's procedures in identifying, monitoring, reporting and reviewing related party transactions;
- Reviewed the quarterly results and financial statements of the companies;
- Reviewed appointment of the external auditors', their audit plan and annual audit fees; and
- Reviewed and ensured that allocations of options granted during the financial year under the Company's Employees' Share Option Scheme (Scheme) were in accordance with the provisions of the Scheme.

Principle 13: Internal Audit

Internal Audit Function

The Group Internal Audit Department reports to the A & E Committee and assists the Board of Directors in maintaining a sound system of internal controls. The Audit Charter safeguards the independence of the internal audit function as the Head of Group Internal Audit reports to the A & E Committee.

The A & E Committee approves the work of the internal audit function and monitors and reviews the conclusion of its work. The Internal Audit Department's annual audit plan is approved by the A & E Committee. The Internal Audit function covers all units and operations within the Group, with major emphasis being placed on high risk units. The frequency of audit depends on the risk profile of the business or operations unit and high risk units are audited at least once a year.



This audit function covers all major business groups and consists of 5 main categories of work:

- 1) Planned audits
- 2) Systems development life-cycle review of major IT infrastructure projects
- 3) Special focus reviews
- 4) Mandatory audits
- 5) Ad-hoc reviews and special assignments

The audit plan covers reviews of adequacy of risk management, operational controls, compliance with law and regulations, quality of assets, management efficiency and level of customer service amongst others. The audit plans are drawn up based on the inherent business risks and control risks in each operating unit and their financial significance, and these reviews are on a risk-based approach, rather than solely compliance.

The internal auditing function is conducted to ensure consistency in the control environment and the application of policies and procedures. A systematic and disciplined approach is adopted to provide the required assurance to stakeholders, and also to add value and improve the Group's operations by providing an independent and objective review. The staff size of the internal audit function comprises some 80 professionals.

Relationship with Auditors

Messrs. Ernst & Young (E & Y) is the Company's external statutory auditor and the auditor of its consolidated accounts in the preparation of this annual report. E & Y assumes all auditing functions, which are required by law. They are elected by the shareholders of the Company on a rotating basis.

a. Audit Fees

The total of the statutory and non-statutory audit fees for the AHB Group (excluding expenses and service tax) charged by E & Y in the financial year ended 2005 amounted to RM1,210,600.

b. Non-Audit Fees

Non-audit fees charged by E & Y for the financial year ended 31 March 2005 (excluding expenses and service tax) amounted to RM47,000, in relation to the implementation of the Group's corporate exercises.

Responsibility Statement

The Board of Directors is required by the Companies Act, 1965 to prepare financial statements for each financial year which gives a true and fair view of the Group and its state of affairs, results and cash flows at the end of the financial year. Following discussions with the auditors, the Directors consider that the appropriate accounting policies are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Board of Directors is responsible for ensuring that the Group keeps accounting records which are disclosed with reasonable accuracy, and for ensuring that the financial statements comply with the Companies Act, 1965.

The Board and Board Committees have the general responsibility for taking such steps to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities.

Principle 14: Communication with Shareholders

Reaching Out to Shareholders and Investors

The Group believes in prompt disclosure to its shareholders and investors. As part of the Group's active investor relations programmes to discuss long-term issues and obtain feedback, the Chairman, Directors and Management Personnel of the Group have always looked forward to holding discussions with analysts and shareholders.

Communication with Shareholders

The Board members attend the AGMs and EGMs where shareholders present are given an informative review of corporate proposals, the Group's financial performance activities for the year as well as prospects going forward. Shareholders present at these meetings are given an opportunity and encouraged to raise questions or seek clarification from the Board on issues pertaining to resolutions to be passed. External auditors are also present to assist the Directors in answering questions from shareholders.

Timely announcements are made to the public with regard to the Company's corporate proposals, financial results and other required announcements.

Corporate and financial information on the AmBank Group is also made available to shareholders and the general public through the AmBank Group website at www.ambg.com.my, which is updated regularly.

Senior management personnel responsible for Investor Relations activities:

1. Mr Cheah Tek Kuang
Group Managing Director
2. Ms Amarjeet Kaur
Director, Group Corporate Services

During the year, the Company held investor briefings with its major institutional investors in Kuala Lumpur, Europe, United States, the United Kingdom, Singapore and Hong Kong to ensure that the investing community received a balanced and complete view of the Group's performance and highlights of the business.

INVESTOR RELATIONS CALENDAR

2005

27-28 June 2005

Citigroup
ASEAN Corporate Day
London & New York

7-9 June 2005

Merrill Lynch
Global Emerging Markets Conference
California, USA

16-17 May 2005

Citigroup
Financial Institutions Investor
Conference
Singapore & Hong Kong

18-19 April 2005

ABN Amro
ABN Amro Malaysia Conference
Boston & New York

22-24 March 2005

CIMB
Invest Malaysia 2005
Kuala Lumpur

4 February 2005

CLSA
CLSA ASEAN Forum
Kuala Lumpur

13-14 January 2005

Deutsche Bank
Malaysian Corporate Day
Singapore

2004

9-10 November 2004

ABN Amro
ASEAN & India Conference
Singapore

8 November 2004

CSFB
Non-Deal Roadshow
Hong Kong

25-26 October 2004

CSFB
Non-Deal Roadshow in Europe
London & Edinburgh

15 September 2004

CLSA
Investors' Forum 2004
Hong Kong

8-10 September 2004

Deutsche Bank
Global Emerging Markets
Conference
New York

23 August 2004

Nomura
Malaysian Corporate Day
Singapore

3-4 May 2004

Salomon Smith Barney
Regional Investor Conference
Hong Kong/ Singapore

26-28 April 2004

Deutsche Bank
Corporate Malaysia Conference
London/ Edinburgh

19-23 April 2004

CLSA
Malaysian Access Day
Boston/ New York

ANALYST BRIEFINGS CONDUCTED

12 May 2005

FY2005 Full Year Financial Results

31 May 2004

FY2004 Full Year Financial Results



AmBank Group

CLIENT CHARTER

AmBank Group is committed in providing quality service to its customers.

We believe that all customers have the right to be treated in accordance with the Client Charter, which is consistent with our mission and CUSTOMER F.I.R.S.T. values.

Friendly

- We will be friendly and pleasant in our dealings with you at all times.
- We will serve you fairly and courteously with your convenience and needs in mind.
- We will seek your views on what works best and what needs to be improved.

Innovative

- We will provide you with alternative solutions that can fulfil your requirements by being creative and resourceful in the way we think, solve your problems and package our products and services.

Responsive

- We will put you in touch with members of staff who have the knowledge, authority and responsibility to deal with your enquiries with minimum delay.
- We will answer your telephone calls within 3 rings with our staff member's name and department or branch identified to you.
- We will process your applications expeditiously when you submit with all information complete.
- We will endeavour to resolve all complaints and disputes quickly and fairly. To assist you, we maintain access via our Call Centre, or via our website at ambg.com.my, or by using our feedback forms available at our branches.
- We will guide you how to take your complaint further if you are still not satisfied with the outcome.

Simple

- We will adopt the simplest possible approach in all our dealings with you.
- We will provide our documents to you in easy-to-understand language.

Trustworthy

- We value your personal information and will abide by all secrecy provisions that regulate us to prevent unauthorised use of that information.
- We will keep your personal information accurate, complete and up-to-date with your help. We undertake to rectify any errors made when you bring these to our attention expeditiously.

Our Promise

We are committed to the quality service standards outlined in this Charter and you are welcome to make suggestions for improvement whenever you believe we have failed to meet any of these standards.

Compliance with Bursa Securities Listing Requirements

OTHER BURSA SECURITIES COMPLIANCE INFORMATION

1. Share Buy-back

The Company has not purchased any of its own shares during the financial year ended 31 March 2005 and the preceding financial year.

2. Material Contracts

There were no material contracts (not being contract entered into in the ordinary course of business) entered into by the Group which involved directors and shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

3. American Depository Receipt (ADR) or Global Depository Receipt (GDR)

The Company has not sponsored any ADR or GDR programme for the financial year ended 31 March 2005.

4. Sanctions and / or Penalties

There were no sanctions and/or penalties imposed on the Company, directors or management by the relevant regulatory bodies during the financial year.

5. Profit Guarantees

During the financial year, there were no profit guarantees given by the Company.

6. Revaluation Policy

The Company has not revalued its landed properties and therefore has not adopted any revaluation policy at the date of this report.



7. Utilisation of Proceeds Raised from Corporate Proposals

The proceeds totalling RM825.139 million from the following corporate proposals:

- (a) The proposed renounceable restricted offer for sale of ordinary shares in AIGB to the entitled shareholders in direct proportion to their shareholdings in the Company and the proposed restricted offer for sale of 39,600,000 ordinary shares in AIGB to the eligible employees at the offer price of RM1.40 per share;
- (b) The proposed offer for sale of AIGB shares to Tan Sri Dato' Azman Hashim at the offer price of RM1.40 per ordinary share; and
- (c) The proposed transfer of the Company's entire investment in AmSecurities Holding Sdn Bhd to AIGB for a cash consideration of RM214.4 million;

were utilised as follows:

Description	Approved Utilisation RM'000	Actual Utilisation RM'000
Repayment of the bridging loan which was obtained to finance the privatisation of AMFB Holdings Berhad	736,819	736,819
Working capital for the Group	73,120	76,658
Defray estimated expenses for the proposals	15,200	11,662
Total	825,139	825,139

8. Options, Warrants or Convertible Securities

During the financial year, the Company converted the following:

- (i) 12,886,004 of its employees share options into 12,886,004 ordinary shares of RM1.00 each in the Company; and
- (ii) 69,913,710 of its 2003/2008 share warrants into 69,913.710 ordinary shares of RM1.00 each in the Company.

9. Variation in Results

There were no profit forecast, projection or unaudited results made or announced for the FYE 31 March 2005.

10. Recurrent Related Party Transactions of a Revenue or Trading Nature

At an Extraordinary General Meeting held on 29 September 2004, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

Pursuant to paragraph 10.09 (1)(b), Part E, Chapter 10 of the Listing Requirements of Bursa Malaysia, the details of the recurrent related party transactions conducted during the financial year ended 31 March 2005 pursuant to the shareholders' mandate are disclosed as follows:

Related Parties	Transacting Parties	Nature of transaction of transacting parties	Actual Value (RM'000)	Relationship with the Company	
MCM Consulting Sdn Bhd	AHB and any of its subsidiaries	Purchase of software and hardware and provision of IT related services*	5,998	Companies in which a Director and major shareholder is deemed to have an interest	
MCM Systems Sdn Bhd			3,972		
Blue Star Infotech (Malaysia) Sdn Bhd			2,033		
Harpers Travel (M) Sdn Bhd		Airline ticketing services	2,762		
Conquest Marketing Sdn Bhd		Advertising services	-		
Paragon Premiums Sdn Bhd		Advertising & promotions service	1,845		
Computer System Advisers (M) Berhad		Purchase of software and hardware and provision of IT related services	9,262		Companies in which a Director is deemed to have an interest
Unigaya Protection Systems Sdn Bhd		Armed and unarmed security guard services	372		Companies in which a Director is deemed to have an interest
Modular Corp Sdn Bhd		Provision of PMP & EMV cards and related services.	1,668		Companies in which a Director and major shareholder is deemed to have an interest

* IT consultancy related services consist of but not limited to the following services:

1. design, development and customisation of software;
2. integration, installation, implementation, testing and commissioning of the software in the designated systems;
3. provision of maintenance services and upgrades to the existing mainframe related applications and the system;
4. development, optimisation and implementation of the website; and
5. provision of project management services.

Managing Risks



Our approach to risk management and control continued to evolve during the year to reflect best practice. Sustainable risk-adjusted profitability forms the core objective of the Group's risk management strategy.

Every risk assumed by the Group carries potential for gains as well as potential to erode shareholders' value. Risk management policy is designed to identify, capture and analyse these risks at an early stage, continuously measure and monitor these risks and to set limits, policies and procedures to control them to ensure sustainable risk-taking and sufficient returns. Seven types of risk identified are strategic, capital, credit, market, funding, operational and legal risks.



“ Each new banking instrument, business activity and market cycle changes our view of risk and our approach to managing it. ”

THE RISK GOVERNING BODIES

Managing risks is the responsibility of every unit within the Group. Nevertheless, the Group has set up committees where risk issues are centrally reviewed for management attention and bank wide decisions. They comprise the Board of Directors, the Risk Management Committee of Directors and the Executive Risk Management Committees. As the Board of every licensed banking institution within the Group continues to be responsible for the management of risks in their respective entity, these key risk governing structures are set up in each of the two licensed banking institutions, i.e. AmBank (M) Berhad and AmMerchant Bank Berhad (the term Bank hereinafter in this section shall refer to each licensed banking institution of the Group).

Board Overview

The focus on risk and risk management policies begins at the most senior level of the Bank, i.e the Board of Directors who:

- approves the risk management strategy of the Bank and sets the broad risk tolerance level for the Bank; and
- approves the engagement of new products or activities after taking into account the risk bearing capacity and readiness of the Bank.

The Risk Management Committee of Directors assists the Boards in discharging their functions and overseeing the executive body by having a more focused forum on risk issues.

The Committee is independent from management and comprises only non-executive directors. The Committee:

- ensures that risks at all levels are managed effectively and the Board's risk tolerance level is effectively enforced; and
- reviews high-level risk exposures and management decisions to ensure that they are within the overall interests of the Bank.

Management

The Executive Risk Management Committees carry out the day-to-day management of risks and implements the Board's approved risk management policies. The Committees are chaired by senior level executives and participated by relevant senior executives of both the business and non-business units. The Committees:

- implement the risk strategy and capital allocation decisions of the Board and Risk Management Committee of Directors;
- review risk exposures of the Bank and the environment, and set appropriate risk positioning strategy;
- assess Bank's ability to accommodate risks under normal and stress scenario;
- review compliance with limits or constraints set;
- monitor and assess risk-return profile; and
- evaluate and approve recommendations made by the risk management and business units.

At the Group level, the consolidated risks of the three banking institutions within the Group are reviewed and discussed at the Group Risk Forum. The Forum is represented by the Banks' chief executive officers, heads of risk management and other key senior executives of the three banking institutions.

- The Forum reviews all risks and sets uniform standards in risk measurement and risk tolerance for the Group. The Forum also discusses and makes decisions on common risk issues for adoption across the Group.

Risk Management Department

The Risk Management Department is independent of business units and reports directly to the Managing Director. It serves to assist the Executive Risk Management Committees in discharging their duties and implementing the directives of the committees.

“The Group seeks to grow its business via three fronts: through organic growth of its existing capabilities; development of new capabilities as well as acquisition of business entities or operating assets.”

ALIGNMENT OF RISK STRATEGY WITH GROUP'S GOALS



The major role of the Risk Management Department is to:

- be a central platform for which risks throughout the Bank can be aggregated for overview on a portfolio basis;
- standardise risk measurement methodology to enable comparability;
- act as a central resource for evaluating risks to assist management, business and operating units; and
- recommend means to control or minimise risks on a portfolio basis.

The Risk Management Department is made up of several units to provide a comprehensive coverage of all risks in the Bank. Their functions encompass research and analysis, risk exposure reporting, limit compliance monitoring, formulation of risk assessment methodology and formulation of the Bank's risk strategies.

To achieve Group harmonisation, risk measurement and evaluation methodologies are being standardised across the Group. The resources of the research and development function within each entities' risk management department are mobilised as a central resource for the Group with each risk management department developing specific expertise in certain risk areas.

Internal Audit Department

Complementing the above risk machinery, the Internal Audit Department assists the Audit Committee and the Board by providing an independent assessment on the effectiveness of the risk management structure, control systems and methodologies used to manage risks.

RISK MANAGEMENT GOALS

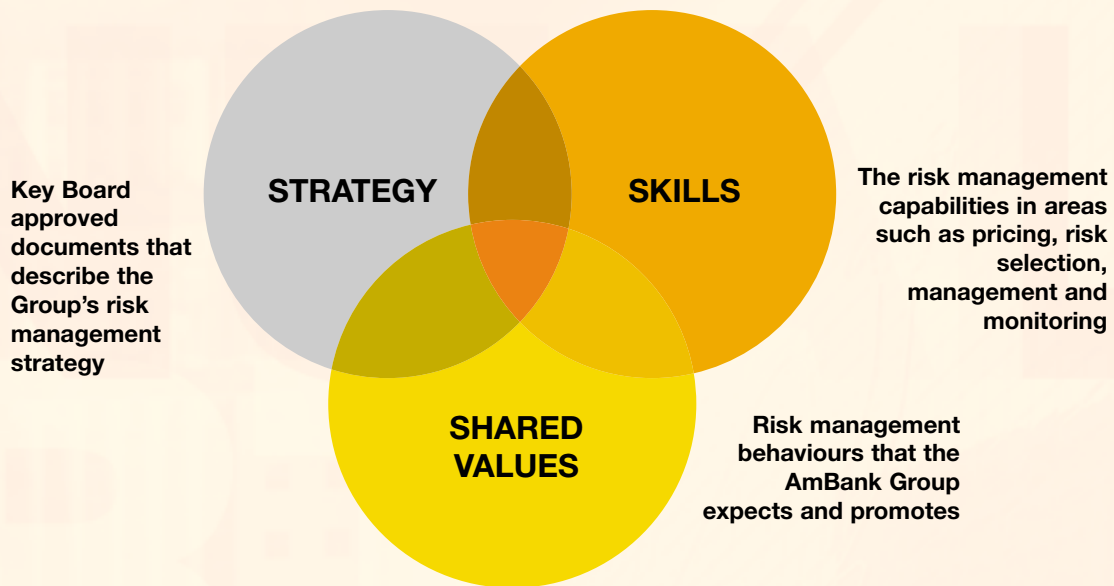


The Risk Management Approach

The management approaches towards the significant risks of the Company are enumerated in the following paragraphs.



OUR RISK MANAGEMENT CULTURE



MARKET RISK MANAGEMENT

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

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

Market Risk Management Structure

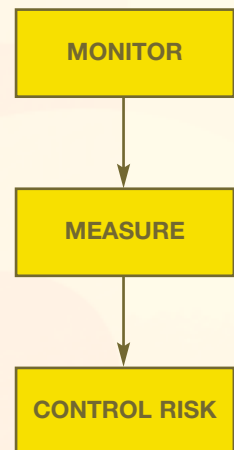
Market risk management is the responsibility of the Executive Risk Management Committee. Its members and invitees include senior management of business and support units, such as Treasury, Risk Management and Finance Departments.

Market risk policies as approved by the Committee are implemented by the appropriate business units and if necessary are monitored and reported back to the Committee by the Treasury and/or Risk Management Department(s). The Committee reports to the Risk Management Committee of Directors on a quarterly basis on the market risk position and highlights major issues discussed.

Risk Management Method

The market risk of the trading and non-trading portfolio is managed separately. The duration-weighted-gap value-at-risk (DWG VAR) approach to compute market risk exposure for non-trading portfolio and parametric value-at-risk (parametric VAR) as well as a 25 basis point movement sensitivity analysis for its trading portfolio.

The market risk exposure of its trading and non-trading activities is primarily controlled through a series of limits. Stop loss, parametric VAR and position sensitivity limits govern the trading activities while the DWG VAR limits governs the non-trading positions. Each relevant business desk is assigned month-to-date, quarter-to-date and year-to-date stop loss limits based on the business profitability budget. VAR limits are used to control the size of risk positions to ensure that they are within sustainable capacity of the Company. Approved by the Board of Directors, these limit structure aligns specific risk-taking activities with the overall risk appetite of the Company and of its individual business units.



All business units are expected to maintain their exposure within assigned limits. If a limit is exceeded, business units are responsible to reduce their exposure immediately to a level within the limit. Where this is not possible, senior management is consulted on the appropriate method to address the exposure. Together, these techniques reduce the likelihood of trading and non-trading losses that will exceed the risk appetite of the Company. These limits are reviewed regularly in line with the Company's quarterly performance.

To complement VAR, the Company has a set of scenario analysis that serves as an indicator of the change in portfolio value under various potential market conditions such as shifts in currency rates, general equity prices and interest rates, and yield curve shifts.

FUNDING RISK

Funding Risk Management Objectives

Funding risk is the risk that the organisation will not be able to fund its day-to-day operations at a reasonable cost.

The primary objective of funding risk management framework is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments as it comes due.

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

Funding Risk Management Structure

Funding risk management is the responsibility of the Executive Risk Management Committee in charge of funding risk. Its members and invitees include senior management of business and support units, such as Treasury, Risk Management and Finance Departments.

Funding risk policies approved by the Committee are implemented by the appropriate business units and if necessary monitored and reported back to the Committee by Treasury and/or Risk Management Departments. The Committee reports to the Risk Management Committee of Directors on a quarterly basis on the funding risk position of the Bank and highlights major issues discussed.

Management Method

The ongoing funding risk management is based on the following key strategies:

- Management of cash-flow, through maintenance of adequate cash and liquefiable assets over and above what is required by BNM in their cash flow maturity mismatch framework.
- Scenario analysis, new business, changes in portfolio as well as stress scenarios based on historical experience of large withdrawals.
- Diversification and stabilisation of liabilities through management of funding sources, diversification of customer depositor base and inter-bank exposures.

The measures utilised for funding risk management is varied and ranges from daily to monthly monitoring and reporting. These include weekly cash flows, daily monitoring of depositors and relevant key ratios and monthly reporting to the Committee on the measures as well as any breaches of limits, if any.

“ It is important to assess and price risk accurately and fairly. ”

Contingency Funding Plan

The Contingency Funding Plan provides a formal process to identify a funding crisis. Detailed responsibilities among the relevant departments are also specified to ensure orderly execution of procedures to restore the funding position and confidence in the Company during actual crisis.

CREDIT RISK MANAGEMENT

Credit Risk Management Objectives

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

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

Credit Risk Management Structure

Credit risk management comes within the purview of the Executive Risk Management Committee in charge of credit risk. Its members and invitees include senior management of business and support units, such as the lending relationship departments, Credit Risk Management, and Risk Management Departments.

The Business Managers perform credit assessment on new exposures, grade existing and new borrowers and ensure the compliance with all relevant guidelines and policies. However, this is subject to stringent vetting and review by an independent risk management department. To enhance the quality and consistency of credit evaluation for non-retail credits across the Group, the Boards of AmMerchant Bank Berhad and AmBank (M) Berhad recently approved an exercise to centralise the credit evaluation function into specialised centres, one to undertake credit evaluation of large corporate exposures and the other for medium sized business banking exposures. Major loan approvals within approved policies are made by the Credit and Commitments Committee with exceptions escalated to the Executive Committee of Directors. These include the approval of new loans as well as revisions to the terms and conditions of existing loans.

Management Methods

For non-retail credits, risk measurement begins with an assessment of the financial standing of the borrower or counterparty using an internally developed credit rating model. The model consists of quantitative and qualitative scores which are then translated into a rating grade, which ranges from 'AAA' (lowest risk) to 'C' (highest risk). The credit analysis not only highlights the key credit issues that need to be mitigated, but also reflects the overall level of risk for each new borrower. Notwithstanding this, the Board also sets the minimum credit acceptance criteria for new credits. The assigned credit rating forms a crucial part of the credit analysis undertaken for each credit exposure. A review of the credit rating assigned to each borrower is done once a year.

Credit risk is quantified based on expected default frequencies and expected losses on default from its portfolio of loans and off-balance sheet credit commitments. Expected default frequencies are calibrated to the internal rating model while loan loss estimates are based on past portfolio default experiences.

Apart from recommendations of the risk management units, lending activities are guided by internal credit policies and guidelines that are approved by the Board of Directors. Within these policies, name limits restrict total exposure allowed to corporate groups according to their level of creditworthiness, while sector limits ensure that total credit exposure to each economic sector is within prudent thresholds. These limits are monitored and reported to the senior management monthly. The pricing of non-retail exposure is also guided by benchmark return guidelines to ensure minimum returns that compensate for the risk taken, operating expenses and the cost of capital.

In order to further enhance the overall quality of loan exposures, the Board also endorsed a credit portfolio management strategy designed to achieve a desired ideal portfolio risk tolerance level and sector distribution over the next few years. These portfolio management strategies include minimum credit rating targets for new facilities, a more aggressive approach towards reducing existing high-risk exposures and exposures to certain sectors.

For retail credits, an in-house developed credit-scoring system to support the credit cards, housing and hire purchase applications is being used to complement the credit assessment process. Moving forward, the Company is in the midst of enhancing further the robustness of the credit scoring system to a level capable of performing credit based decision and automated approval in order to speed up the credit granting processes.

“ Seeing a risk is one thing, anticipating it is another. ”

CAPITAL MANAGEMENT

Capital Policy

The Group continues to rely on retained earnings to enlarge its capital resources to drive the Group's business. It is the Group's policy to maintain a strong capital base to support the development of its business, and ensure that the shareholders' returns are optimized. It seeks to maintain a prudent balance between the different components of its capital between Tier One and Tier Two capital.

The New Basel Capital Accord (Basel II)

During the year, the Group assessed its risk management policies, processes and systems in terms of the proposed Basel II requirements. A number of projects are in progress to address areas where further development is required. The progress of these projects is monitored regularly through a steering committee.

OPERATIONAL RISK MANAGEMENT

Operational Risk Management Objectives

Operational risk is the risk arising from inadequate or failed internal processes, people and systems or from external events on the Company's day-to-day operations that are executed to attain its business objectives, which restrict or prevent such objectives from being achieved. It is increasingly recognised that operational risk is the single most widespread risk facing financial institutions today.



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

Operational Risk Management Structure

Operational risk management is the responsibility of the Executive Risk Management Committee in charge of operational risk. Its members include senior management of the operational and support units.

Operational risk policies as approved by the Committee will be implemented by the various departments and monitored and reported back to the Committee by the Risk Management Department. The Committee reviews the adequacy of controls to manage operational risks based on the assessment performed on each operating unit. On a quarterly basis, the Committee will report to the Risk Management Committee of Directors.

Management Method

Efforts are in progress to implement the internal framework on risk identification and assessment of the operational risk. This would assist the Company in prioritising the operational risk areas which require further enhancement.

The Company minimises operational risk by putting in place appropriate policies, internal controls and procedures, as well as maintaining back-up procedures for key activities and undertaking contingency planning. These are supported by independent reviews conducted by the Internal Audit Department.

The primary responsibility for managing operational risk rests with each operating department. Nevertheless, the execution of risk assessment methodology is supported and guided by a Risk Management Department whose function is to define minimum standards, policies and methodologies, monitor compliance, and identify as well as report on Company-wide risk exposures. The operating departments are responsible to assess their operational risks and review controls instituted periodically to ensure that the measures introduced continue to be relevant and appropriate.

LEGAL AND REGULATORY RISK

The Company manages legal and regulatory risks to its business. Legal risks arise from potential breaches of applicable laws and regulatory requirements, unenforceability of contracts, lawsuits, or adverse judgement which may lead to the incurrence of losses, disrupt or otherwise resulting in financial and reputational risks. Legal risk is managed by internal legal counsel and where necessary, in consultation with external legal counsel to ensure that its legal risk is minimised.

A key building block that forms part of any successful financial group is its ability to recognise and address regulatory risk. The Group firmly believes in conformance with the ever present regulatory requirements and thus continues to inculcate a compliance culture across all levels of staff. Group Compliance undertakes this task by ensuring that appropriate measures are introduced and applied accordingly. Amongst the measures introduced are monitoring and reporting, training, providing advice and disseminating information. A process is in place to standardize compliance practices across AmBank Group.

The compliance monitoring and reporting system is essentially a mechanism through which businesses monitor their compliance to rules and regulations. This process, which requires regular self-assessment by staff, provides management with the assurance that staff are aware and comply with regulatory requirements. The process culminates with monthly, quarterly and exception reporting that is carried out on-line.



Compliance awareness training is conducted on a regular basis to ensure that staff keep abreast of banking, securities and anti-money laundering laws as well as other regulatory developments. The training programmes help staff develop their skills to identify compliance issues as well as cultivate good corporate ethics.

Group Compliance also provides advice on regulatory matters and measures to be implemented by the Group to facilitate compliance with rules and regulations. To further promote understanding, the Unit conducts briefings, disseminates information as well as leads coordination efforts.

The Compliance Repository, an online resource tool, continues to provide staff with easy access to rules and regulations through various search modes.

Business Operations Review

REVIEW OF GROUP OPERATIONS

The AmBank Group recognises that the substantial customer and asset base of its banking operations reflects years of trust and goodwill. During the year, the Group continued to build on this trust, to provide an extensive range of financial services and innovative products, both conventional and Islamic, in line with its strategy:

- **To enhance corporate and investment banking services for the Group's largest customers.** The Investment Banking Division, offers a wide range of high quality tailored services to corporate and institutional clients, including treasury, capital market products and structured finance solutions.
- **To concentrate on delivering personal financial services to its retail customers.** Retail banking encompasses the entire relationship with personal customers, including but going well beyond, the provision of a simple deposit account and lending products. The Group offers its customers the full range of financial services and products, including personal loans, car loans and mortgages, savings and investments.
- **To grow its commercial banking business.** This market consists of a wide range of businesses, including major companies, small and medium sized business enterprises, entrepreneurs and smaller businesses, requiring working capital and transactional services. The Group intends to expand into this segment, by making sure that its customers have access to a full range of products and services.
- **To achieve scale in its general and life insurance business.** Insurance services remains a critical growth area as it complements the Group's thrust into personal financial services.

The Group aims to capitalise on its long term relationships with its clients and strengths in the arena of investment banking and retail banking, to now drive its growth efforts in commercial banking and the insurance business.

With improved economic growth, the banking industry has geared up for business expansion, leading to an intensely competitive financial services industry. The increasing commoditisation of banking products and services, coupled with deregulation has further intensified the level of competition.

During the year, the Group has successfully faced up to this challenge, by building on its competitive advantage of a strong AmBank brand, improving the efficiency of its processes, providing value-added products and services, as well as embarking on various strategic initiatives to further enhance its IT systems and human capital.

“We are a market leader and we aim to stay a market leader.”



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INVESTMENT BANKING

The Group's investment banking operations, under AmInvestment Group Berhad maintained its dominance as the key player in the Malaysian capital markets, with clear "wins" in terms of new relationships, mandates secured and landmark transactions.

The origination and trading businesses continued growing, with our comprehensive client coverage, concentrated efforts on structuring financial solutions, and focused research to enhance and market our products and service offerings – reflecting our transformation from a traditional merchant bank into a fully integrated investment banking group, with strong manufacturing and distribution capabilities.

This evolution, into an investment bank - whilst painful at the start, proved to be a rewarding step, as it has further enhanced our processes, underscored our commitment to strong governance and ensured superior service to our clients.

AIGB reported a net profit after tax of RM201 million in FY2005, an increase of 25.7%, translating into a net ROE of 11.7%.



Debt Capital Markets

2004 has been a vibrant year for the Malaysian bond market with the amount of outstanding bonds in the primary market growing by 3.2% to RM317.4 billion in 2004, compared to RM307.6 billion in 2003.

With our efforts directed at helping our clients achieve optimal cost-efficient funding, the Debt Capital Markets (DCM) team continued to excel, building on its success in 2003. In 2004, AmMerchant Bank arranged RM7.1 billion PDS issuance with primary debt market activity derived mainly from the Utilities (Power Generation and Water), Properties, Infrastructure and Government/Supranational issuers.

Our achievements and accolades include:

- Maintaining the No. 1 Leading Bond House position in several international League Tables for Malaysian Debt issues including Bloomberg, Basis Point and International Financing Review (IFR).
 - No. 1 Bloomberg's League Table with dominant market share of 21.1%
 - Rating Agency Malaysia (RAM)'s Top Lead Manager - Islamic debt Issues by value and number of issues
 - Malaysian Rating Corporation's Top Lead Manager - conventional and Islamic Private Debt Securities
 - IFR's Top Bookrunner - Malaysian Ringgit Bonds
 - Basis Point's Top Bookrunner - Malaysian Ringgit Bonds
- Winning a handful of awards at the RAM League Awards 2005 including top lead manager awards for Islamic issues (number of deals and issue value) and the Malaysian top lead manager 2004 award for the corporate sukuk market
- Winning the Finance Asia Country Awards – Best Malaysian Bond House for 2004 and 2005
- Winning the Best Domestic Bond House (Malaysia) award in Asiamoney's Best Domestic Bank Awards 2005
- Joint Lead Managing the 1st supranational issue in Malaysia for Asian Development Bank's RM400.0 million Putra Bonds which won the IFR Asia Awards 2004 - Best Malaysian Bond Deal award

- Joint Lead Managing the largest bond issue of 2004 in Kapar Energy Ventures Sdn Bhd's RM3,402 million Bai' Bithaman Ajil Islamic debt securities issuance which was awarded the PFI Awards 2004 Bond Deal of the Year (Asia Pacific)



“ If you want to be successful today, you have to find the best solution in the shortest period of time. ”

Creativity and innovation remain the strengths of our DCM team. The year 2004 saw the landmark RM400.0 million, 3.94% Putra Bonds issuance by the Asian Development Bank (“ADB”). A winner of the IFR Asia Awards 2004 – Best Malaysia Bond Deal, the ADB transaction represents the 1st of the ringgit-denominated issuances by supranational issuers and its successful distribution reflects the confidence of international institutions in the Malaysian capital market as a reliable source of competitive funds.

The RM3,402 million Bai’ Bithaman Ajil Islamic Debt Securities (BalDS) issuance by Kapar Energy Ventures Berhad was the largest non-recourse independent power producer structured debt financing in Asia for 2004.

In the first quarter of 2005, the Bank has completed six transactions amounting to RM1.03 billion, which included innovative issues such as Cepat Assets Berhad’s RM500.0 million auto-loan asset backed securities bonds and the inaugural Malaysian municipal bonds issuance via PG Municipal Assets Berhad’s RM80.0 million Mudharabah bonds.

With interest rates expected to remain low to spur economic growth and excess liquidity in the Malaysian financial system in excess of RM150.0 billion, we expect the pipeline and demand for new debt issues to remain strong in 2005.

Treasury

The year under review saw global interest rates beginning to trend upwards, led by the US Federal Reserve, and continued volatilities in US Treasury yields. Although this had no significant impact on the domestic market, particularly with continued assurance from BNM that monetary policy will remain accommodative to support sustained economic recovery and growth, the bond market participants nonetheless continued to exercise caution following the sell down seen in June 2003.

BNM also introduced a New Interest Rate Framework in April 2004 to enhance the effectiveness of its monetary policy transmission process and efficiency of the operation of the financial markets as well as pricing by banking institutions. Additional measures to enhance liquidity in the domestic bond market were introduced in January 2005.

The generally stable domestic interest rate environment; excess surplus liquidity in the economy; complemented by strong demand for fixed income securities particularly with significant inflow of funds with the view of a potential adjustment to the USD/RM exchange rate peg, was supportive of our fixed income trading activities, which again was a major contributor to the Bank’s profitability.

In recognition of our continued contributions and active participation in the domestic bond market, meeting BNM’s specified roles and responsibilities, AmMerchant Bank was once again re-appointed as a Principal Dealer.

We continue to strengthen our funding and liquidity management capabilities, notwithstanding the easy access to funds due to the high level of surplus liquidity in the economy. Resources and efforts continue to be directed at diversifying the Bank’s depositor base.



The Bank was in full compliance to all statutory compliances i.e. Statutory Reserve and Liquidity Framework requirements throughout the year.

The Treasury Derivatives unit continues to maintain the Bank’s position as an active player in the interest rate derivatives market, particularly among the domestic banks. Emphasis was placed on identifying and developing new derivative products, to meet customer requirements.

The Islamic Treasury unit continued to strengthen and build its capabilities and franchise, in preparation for significant potential growth opportunities, in line with the Government’s vision to make Kuala Lumpur the international Islamic financial centre.

“It is all about innovative ideas and solutions.”



We lead in Mergers & Acquisitions



Corporate Advisory and Equity Capital Markets

As one of the country's leading corporate finance house, the Corporate Finance Department provides a full spectrum of advisory services to institutional and corporate clients, governments and financial intermediaries. Our relationships, coupled with our unique understanding of local economy, industries and environment, help us to consistently deliver integrated advice, execution and distribution capabilities to corporate clients.

With more than 100 professional staff and full-fledged regional branches covering Peninsular Malaysia and East Malaysia (Sabah and Sarawak), the business is organised into two distinct core areas namely capital markets and corporate advisory.



“We've improved our market share and are getting involved in more and more of the high profile deals.”

Our products and services include:

- initial public offerings across all boards on Bursa Malaysia and the Labuan Financial Exchange;
- specific and distinctive funds raising and financing solutions, including convertible bond issues, hybrid equity or equity-linked products;
- mergers and acquisitions and related services; and
- strategic business reviews and innovative corporate restructuring solutions.

Our team-based approach allows us to maintain a high level of quality and integrity in developing and executing our client's transactions. Already the leader in many league categories, we maintained our position in initial public offerings (“IPO”) with 21 issues and was also Co-Manager of the highly successful IPOs of AirAsia Berhad and Bursa Malaysia Berhad.

We ranked among the top three players in completed mergers and acquisitions deals in the country by Bloomberg. Among the notable transactions were the RM1.4 billion acquisition of Berjaya Times Square Sdn Bhd by Matrix International Bhd; and the RM1.1 billion acquisitions of Hyundai's motor businesses in Malaysia by Sime Darby Bhd.

Taking advantage of the prevailing market conditions and the low interest rate environment to help our clients raise funds overseas via equity-linked instruments, such as exchangeable bonds, AmMerchant Bank was the Adviser, Joint Global Coordinator and Joint Bookrunner for the landmark exchangeable bond issues by IOI Corporation Berhad and Arab-Malaysian Corporation Berhad raising a total of US\$430 million (RM1.6 billion).

Our track record, is highlighted by our No. 2 ranking in the equity and equity-linked league tables by Dealogic, as we raised the equivalent of RM2.3 billion in funds from 40 transactions.

The Bank received numerous accolades from the investment community, attesting to our innovation and impact on the domestic capital market, including:

- Topped Dealogic's Equity Bookrunner League Tables – Malaysia for 2004; and
- Topped Bloomberg's Underwriter League Tables for the first half of 2004 in Malaysian Ringgit Debt & Equity Linked Issues and Malaysian IPOs.

Moving forward, with its strong market position and brand name, the Bank expects to remain as the leading provider of corporate finance and advisory services, despite the tough competitive environment and challenging investment sentiment.

The Bank also continues to work closely with the regulators to continuously improve industry standards, practices and introduce new products and to promote the Malaysian capital market industry.



Equity Derivatives

The Equity Derivatives team adds new capabilities to the Group's franchise as it creates tailored solutions for a diverse client base through its expertise in financial engineering and risk redistribution. These include convertible securities to meet the funding needs of corporations, swaps and options for institutional fund managers, and yield-enhancing structured products for private investors.

The range of services covers trading and risk management strategies, equity-linked capital raising solutions and structured investments.

In FY2005, AIGB arranged US\$430 million in exchangeable bonds and began to manufacture equity-linked structured investments for our clients. We also advised on the launching of the Asian Bond Fund - Malaysia, the country's first exchange-traded fund.

Private Banking

Our private banking business, under the label AmPrivate Banking, offers more exclusive and personalised wealth management services to meet the needs of our affluent, financially sophisticated clients. In its second year of operations, the assets under management chalked up an impressive 70% growth in a challenging year to RM1.2 billion as at March 2005.

Our ability to continually attract clients' interest stems from our holistic business model of providing advice and products along multi-assets, multi-strategy and multi-manager fronts. Clients are able to depend on our advice to allocate their funds appropriately across different products during different market conditions.

The recent liberalisation on investment in foreign assets provides us new opportunities - to advise our clients on offshore investments to enable them to benefit from diversification under a multi-currency environment.



Offshore Banking

The offshore operations, under AmInternational (L) Ltd ("AMIL"), continued to focus on corporate advisory and trading activities. During the year, AMIL was mandated as the Lead Arranger for the US\$192million Syndicated Credit Facilities for Usaha Tegas Sdn Bhd. AMIL also consolidated its position as the lead listing sponsor of the Labuan International Financial Exchange "LFX" - listing eight of the 14 instruments, with a market capitalisation of US\$5.8 billion.

The major transactions included the US\$500 million 5.25% Notes due 2014 by TM Global Incorporated and guaranteed by Telekom Malaysia Bhd, and the primary listing of the US\$350 million Trust Certificates due 2009 under the principle of Sukuk Al-Ijara issued by Sarawak Corporate Sukuk Inc.

Other US\$ notables include the primary listing of the US\$345 million zero coupon unsecured guaranteed Exchangeable Bonds due 2009 by IOI Investment (L) Bhd., the first primary listing of an exchangeable bond on LFX; and the primary listing of US\$500 million Guaranteed Notes by IOI Ventures (L) Bhd. due 2015.

Another key milestone for LFX was the successful primary listing of the US\$120million Guaranteed Exchangeable Bonds Due 2010 by AMCORP Capital (L) Ltd, the first and only exchangeable bond to be listed solely on the LFX. Previous issues have had either a primary or secondary listing on another international exchange, in addition to a listing on LFX. This issue was three times covered, and international investors were prepared to accord premium pricing to an issue listed solely in Malaysia was a clear sign of international investor confidence and acceptance of Labuan IOFC and recognition of LFX as an international exchange.



Funds Management

The Funds Management business comprises AmlInvestment Services Berhad and AmlInvestment Management Sdn Bhd and provides investment management, unit trust management and customised investment solutions for both retail and institutional clients.

The Group retained its position as the third largest fund manager with RM6.9 billion under management, representing a 12.0% market share at end-March 2005. Total funds under management rose by RM1.7 billion, due to the strong fund performance by the fixed income funds, and record gross fund sales. The Group is also ranked as the largest manager of institutional funds, with funds under management totaling RM3.9 billion as at March 2005.

The Group manages 20 unit trust funds comprising 11 fixed income funds (including two Islamic fixed income funds) and nine equity funds (including three Islamic equity funds). During the year, the Group launched six new funds, namely the AmConstant Series I, II and III, AmlIslamic Balanced, AmlIslamic Growth and the AmDividend Income Fund. The Funds Management Division intends to introduce new unit trust funds, focusing on investments in various asset classes offshore, to complement its existing stable of funds.

Further in keeping with our tradition of offering innovative investment products, on 18 July 2005, AmlInvestment Services launched the first bond exchange-traded fund in Malaysia and South East Asia.



Stockbroking

Although the outlook for 2004/2005 was generally bullish, however, the anticipated increase in turnover did not materialise during the year. Investor sentiment was dampened by concerns about rising crude oil prices; the unfounded fears that the relaxation of foreign exchange would result in massive outflow of funds; and possible rise in domestic interest rate, in tandem with the higher US interest rates.

In view of these factors, the turnover on the Bursa Malaysia was rather subdued. The Bursa's turnover value for the financial year under review ended lower, dropping to RM434 billion, from RM541 billion in the previous year. Reflecting the drop in trading volumes, AmSecurities, with a market share of 5.7% registered a lower pre-tax profit of RM31.1 million in FY2005, compared with RM63.0 million in FY2004.

AmSecurities provides very attractive share margin financing packages. With 295 remisiers, is scaling up its retail operations by expanding its reach with the opening of its Damansara Utama branch in June 2005, and the offering of broking services under the branch broking model at 28 AmBank branches. It is evident that as retailers continue to want advise, the e-broking business remains as one for the distant future.

“ We want to increase our asset management business, and our ability to offer clients alternative assets to invest in. ”



Futures Broking

Total volume transacted on Bursa Derivative products increased by 17.0% from 2.2 million contracts up to 2.6 million contracts during FY2005, due to an increase in interest by foreign participants on the KLCI futures contract. Accordingly, AmFutures' revenue rose from RM2.8 million in FY2004 to RM4.2 million in FY2005.

Our focus has been on institutional business, which has propelled us as the leading executing broker for the equity derivatives product, with the market share remaining consistently above 25.0% of the trading volumes. Going forward, we expect competition to intensify for the foreign institutional business with the inclusion of five foreign participants to deal in equity products and derivatives.

Nevertheless, with the integration of our sales and marketing functions, as well as the implementation of the new trading platform by Bursa Securities to enable retail investors to trade equity derivative products, we are confident of remaining competitive and further consolidating our market leadership.

Trustee Services

AmTrustee Berhad acts as a trustee for corporate bonds, unit trust funds, retirement funds, memorial parks, time-share programmes, golf clubs and resorts. As at end March, 2005, clients' assets under management stood at RM6.5 billion.



Property Trust

AmProperty Trust Management Berhad (AmProperty Trust) manages the AmFirst Property Trust (AmFPT or the Trust), which is listed on the Bursa. With a Net Asset Value (NAV) of RM194.9 million as at 31 December 2004, AmFPT is the largest property trust in Malaysia.

For the financial year ended 31 December 2004, the Trust recorded higher rental income, higher investment income and lower operating expenses. The improvement, together with the surplus on revaluation of AmBank Group Leadership Centre, resulted in an increase in pre-tax profit of RM12.4 million compared with RM10.4 million recorded in FY2004. Consequently, earnings of the Trust improved to 8.99 cents per unit from 7.51 cents per unit in 2004.

Bangunan AmBank Group maintained almost full occupancy during the period under review despite the competitive office property market within the Golden Triangle of Kuala Lumpur. Tenancies representing approximately 61,000 sq. ft. of net lettable area were renewed in 2004. The occupancy rate in AmBank Group Leadership Centre stood at approximately 83.0%.

Current rental rates in Bangunan AmBank Group range between RM4.00 psf and RM5.00 psf per month, whilst the average rental rate in AmBank Group Leadership Centre is about RM2.00 psf per month.

The Trust's properties generated an average net yield of 7.2% compared with the industry average of 6.0%, which enabled AmFPT to declare a gross distribution of 7.5 cents per unit for its FY2004.

The Trust will continue with its intensive property management practices, which include measures to control the operational costs, whilst continuously upgrading its building services, to ensure that the Trust properties remain competitive.

Strengthening Our Franchise

In 2005, we are embarking on further diversification of our revenue base and strengthening of our franchise by launching Private Equity business, REITS management services, and regional expansion of our securities trading operations in both Singapore and Indonesia.

BUSINESS AND RETAIL BANKING

Effective 1 June, 2005, the Group's commercial and retail banking activities and operations are undertaken by AmBank (M) Berhad, the sixth largest commercial bank in the country. This date not only signifies the completion of the legal merger between AmBank and AmFinance, but also the completion of the Business Rationalisation and the consolidation of the back office processes and branch networks, into a single legal entity, with enhanced operational infrastructure and capabilities. The merger has also enabled customers to gain access to a greatly expanded network of branches and increased product offerings.

The Bank is organised along two major customer segments, namely, the Business Banking customer segment and Retail Banking.

Business Banking

SME Banking

We have now established 5 Regional Business Centres and 11 Commercial Business Centres for the convenience of our customers. These centres are established in key business areas, with emphasis on the Klang Valley, Johor, Penang, Sarawak and Sabah.

The Business Banking Division continued to focus its marketing efforts on small and medium-sized businesses (SME) and selected larger corporates – registering a loans growth of about 60.0% in SME sector.

Program lending products were introduced to specifically cater for the SME businesses to finance purchases of commercial and industrial properties as well as working capital for their business requirements. These programs with attractive and flexible lending terms are structured both in the form of Islamic or conventional type of facilities. More program lending products are being developed to better cater for the business needs and cash cycles of specific SME customer segments.

The Group also participated in various trade fairs organised by the Government, and also actively promoted BNM funded loan schemes, such as the Fund for Small and Medium Industries, the New Entrepreneurs Fund, as well as the Credit Guarantee Corporation Schemes. Such loan schemes are intended to assist SMEs access loan financing at a low interest rates to expand their capacity or as additional working capital for their business.

The strategic alliance with GE Commercial Finance Ltd (GE) was operationalised. Referral business in the selected industries in which GE has strong international presence has since commenced.

Cash Management

To better support the SMEs other business needs aside from loans, Cash Management services are being developed and expected to be launched by December, 2005. Cash Management services will assist the SMEs to improve their collections, payments and liquidity

management capabilities thereby resulting in an overall reduction in their operating and interest/holding costs. The provision of such services will entrench the Bank as a comprehensive provider of banking services, as well as generate an additional source of fee-based income.

In terms of operations and support activities, the Bank is in the process of replacing the existing corporate loans software. With better customer management capabilities, the new system will enable the Bank to improve its customer service and roll-out new product offerings. Tracking of staff performance is also being further enhanced to improve on customer service turnaround and staff productivity.

Operations

In the area of risk management, the focus continues to be on improvement of portfolio quality and ensuring that credit risks taken are adequately compensated with the appropriate returns. Systems to manage the risks are also being enhanced to facilitate better risk measurement and faster turnaround time in credit evaluation and processing.

The Bank recognises the value of its staff in contributing to the growth of the organisation. Training is continuously provided to upgrade the skills level. Structured training programmes are developed with career path planning intended to groom staff for advancement with higher retention of high performers. Ultimately, such training will translate to better staff performance in servicing both external and internal customers, thereby contributing to increasing customer satisfaction and business volume, higher productivity and profitability for the Bank.



Retail Banking

In line with our “Customer First” focus, the Bank’s strategy is to build long-term customer relationships by listening to customers, understanding their needs and delivering a wide range of banking and related financial services most effectively.

In following this strategy, the Bank continued to reconfigure and expand its extensive 171 branch network into sales and service centres, and invested in creating more convenient and self service terminals - 54 electronic banking centres; 228 ATMs; mobile banking and internet banking. Evidencing the customers’ continuing response to easier access to banking services, we note that the number of transactions performed using these alternative channels is on the rise.

We also use Customer Relationship Management (CRM) systems and processes to sell appropriate products and services to fulfill customer needs when they arise. A comprehensive financial planning service covering customers’ investment, retirement and asset protection needs is offered through specialist financial managers.

During the year, retail lending registered a 14.0% growth rising to RM30.0 billion as at end-March, 2005, with retail deposits too showing a corresponding rise of 10.3% to RM18.2 billion.



Hire Purchase

The Group is the largest financier of motor vehicles, with total loans portfolio of R16.2 billion, translating into a market share of nearly 24.0%. During the year, the Group disbursed RM7.2 billion of new hire purchase loans, a significant 31.8% increase.

We attribute this growth in disbursements to the strong sales of new motor vehicles, particularly the non-national car segment, our competitive pricing strategies as well as the close relationships with our valued business partners – our panel of more than 5,000 car dealers nationwide, whom our branch managers visit frequently to provide them with personalised service.

The Bank continued to further reinforce its market presence in the passenger vehicle financing business with the reorganisation of our 56 Hire Purchase Business centres, and by actively participating in road shows, sales carnivals as well as holding sales promotions jointly with motor vehicle distributors and dealers throughout the country. We also introduced several competitive products and services to finance the working capital requirements of the car dealers.

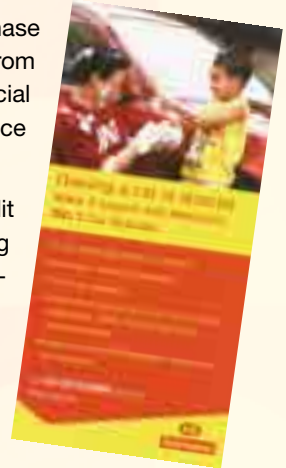
In addition to the competitive hire purchase terms, our customers also benefited from other services – all bundled into one financial package - credit cards, personal insurance and overdraft facilities.

We also implemented an automated Credit Scoring System as part of our ongoing efforts to manage credit risk prudently – which system also resulted in improvements in our turn around time in credit processing for our dealers and customers.

The Bank has once again set an industry benchmark by having its Hire Purchase Division certified in compliance with ISO9001:2000 by Moody International Certification (Malaysia) Sdn. Bhd. for its hire purchase processing, documentation, disbursement and customer service in June 2004.

In line with our “Customer First” focus we pioneered the requirement for all used cars financed by us to undergo a mandatory inspection by PUSPAKOM, the officially sanctioned vehicle inspection body, to ensure that our customers purchase motor vehicles that are roadworthy and safe. Further, taking advantage of the large database, we provide prospective used car purchasers a price guide – we continue to publish used car prices in the New Sunday Times daily as a reference point.

With the Malaysian Automotive Association forecasting robust motor vehicle sales in 2005, we will continue to further strengthen our market leadership position and to uphold our position as the preferred car financier in the country.



Mortgage Loans

The AmBank Group, with a mortgage loan portfolio of approximately RM8.2 billion, has increased its market share to 6.2%, and is now ranked as the 8th largest lender in the country. During the year, the Group approved new housing loans of approximately RM2.3 billion, an increase of 14.3% over the previous year.

Aggressive marketing, product bundling initiatives strategic partnerships with reputable developers and real-estate agents and active participation in sales launches and major property expositions, such as MAPEX, organised by the Real Estate & Housing Developer's Association contributed to the increase in loan approvals.

We also continued to tailor our mortgage loans and enhance the product features of the AmBank Home Free and Home Loan Schemes to meet the evolving needs of the customers and to match the product offerings by our competitors. Eligible residential mortgage loan customers also enjoy value added benefits, such as credit cards, insurance coverage and other banking services. Further, special end-financing packages are offered on an exclusive basis for selected viable housing projects.

To maintain our competitiveness and further enhance our customer service levels, we implemented several strategic initiatives to improve our business productivity – the Half-Year Productivity Challenge; more comprehensive and methodical sales marketing and training programs; customer awareness program; and a revamp of the internal operational processes to reduce processing time.

Amongst the key initiatives rolled out during the year were the roll-out of the retail credit scoring system, the outsourcing of the loan application data entry processes and the implementation of on-line credit checking with the Central Bank's Credit Bureau system, CCRIS, all of which serve to further reduce the turnaround times.

In our continuous effort to enable low income earners to own their homes, the Group continued extending micro-credit schemes such as "Tabung Perumahan Ehsan" (TPE), and had committed to provide financing for 12,000 units of residential properties costing RM180,000 and below for the period 1 July 2003 to 31 December 2004. In fact, the Group exceeded this target, financing a total of 12,173 units.

In the coming year, we will continue to improve the competitiveness of our mortgage loan products by enhancing our direct sales channels and implementing effective loyalty schemes.



Credit Cards and Line of Credit

With the implementation of a series of aggressive promotional activities launched under the "Let's Duit" umbrella, which offered consumers high value lifestyle items such as color TVs, 3-in-1 fax machines and MP3 music players and brand alliances, the AmBank credit cards in circulation increased by 61.6% to 361,700 cards, and the credit card receivables outstanding crossed the half-billion mark to RM560 million at end-March, 2005.

The Group also offered pre-approved credit card memberships packaged together with its retail lending products, such as housing loans and vehicle financing. Other marketing initiatives included the Balance transfer programs and 0% easy installment programs and the 'DreamCharge' card usage contest.

In addition to the Redhall Gallery, an innovative Mall-On-Call program, which offered card members a catalogue shopping, the Group recently implemented a loyalty program with RealRewards.

“Retail is Detail”, but it is also about personal connections. That means you need energised people who feel good about what they're doing, who see how they contribute, and who want to engage customers in a real discussion about their needs. ”



The Al-Tasrif credit card-i, the first Islamic credit card in Malaysia, also registered strong growth. This unique card is issued in accordance with the Islamic principle of Al-Bai-Inah. It is the only Islamic credit card in Malaysia that allows cardholders to perform Umrah with Tabung Haji Travel Services via 12-month installment payment plan. The card can also be used to make zakat payments at our branches, via our internet banking channel, as well as the respective State collection centres.



The strategic alliance between the Group and MBf Cards (M) Sdn. Bhd. has also proven to be successful, with the credit cards receivable base standing at RM1.39 billion. Aggregating the AmBank and the MBf Cards receivable financing, the total credit receivables outstanding rose by 26.6% to RM1.95 billion.

In December 2004, we successfully migrated all magnetic-stripe credit cards to EMV compliant chip-based cards, and have benefited from a sharp decline in card fraud in the industry. To support the rapid growth of our card business, we have also upgraded to the Cardpro system.

In 2005 we will introduce the platinum card, as well as offer our cardholders greater access to lifestyle products by expanding our merchant alliances. We are on track to achieve our target of 500,000 cards in circulation in 2006.

“ Our passion is for people. In business that is about service, people are the key to success, because services is ultimately about building a relationship and then maintaining and nurturing it. ”

Customer Deposits

In tandem with the expansion of its loans, the total deposits mobilised too grew by RM2.1 billion, or 4.6% to RM46.5 billion. The Islamic deposits surged by RM990.0 million, thereby increasing its deposits base to RM3.2 billion as at 31 March 2005. The Group continued to capitalise on the branches to attract lower cost savings and current account deposits, and branches were also allocated high deposit targets.

Among the marketing campaigns undertaken were the introduction of a new camel coin box for the junior savings accounts, and the promotion of savings accounts products with the Popular Bookstores retail chain & Grolier International Scholastic. Another successful marketing campaign was the tie-up with the Genting Group to offer discounted vouchers for its theme parks, and the Sapura Group to enable our fixed deposit customers an opportunity to purchase mobile phones at a discounted price.

Effective 1 June, 2005, a major thrust of our deposit mobilisation strategy is to promote the awareness that the finance company has now been transformed into a commercial bank, with capabilities to offer current accounts. Within the next 12 months, we aspire to double the demand deposits mobilised from RM1.5 billion as at March, 2004.



ISLAMIC BANKING

The Group's Islamic Banking operations registered strong growth during the year, with total assets rising to RM9.1 billion as at end-March, 2005, comprising 14.6% of the Group's total assets.

The rapid expansion in total assets was attributed primarily to retail lending operations, in hire purchase and housing loans. The Group maintained its position as one of the top financiers in Hire Purchase-i with RM4.1 billion receivables as at end March 2005. The other products that reported strong growth were Trade Finance-i, Al-Taslif credit card-i, and Personal Financing-i.



Based on its existing track record and growth rates, the Group is confident that it can achieve BNM's next target in 2007, that Islamic banking assets account for more than 15.0% of the Group's total assets.

Investment Banking

In terms of Islamic investment banking activities, for the third consecutive year, AmMerchant Bank topped the league tables, with the origination of RM4.5 billion of Islamic corporate bonds in 2004, and also swept the awards from the two local rating agencies, RAM and MARC.

Retail Banking

In order to improve customer services, in May 2004, the operation of Afdhal Investment Account-i was upgraded and computerised. In collaboration with the Group's "Saving is FUN" campaign in June 2004, we launched our new Islamic coin box, shaped as a golden dome, which was a hit among savers, as well as launched the AmBank Al-Taslif credit card-i 'Free For Life' campaign.

Promotions

During the year, we participated in various activities aimed at promoting greater awareness of Islamic banking and financing products. This included talks on "Al-Taslif Card: Innovations in Payment Instruments"; and "Emerging Trends of Islamic Banking in Malaysia"; and "Islamic Banking in Malaysia: Surviving Against Other International & Conventional Banking Institutions".

The other promotion activities included the opening of corporate booths at the ASEAN leadership forum; "2nd OIC Business Forum-Leveraging Strength for Prosperity, Unity and Shared Destiny," organised by ASLI; and the "First Malaysia International Halal Showcase 2004 (MIHAS 2004) organised by Yayasan Dakwah Islamic Malaysia (YADIM). Further, the Group received the 'Best Booth Award' for the second consecutive year at the annual Islamic Banking and Takaful Expo (IBT Expo 2004) organised by The Association of Islamic Banking Institutions Malaysia (AIBIM).

We also shared our experience in the implementation of Islamic banking services, when the Group hosted a visit for delegates involved in the "Study Visit from Kyrgyz Republic on Islamic Banking" organised by the Islamic Development Bank (IDB) with the co-operation from Economic Planning Unit (EPU) of the Prime Minister's Department. In October 2004, the Group received delegates from the University of St. Gallen, Switzerland.

At the international level, the Group sponsored "The First International Labuan Islamic Finance Conference" in July 2004, organised by the Labuan Offshore Financial Services Authority.

New Products

The Group also took the opportunity to contribute to the well being of the community, through the Al-Taslif credit card-i, which features a special AmBonus "money back" programme. Cardholders



“ We have carefully planned our strategic initiatives to enhance the prominence of our products, enable the emergence of a strong sales culture, as well as improve service and operations at branches and other delivery channels. ”

receive AmBonus points worth RM1 for every RM100 spent, redeemable towards their card fees. The overall accumulated excess after customers' redemption of RM352,238 was donated to selected organisations nationwide under the "Share & Care" – Al-Tasrif Cardholders' Contribution for Charity event, in conjunction with the month of Ramadhan in November 2004.

We have also extended our alliance with another participating 'Zakat' collection outlet, Pusat Zakat Melaka, to complement the existing service at Pusat Pungutan Zakat Wilayah Persekutuan, Selangor and Negeri Sembilan. Our customers

can also access the 'zakat' payment facility via online banking, branches and with the Al-Tasrif credit card-i. We have implemented another exclusive privilege for Al-Tasrif cardholders, the first Easy Payment Plan for Umrah packages with Tabung Haji Travel and Services Sdn. Bhd.

In line with our Customer F.I.R.S.T. focus, and our strategy of offering a comprehensive product menu to meet customer requirements, amongst the new products and services to be introduced in 2005 are the Multi-Tiered Corporate Term Financing-i, Variable Rate Financing-i to finance the purchase of completed properties, Flexi-Fixed Rate Home Financing-i and Cashline-i.

Arising from BNM's recent recommendation that Islamic banking business should now be conducted through a separate subsidiary company, instead of the existing business model of "a bank within a bank", the AmIslamic Bank is expected to commence operations in 2006.

We have already obtained conditional approval for the Islamic bank and are now finalising the operating details, including the adoption of relevant technology to support the business processes, enhance risk management capabilities and provide seamless access to customers through a wider range of delivery channels.

To complement the strong foundation that we have built in Islamic retail and investment banking for AmIslamic Bank, the Group's next thrust will be to acquire a license to undertake Takaful insurance business.

INSURANCE

The insurance business remains a key focus in the Group's wealth management strategy. Significant growth in life and general insurance was achieved, outpacing market growth and increasing the market share of AmAssurance.

In terms of annual premium income, AmAssurance is now ranked 4th and 7th in the general and life insurance industry respectively. It achieved overall gross premium of RM702.0 million, representing a

24.0% increase from the previous year. Notwithstanding this strong premium growth, its pretax profit was marginally lower at RM32.3 million, a reflection of the prevailing equity market. Total assets grew in tandem with business growth to stand at RM1.5 billion, an increase of 24.0%.



General Insurance

The general business recorded a gross premium of RM390.5 million, registering more than 20.0% growth for the 3rd consecutive year. Motor premiums accounted for more than 79.0% of the total business volume generated, further raising the market share of AmAssurance in motor premiums to 9.2% as at end-March, 2005, and positioning it as the leading motor insurance underwriter. The rise in market share is partly attributed to the cross-selling activities and product bundling with the hire purchase loan accounts, as well as our efforts in being prompt in meeting claims payments.

“ We are planning on growing our market share. ”

Life Insurance

The Life insurance business similarly showed growth momentum with premium income increasing by 22.0% to RM312.1 million. The Life policyholders fund grew 28.0% to RM811.1 million, and we're confident that it would cross the RM1.0 billion mark in 2006.



Meeting Customer Requirements

In order to support the rapid expansion in business volume, AmAssurance has invested in new software and technology for both the life and general core insurance systems, which will be operational in 2006.

This new system will enable us to have a consolidated view of our policy-holders, thereby providing us the data base for more targeted marketing.

We also initiated the following products, promotions and campaigns during the year, to complement our SMS Alert, Customer Education Programme, AmAuto and AmEasipay services that were launched in 2004:

- **AmGen3**

Following the successful launch of investment-linked products, AmAssurance followed this with AmGen3, a unique three-generation life product, which provides for the insurance needs of policyholders' children.

- **Service 1st, Our Promise**

In a move to emphasise our commitment to service, AmAssurance introduced a new tagline, "Service 1st, Our Promise". This is reflected in our brochures, billboards around the country.

The staff and agents are continuously being trained and processes redefined to enable our staff to meet this commitment. Professional training for agents is now mandatory, with the agents being required to undergo a minimum number of hours of training per year to renew their agency contracts.

- **Life Agency Compensation Review**

To encourage a more professional life agency force, AmAssurance reviewed its agency compensation model, so that agents, assured of fixed income stream, are encouraged to treat the distribution of insurance products as a career.

- **Telemarketing**

Telemarketing has become an important alternative channel for sales, and AmAssurance has taken steps to rollout various sales programmes.

- **M.O.B.I.L.E.**

Taking advantage of AmAssurance heritage as a member of one of the premier financial institutions, AmAssurance launched the unique concept of M.O.B.I.L.E., **M**alaysian **O**ne Stop **B**anking & **I**nsurance **L**ifetime **E**ntrepreneur. This allows agents to sell a bundle of financial products to meet the needs of their customers.

By leveraging on the Group's extensive branch network, and our commitment to the pursuit of stronger intra-group synergies, and supported by 7,986 agents, of which 5,377 are life insurance agents, AmAssurance is well on track to underwrite gross premiums of more than RM1 billion in 2006.



INFORMATION TECHNOLOGY SYSTEMS

IT capital expenditure for FY2005 was driven by business needs to cater for the Group's growth momentum, following the merger of the business operations of the commercial bank and finance company into an enlarged commercial bank, with an expanded branch network and customer reach.

The Group's IT investments in FY 2005 amounted to RM74.4 million compared to RM48.3 million the previous year, whilst IT operating expenditure rose marginally by 3.4% to RM149.0 million.

Investments

Nearly 51.0% of the capital expenditure incurred was focused on enhancement of core business products system – building capabilities at the Group's commercial and retail banking, and insurance businesses; consolidation of the Group's financial management; enhance the customer contact centre; improve customer service and promote service conveniences.

In order to accommodate the Group's new service offerings and extended channel reach, we have transformed our overall voice and data communication across the Group into a higher speed Corporate Information Super Highway with improved service uptime and consequently enhanced customer confidence level.

Retail and Commercial Banking

The Bank embarked on the consolidation of its IT systems infrastructure for retail and business banking, enhanced its group data warehousing facility, and also upgraded its internet & mobile banking systems, to boost operational efficiency.

The upgrading of the customer contact centre facilitates convenient customer access to financial products and services, from a single point of contact. It enables the Group to address customer financial needs promptly with the support of state-of-the-art technology equipped with workforce management, predictive auto dialer, multi channel integration, customer relationship management, and automated service request tracking. Our customers can expect smooth and convenient services with the offering of extended banking facilities and automated self-service support technology.

In response to customers' continuing demands for easier access to banking services, Retail Banking established 35 electronic banking centres, together with cash deposits terminals across its major branches nationwide, bringing the total number of EBCs to 54.

The other major IT projects undertaken for Retail Banking included the successful replacement of the conventional magnetic strip cards to EMV compliant chip based smart cards to support credit card business growth; the establishment of a centralised retail collections and credit scoring systems to improve retail business recovery rate and risk management. Technology investment in these areas is expected to contribute significantly toward improving retail asset quality for hire purchase, consumer sales, mortgages and card services.

In Business Banking, in its effort to enhance corporate and SME loan processes to improve controls and efficiency, the Bank's Credit Rating Facility system has been upgraded to allow faster and more efficient loan processing. A Group Loan Rehabilitation system was also implemented to reduce turn around time for loan recovery. The Bank is also implementing a Cash Management System to complement its business earnings diversification strategy.

Investment Banking

In line with the strategic objective of achieving dominance in the domestic and regional capital markets, the Group's Investment Banking Division embarked on numerous IT-enabled and systems automation throughout the area of primary, secondary and asset based market activities, and the roll-out of a web-based Corporate Finance system to the branches.

The major IT initiatives include the development of an equity derivatives system to facilitate the automation of current business processes and reporting to achieve higher turnaround time and increased transaction volume; the enhancement of its Treasury Derivatives, Private Banking and Portfolio Management systems. On the trading front, the BURSA new trading platform for AmFutures is capable of multi-market trading (derivatives and equities).



Insurance

AmAssurance's dynamic growth strategy necessitated the replacement of its core life and general systems. In line with AmAssurance's mission, "Invest to grow," the new Composite Insurance System is targeted to accommodate business growth production of 30.0% to 50.0% per annum. It also upgraded its head-office and branches network infrastructure and implemented a corporate messaging system at its branches nationwide. This is to cater for increased transactional services and the need for fast, accurate, and efficient information retrieval for decision making.

HUMAN RESOURCES

The People Challenge

The increasing demands of the business environment are all encompassing and continue to put pressure on the internal operating environment. The management continues to challenge its capability to operate at a much higher level in response to the unfolding competitive threats and changing environment.

A major and continuing business challenge especially the people factor is finding and retaining the "right" people to staff and support our organisational growth.

Attracting people to the Group is just a part of the dimension but the additional pressing issues is retaining the workforce and improving their current skills with the objective of providing for the individuals to be competitive and maintain and gain further credibility for themselves to increase their own level of productivity.

Recognising these challenges the infrastructure built around meeting such challenges, the Human Resources aims to provide for the Group to be better able to execute strategy, operate efficiently, be able to engage with our employees and able to manage change.

In line with this, a number of major initiatives were implemented during the year.



Looking Ahead

In the coming years, the Group's overall IT investment on core business products is expected to stabilise. However, in line with the Group's prudence in managing risk, IT investment on security technology may increase in the areas of vulnerability management and intrusion detection to support real time business processes and applications.

The Group's technology investment strategy, in alignment with the overall business objectives, is to ensure that the Group is well positioned to respond to increased competition, more stringent regulatory compliance, the encroachment of globalisation, and also the impending liberalisation of domestic financial markets.

Managing Performance and Rewards

The Group had launched the new Performance Management framework which utilised the emphasis on driving performance and results through a more structured framework. At the centre of the framework is the strategic focus of the Group.

Indicators or KPI's are translated and its achievement levels are tracked accordingly. Emphasis and assessment is also drawn against specific core competencies which the individuals needs to reflect in their performance. Rewards are aligned against the performance level identified and we continue to position the Groups reward structure to be aligned competitively to market.

Promoting a Learning Environment

We continue to work towards the philosophy of moving from implementing isolated training solutions into facilitating and managing organisation change processes and individual career growth. There is a continuous emphasis to examine an integrated approach in the use of learning and other interventions to improve human performance and addressing individual and organisation needs.

Classroom training within the Group emphasised the technical support for skills and knowledge training. This continues to feature a series of programmes relating to systems, product knowledge and specific functional knowledge and skill training which ensures that staff are able to perform their jobs effectively.



“Working together to achieve performance and growth!”

At the development level courses offered provided for skills and knowledge shaping the staff attitude. Emphasis for certification programmes especially for credit and other regulatory and internal requirements was supported by regular in-house programs and tuition. In line with the transformation of the finance company into a commercial bank, training focused on up skilling staff of AmFinance to be able to support commercial banking operations. In total we expended approximately RM5.5 million to support training programmes within the Group.

Human Resource Function Transformation

The Human Resource function also aligned its structure and roles to provide for the need to meet the demands of the business and shaping its deliverables to meet strategic needs of the business; providing solutions and centralising the transactional roles for the Group.

In line with the above, the HRMS system implementation serves to support the concept of offloading transactional work by the various entities in the Group to a Group Service Centre. We are committed to using technology as the enabler within the Group allowing eventually for an employee-self service system to be implemented.

“ Customers are the lifeblood of our business. We constantly seek to strengthen existing customer relationships and develop new ones. ”

HR will continue to provide for Centres of Excellence in specific areas namely human capital development and change, performance and rewards; workforce management and learning centers to reinforce the people strategy and focus.



ENVIRONMENTAL CONSCIOUSNESS

Sustainable Growth and The Environment

The AmBank Group recognises that the natural environment sustains everything society does, including businesses.

Our efforts are reflected through our continued sponsorship, since the 1980's, of the camels at Zoo Negara Malaysia, donations to the World Wide Fund for Nature as well as support to a number of cleanliness programs organised by the local authorities.

In line with the Government's call to Reduce, Reuse and Recycle, the Group has actively encouraged the reutilisation of resources

where possible. Specifically, there are programs to encourage greater reutilisation of paper as well as recycling of disposed paper. One of the long term objectives of the Group is to move towards a "paperless office" through the effective use of Information Technology and infrastructure to eliminate unnecessary usage of paper. In addition, disposal of obsolete IT equipment is managed to minimise the impact on the environment through recycling.

The Group also adopts programs to improve energy efficiency through adopting new energy efficient equipment and encourages staff to adopt energy saving practices such as switching off unnecessary lights and equipment.

In terms of our day to day activities as a banking institution, we encourage our customers to use alternative delivery channels such as the ATMs, and internet banking to reduce the usage of paper.

Further the Group's credit risk policy is structured to ensure that lending to relevant sectors require adherence to environment regulations, such as environmental impact studies.



Notables



Rating Agency Malaysia (June 2005)

- Malaysian Top Lead Manager 2004 (Corporate Sukuk Market) – Special Merit Award
- 1st – Lead Manager Award Islamic 2004 (Number of Deals)
- 1st – Lead Manager Award Islamic 2004 (Issue Value)
- 3rd – Lead Manager Award 2004 (Number of Deals)
- 3rd – Lead Manager Award 2004 (Issue Value)

AmlInvestment Group



FinanceAsia Country Awards (2005)

- Best Bond House



Asiamoney (2005)

- Best Domestic Bond House



IFR Asia Awards 2004 (December 2004)

- Best Malaysia Bond Deal – Joint Lead Manager
- Best Malaysia Equity Deal of the Year – Joint Bookrunner



MARC (2004)

- Top Lead Manager of Corporate Debt Issues



FinanceAsia Country Awards (2004)

- Best Secondary Offering for Asia – Joint Bookrunner
- Best Malaysia Deal – Joint Bookrunner



Basis Point (February 2005)

- Top Lead Manager for Onshore Bond Issuances 2004



Dealogic (First half of 2004)

- Topped Equity Bookrunner League Table Malaysia



Pfi Awards 2004

- Bond Deal of the Year – Joint Lead Arranger

Bloomberg

Bloomberg (First half of 2004)

- Topped Underwriter League Tables (RM Debt Issues 2004, RM Debt & Equity Linked Issues, and Malaysian IPOs)



Malaysian Timber Council 2004

- Best Performing Fund Manager – Fixed Income 2004
- Best Performing Fund Manager – Equity
- Best Performing Fund Manager

Corporate Social Responsibility

► Tan Sri Dato' Azman Hashim (left) presenting a mock cheque to YAB Dato' Seri Najib Tun Razak, Deputy Prime Minister of Malaysia (right), for AmBank Group's contribution towards tsunami aid efforts.

▼ Tan Sri Dato' Azman Hashim (second from left) presenting AmBank Group's contribution to YBhg Datuk Hishamuddin Aun.



▲ Tan Sri Dato' Azman Hashim, Chairman, AmBank Group (far left), shakes hands with Dr Hj Jalal Bin Halil Khalil, HKL (third from left), while YB Datuk Dr Abdul Latiff Ahmad, Deputy Minister, Ministry of Health (second from left), and Encik Harolhanam Bin Mohamed Wahid, Rumah Berkhat, HKL (far right) look on during the mock cheque presentation.

The AmBank Group extended assistance to the victims of the tsunami tragedy, which saw the death of more than 150,000 people in this region. The tragedy, which happened in December 2004, caused hardship and grief to millions in more than 10 countries.

Tan Sri Dato' Azman Hashim, Chairman of AmBank Group, presented a cheque for RM250,000 to the Malaysian Tsunami Disaster Fund, a collaboration by The New Straits Times, Berita Harian, TV3 and 8TV. The cheque was presented on Friday, 31 December 2004 to NST Deputy Group Editor In Chief and Berita Harian Group Editor Datuk Hishamuddin Aun at Balai Berita in Bangsar.

The Group also made a contribution of 15,000 blankets worth RM330,000 for the Aceh tsunami victims. Tan Sri Dato'

Azman presented the blankets to YAB Dato' Seri Najib Tun Razak, Deputy Prime Minister of Malaysia, who is also the Chairman of the National Disaster Fund, at his office in Putrajaya on Thursday, 6 January 2005.

As a mark of respect to tsunami victims and their families, the AmBank Group Gemilang 2005 Concert and Carnival, scheduled to be held on 31 December 2004 and 1 January 2005 at Dataran Merdeka was called off. As the event managers, AmBank Group, Dewan Bandaraya Kuala Lumpur (DBKL) and TV3, unanimously agreed to cancel the event in line with the Government's call to cancel all New Year celebrations during the period of mourning.

The staff of AmBank Group also extended a helping hand towards easing the burden and suffering of



◀ A contribution from the heart – Tan Sri Dato' Azman Hashim (fourth from left) alongside the representatives from the National Down Syndrome Association, HOSPIS Malaysia and Yayasan Pembangunan Ekonomi Islam Malaysia (YPEIM).

▼ YBhg Datuk Wong Chun Wai, Deputy Group Chief Editor II, The Star, (third from left) receiving the donation from Encik Mustafa Mohd Nor, President, Kelab AmBank Group (fourth from left), while other senior officials of Kelab AmBank Group look on.

the Tsunami victims by setting up a fund through the Group's sports club – Kelab AmBank Group.

As a result, a total amount of RM100,000 was presented to YBhg Datuk Wong Chun Wai, The Star Deputy Group Chief Editor II, for the Mercy Humanitarian Fund. The mock cheque was presented on Thursday, 13 January at Menara Star by Kelab AmBank Group President, Encik Mustafa Mohd Nor.

In expressing concern for the plight of the less fortunate, the Group provided its continuous support to the management of Rumah Berkat, Hospital Kuala Lumpur (HKL) in its noble cause to helping the needy.

On the same note, the Group Islamic Banking division of the AmBank Group launched its 'Spend & Lend A Hand' programme to assist charitable organisations throughout the nation. The programme was made possible with the AmBonus feature of the AI-Tasliif card. The AmBonus feature entitled cardholders to points worth RM1.00 for every RM100.00 spent. Through the years, part of the points collected has been redeemed for the annual fee of the AI-Tasliif cardholders. The remaining amount



is an accumulated sum of RM352,238.00 contributed by approximately 100,000 AI-Tasliif card members.

To kick-off the series of charity events, Tan Sri Dato' Azman Hashim presented a total sum of RM105,671.40 to three charitable organisations including National Down Syndrome Association, HOSPIS Malaysia and Yayasan Pembangunan Ekonomi Islam Malaysia (YPEIM) at Bangunan AmBank Group in November 2004. The remaining amount was distributed to several other organisations in 12 other states throughout the year including Kedah, Perlis, Pulau Pinang, Perak, Negeri Sembilan, Melaka, Johor, Kelantan, Terengganu, Pahang, Sarawak and Sabah.

On the local scene, the AmBank Group also contributed towards the Lembaga Kebajikan Perempuan Islam Malaysia, the Malaysia Crime Prevention Foundation as well as the Inter-Faith Human Drama and Song Festival by the Friendship Group for Inter Religious Services.

On the business front, the Group contributed towards the ASEAN Leadership Forum, the 25th MAJECA-JAMECA Annual Conference, the Malaysian Banking Summit 2004, the Sarawak Business Conference 2004 as well as the World Islamic Banking & Finance and Law Conference.

The Group also participated in The Edge Kuala Lumpur Rat Race 2004 and the Malay Mail Big Walk 2004.

Calendar of Events Business Activities

April 2004 to July 2005



▲ Tan Sri Dato' Azman Hashim (fourth from left) exchanges documents with YBhg Datuk Dr Sow Chin Chuan, Executive Chairman/ Managing Director, DPS Resources Berhad, while YAB Datuk Seri Haji Mohd Ali Mohd Rustam, Chief Minister of Melaka (centre); YBhg Datin Chu Kim Guek, Executive Director, DPS Resources Berhad (extreme left), and Encik Mustafa Mohd Nor, Managing Director, AmSecurities Sdn Bhd (extreme right) look on.

▼ Mr T C Kok, Managing Director / Chief Executive Officer, AmMerchant Bank, (left) exchanging documents with Mr Lee Seng Huang, Executive Chairman, Mulpha International Berhad (centre); while Mr Chung Tze Hien, Chief Executive Officer, Mulpha International Berhad (right) looks on.

April 2004

- AmMerchant Bank Berhad signed an underwriting agreement with DK Leather Corporation Berhad for a flotation exercise on the Main Board of Bursa Securities
- AmBank Group signed an alliance agreement with NasionCom Berhad, which allowed existing AmBank Group corporate customers to pay their bills online through AmDirect Online Banking
- AmMerchant Bank acted as the Adviser, Managing Underwriter, and Placement Agent for the listing of Ibraco Berhad on the Main Board of Bursa Securities

May 2004

- AmMerchant Bank Berhad signed an underwriting agreement with Setia Putrajaya Sdn Bhd for the syndication of RM240.0 million credit facilities
- AmMerchant Bank signed a Memorandum of Understanding (MOU) for the arrangement of the Proposed Mudharabah Municipal Bonds Programme for the Pasir Gudang Local Authority

June 2004

- AmMerchant Bank came out tops in four different categories for Rating Agency Malaysia's RAM Inaugural League Award 2004, which paid tribute to the top players of the Debt Capital Market
- AmFinance Berhad joined six other financial companies in introducing compulsory PUSPAKOM inspections on all used cars prior to approval of financing facilities
- AmBank Group announced the April winner for the 'Let's Duit Dream Charge' contest
- AmMerchant Bank acted as Adviser, Managing Underwriter and Lead Arranger for the flotation exercise of Hi-City Bioscience Group Berhad on the Second Board of Bursa Securities
- AmMerchant Bank was the Adviser, Managing Underwriter, and Placement Agent for the listing of DPS Resources Berhad on the Second Board of Bursa Securities
- AmMerchant Bank acted as Adviser and Managing Underwriter for the listing of Goodway Integrated Industries Berhad (Goodway) on the Second Board of Bursa Securities
- Datascan Berhad was listed on the MESDAQ Market of the Bursa Securities with AmMerchant Bank acting as the Adviser, Sponsor, Managing Underwriter, and Placement Agent





▲ Encik Mahdi Murad (Executive Director, AmBank (M) Berhad) (left), Prof Dr Annuar Md Nassir (Director, AmInvestment Services Berhad) (right) at the launch of AmInvest's two new funds.

▼ Mr T C Kok, Managing Director / Chief Executive Officer of AmMerchant Bank (left) and YBhg Dato' Krishnan Tan, Chief Executive Officer and Managing Director of IJM Corporation Berhad exchanging documents.



▲ Tan Sri Dato' Azman Hashim (second from right), and Tuan Haji Zaid Bin Haji Abdullah, Group Managing Director, Progressive Impact Corporation Berhad (PIC) (second from left), shake hands, witnessed by YB Datuk S Sothianathan, Deputy Minister of Natural Resources and Environment (third from left), alongside Encik Ahmad Bachok, Executive Director of Dealings, AmSecurities Sdn Bhd (extreme right), and Encik Hassan Bin Hussin, Group Executive Director, PIC (extreme left).

July 2004

- AmMerchant Bank acted as the Adviser, Managing Underwriter, and Placement Agent for the listing of Wang-Zheng Berhad on the Second Board of Bursa Securities

August 2004

- AmMerchant Bank acted as the Adviser, Managing Underwriter, and Placement Agent for the listing of Progressive Impact Corporation Berhad on the Second Board of Bursa Securities

- AmMerchant Bank acted as the Adviser, Managing Underwriter, and Placement Agent for the listing of Tek Seng Holdings Berhad on the Second Board of Bursa Securities

- AmBank Group participated in the Invest Malaysia 2004 exhibition organised by Bursa Malaysia

- AmBank Group participated in the World Islamic Banking & Finance and Law Conference organised by the Asian Strategy & Leadership Institute
- Tan Sri Dato' Azman Hashim, Chairman of AmBank Group, was a keynote speaker at the Euromoney Conference titled 'Remaking Malaysia: Investing in the New Malaysia'
- AmBank Group launched its 'Skim Mampu Milik RM1' in conjunction with the official launching of Bandar Baru Pulau Cassia in Pulau Pinang
- AmBank Group announced the May winner for the 'Let's Duit! Dream Charge' contest
- AmBank Group participated in the 2nd Asia Economic Summit co-organised by Asian Strategy & Leadership Institute and the New Straits Times Press

September 2004

- AmMerchant Bank acted as the Adviser, Managing Underwriter, and Placement Agent for the listing of Classic Scenic Berhad on the Second Board of Bursa Securities
- AmInvest announced the launch of two new equity income funds: AmIslamic Growth and AmIslamic Balanced



▲ The exchange of documents between Ms Pushpa Rajadurai, Executive Director, AmMerchant Bank (second from left) and YBhg Dato' Shahrir Abdul Jalil, Non-Executive Chairman of A-Rank Berhad, whilst Encik Mustafa Mohd Nor, Managing Director, AmSecurities Sdn Bhd (extreme left) and Mr Tan Wan Lay, Managing Director, A-Rank Berhad look on.

- AmFinance Berhad arranged a RM139.0 million credit facility for Abad Naluri Sdn Bhd to finance Cresentia Park, located in Batu Kawan, Pulau Pinang
- AmAssurance announced a special promotion for its AmPro Personal Accident Plan, which accords 24-hour worldwide coverage of RM100,000 against accidental death, disability, and hospitalisation
- The first AmBank Group Mortgage Sales Conference was held for 135 mortgage sales personnel from AmBank Group Head Office and Regional Mortgage Centres

▼ Tan Sri Dato' Azman Hashim (fourth from left) escorting Prime Minister, YAB Dato' Seri Abdullah Ahmad Badawi (third from left) at the 2nd OIC Business Forum at PWTC.

October 2004

- AmBank Group was the Silver Sponsor for the 2nd Islamic Banking Takaful Expo 2004, organised by the Association of Islamic Banking Institutions Malaysia
- Tan Sri Dato' Azman Hashim, Chairman of AmBank Group, was conferred an Honorary Doctorate of Business Administration by Universiti Kebangsaan Malaysia (UKM)
- AmMerchant Bank was the Adviser, Managing Underwriter, and Sole Placement Agent for a flotation exercise on the MESDAQ Market
- AmBank Group was a main corporate sponsor of the 2nd OIC Business Forum, held at Putra World Trade Centre
- Tan Sri Dato' Azman Hashim, Chairman of AmBank Group, was elected Co-chair at the United Nations Economic And Social Commission for Asia and the Pacific (UNESCAP) Business Advisory Council (BAC) First Meeting in Bangkok, Thailand

November 2004

- AmMerchant Bank and Citibank Berhad were the lead arrangers for the Asian Development Bank (ADB) debut Malaysian Ringgit Bonds in the domestic capital market
- AmInvest launched AmConstant 12/07, a three-year tenure close-ended fund available for investment



- As the main sponsor for the AmBank-Kuala Lumpur International Marathon, AmBank Group presented a cheque of RM400,000 at the launch ceremony

December 2004

- AmMerchant Bank was the Adviser, Sponsor, Managing Underwriter, and Sole Placement Agent for the listing of MQ Technology Berhad on the MESDAQ Market
- AmBank Group contributed RM250,000 to the Malaysian Tsunami Disaster Fund and RM330,000 worth of blankets to Aceh tsunami victims. AmBank Group staff also donated RM100,000 to the Mercy Humanitarian Fund for tsunami aid efforts
- AmInternational (L) Ltd signed an agreement to raise RM285 million through the offshore loan syndicated market
- AmMerchant Bank signed an agreement for the arrangement of RM100 million Islamic Private Debt Securities (PDS) for Mulpha International Berhad

January 2005

- AmBank Group appointed Mr Cheah Tek Kuang as Group Managing Director of AMMB Holdings Berhad (AHB), while Mr T C Kok was appointed Managing Director/Chief Executive Officer of AmMerchant Bank, and Ms Pushpa Rajadurai as Executive Director of AmMerchant Bank
- AmMerchant Bank was the Adviser, Sponsor, Managing Underwriter, and Sole Placement Agent for the listing of Satang Jaya Holdings Berhad on the Second Board of Bursa Securities
- AmMerchant Bank was the Principal Adviser and Lead Arranger for the arrangement of RM100 million Private Debt Securities (PDS) for Silver Bird Group Berhad
- AmBank Group launched the AmMobile Banking service, which provides Maxis customers top-up and banking account inquiry services via SMS
- Overwhelming approval was received from shareholders with all resolutions passed at the AmFinance Berhad Court Convened Meeting and AMMB Holdings Berhad Extraordinary General Meeting



February 2005

- AmMerchant Bank was the Adviser, Managing Underwriter, and Placement Agent for Guan Chong Berhad's flotation exercise on the Main Board of Bursa Securities
- AmMerchant Bank signed an agreement for the arrangement of a RM300 million Nominal Value Commercial Papers and Medium Term Notes (CP & MTN) Programme with IJM Corporation Berhad
- AmBank Group participated in the first Islamic Banking and Takaful Roadshow (IBTR 2005) organised by the Association of Islamic Banking Institutions Malaysia
- AmMerchant Bank signed an agreement for the arrangement of RM80 million Mudharabah Bonds Issuance with PG Municipal Assets Berhad. The arrangement is the first parallel Mudharabah Bonds issue and the first Municipal Bonds issue in Malaysia

▲ Asian Development Bank (ADB) debut Malaysian Ringgit Bonds: Mr T C Kok, Managing Director/Chief Executive Officer, AmMerchant Bank, (extreme left) posing for a commemorative photo with (from left) Madam Khempeng Pholsena, Vice President of Finance and Administration, ADB; Mr Juan Limandibrata, Assistant Treasurer and Head of Funding, ADB; and Mr Piyush Gupta, Chief Executive Officer, Citibank Berhad.

▼ Datin Maznah Mahbob (left) CEO and CIO of AmInvest and Mr Cheah Chuan Lok, CEO of AmInvestment Services, launching the AmDividend Income equity fund.



▼ A handshake to seal the deal - Encik Mohamed Azmi Mahmood, Head of Retail Banking, AmBank Group (left), and Mr Tan Lay Han, Senior General Manager, Head of Channel Distribution and Customer Services, Maxis, commemorate the launch of AmMobile Banking.



March 2005

- AmMerchant Bank was the Adviser, Managing Underwriter, and Sole Placement Agent for the listing of A-Rank Berhad on the Second Board of Bursa Securities
- AmInvest launched a new equity fund, AmDividend Income, aimed at providing capital growth and income
- AmInvestment Group, the investment banking division of AMMB Holdings Berhad, held a prospectus launch ceremony in conjunction with its listing on the Main Board of Bursa Malaysia

April 2005

- AmMerchant Bank was a joint lead arranger for the provision of Islamic financing facilities of up to RM6.1 billion for Jimah Energy Ventures Sdn Bhd's proposed power station in Negeri Sembilan
- AmMerchant Bank signed an underwriting agreement with Minetech Resources Berhad for a flotation exercise on the Second Board of Bursa Securities
- AmMerchant Bank signed an underwriting agreement with Tanjung Offshore Berhad for a flotation exercise on the Second Board of Bursa Securities



▲ A handshake to mark a new beginning, Ms Pushpa Rajadurai (Executive Director, AmMerchant Bank) (left) and Mr Lee Kah Keng (Group Managing Director, Minetech Resources Berhad) smile on during the exchange of underwriting documents.



◀ (L - R) YM Tunku Afwida Malek, CEO, MIMB; Encik Abdullah Mat Noh, Chairman, RHB Sakura; YB Datuk Seri Dr Lim Keng Yaik, Energy, Water and Communications Minister; Tunku Naquiyuddin Ibtu Tuanku Ja'afar, Chairman, JEV; Tan Sri Dato' Azman Hashim, Chairman, AmBank Group; YBhg Dato' Abdul Manap Abd Wahab, CEO, Bank Muamalat; and Ms Surindar Kaur A/P Gian Singh, CEO, Mayban Trustees Berhad.

▼ (L-R) Dato' Azlan Hashim, Deputy Chairman, AMMB Holdings Berhad; Tan Sri Datuk Clifford Francis Herbert, Director, AMMB Holdings Berhad; Prof Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba, Director, AMMB Holdings Berhad; Tan Sri Dato' Azman Hashim; Mr Cheah Tek Kuang, Group Managing Director, AmBank Group; Mr TC Kok, Managing Director/CEO of AmMerchant Bank; Ms Pushpa Rajadurai, Executive Director of AmMerchant Bank; Encik Mustafa Mohd Nor, Managing Director of AmSecurities Sdn Bhd; and Datin Maznah Mahbob, CEO and CIO of AmInvest.



May 2005

- AmBank Group held its 2nd Mortgage Sales Conference and the first combined Mortgage and Cards National Sales Conference
- AmAssurance Berhad organised its 17th National Convention 2005
- The AmBank Group along with Real-Rewards launched the *AmBank-Real-Rewards MasterCard*
- AmInvestment Group was successfully listed on the Main Board of the Bursa Malaysia Securities Berhad
- AmMerchant Bank signed an underwriting agreement with Eonmetall Group Berhad for a flotation exercise on the Second Board of Bursa Securities
- AmMerchant Bank was a Joint Lead Arranger for the arrangement of RM120 million Serial Bonds for Supermax Corporation Berhad
- AmMerchant Bank signed an underwriting agreement with Tenaga Kimia Berhad for a flotation exercise on the Second Board of Bursa Securities

June 2005

- AmInvestment Group was awarded five awards at the Rating Agency Malaysia "RAM League Awards 2005" for achievements in the Malaysian Bond Market
- AmBank Group officially launched AmBank (M) Bhd, the newly merged entity of the former AmBank Berhad and AmFinance Berhad subsidiaries
- AmBank's Savers' G.a.n.g launched new premium items at special prices only available to Savers' G.a.n.g account holders
- AmMerchant Bank signed an underwriting agreement with Comex Genesys Berhad for a flotation exercise on the MESDAQ Market of Bursa Securities

➤ Bank Negara Malaysia Governor YBhg Tan Sri Dato' Sri Dr Zeti Akhtar Aziz launches ABF Malaysia while Tan Sri Dato' Azman Hashim (far left), YABhg Tun Mohamed Dzaiddin Bin Haji Abdullah, Chairman of Bursa Malaysia (third from left) and Encik Yusli Bin Mohamed Yusoff, Chief Executive Officer of Bursa Malaysia (far right) look on.

July 2005

- AmInvestment Group listed the ABF Malaysia Bond Index Fund on the Main Board of Bursa Malaysia. The Fund is the first exchange traded fund (ETF) in Malaysia, and the first bond ETF in Malaysia and also in South East Asia
- AmMerchant Bank was the Adviser, Sponsor, Managing Underwriter and Sole Placement Agent for Key West Global Telecommunications Berhad's proposed listing on the MESDAQ Market of Bursa Malaysia Securities Berhad
- AmAssurance launched the AmRecovery Programme with the co-operation of Captor Retail Sdn Bhd
- AmBank Group participated in the Islamic Banking and Takaful Road Show (IBTR) 2005 held at Danga Bay, Johor Bahru
- AmAssurance, MCM Tech and eBaoTech signed a RM22.0 million agreement for the Life and General Insurance System

▼ (From left) Ms Pushpa Rajadurai (Executive Director, AmMerchant Bank), Mr T C Kok (Managing Director / Chief Executive Officer, AmMerchant Bank), Encik Yusli Bin Mohamed Yusoff (CEO and Executive Director, Bursa Malaysia Securities Berhad), and Tan Sri Dato' Azman Hashim (Chairman, AmBank Group) give the thumbs up to the listing.



▲ A new addition to the family of AmBank Group cards (L - R) Mr Nyang Koon Seng, Chief Executive Officer, Advance Information Marketing (AIM); Encik Mohamed Azmi Mahmood, Head of Retail Banking, AmBank Group; Mr Perry Ong, General Manager, AmBank Group Card Centre; Encik Mahdi Murad, Executive Director, Retail Banking, AmBank (M) Bhd; and YBhg Dato' Shamsuddin Hayroni, Chairman, Electronic Commerce Technology Sdn Bhd, holding up a mock AmBank-Real Rewards MasterCard.

▼ The launch of Menara AmBank.



Calendar of Events Social and Sports Activities

April 2004 to July 2005



◀ Mr Cheah Tek Kuang, Group Managing Director (left), receiving the Overall Challenge Trophy from YB Tan Sri Nor Mohamed Yakcop, Finance Minister II, at the 25th Inter-Merchant Banks' Annual Dinner.

June 2004

- Kelab AmBank Group organised its first Regional Sports Carnival 2004 at the Penang Free School in Georgetown, Pulau Pinang
- 761 staff and family members of AmBank Group participated in the Region 2 Family Day at the Clearwater Sanctuary Golf Resort in Batu Gajah, Perak

July 2004

- AmBank Group contributed RM100,000 to the Women's Institute of Management (WIM) in aid of financing a Seminar Room in Wisma WIM
- Tan Sri Dato' Azman Hashim, Chairman of AmBank Group, was accorded the Sathya Sai Educare Values for Life Excellence Award by the Sathya Sai Baba Educare Academy for Human Values
- A total of 456 AmBank Group staff and their family members from Kuching participated in the first ever Family Day in the region
- AmFinance Berhad, in collaboration with AmAssurance Berhad, hosted a dinner for their top car dealers in appreciation of their business contribution in car financing and vehicle insurance sales
- Kelab AmBank Group treated 50 children from the Islamic Outreach and the Tara Bhavan Home to fun and games at the Taman Desa Water Park
- A total of 448 bowlers participated in the annual Kelab AmBank Group Bowling tournament

◀ A warm welcome, Tan Sri Dato' Azman Hashim greeting some of the car dealers at the AmFinance Car Dealers' Dinner 2004.



▲ Tan Sri Dato' Azman Hashim (second from left) receives the Sathya Sai Educare Values for Life Excellence Award from Mr Cheah Woon Koong, President, Sri Sathya Sai Central Council Malaysia (third from left), while YBhg Dato' J Jegadeesan, the Council's Advisor (extreme left) and Organising Chairman of the ceremony, Mahendran Arumugam (extreme right) look on.

April 2004

- Kelab AmBank Group organised its annual Treasure Hunt from Kuala Lumpur to Pulau Pinang, with 428 members in 107 cars

May 2004

- AmAssurance Berhad organised its 16th AmAssurance National Convention 2003 in celebration of a commendable growth
- A total of 1,260 staff members and their families gathered to celebrate AmBank's Region 5 Family Day 2004 in Kuantan





▲ Tan Sri Dato' Azman Hashim shakes hands with a young participant, while YM Tunku Arishah (right) and a Native American Indian look on at the Klang Valley and Region 3 Family Day in Melaka.

- Two hundred and fifty-two AmBank Group staff participated in the fifth annual Cabaran Eko, organised by Kelab AmBank Group

August 2004



◀ Participants giving it their all in the Tug-of-War game at the Region 7 Family Day in Sabah.

- AmBank Group contributed RM50,000 to Pertubuhan Tindakan Wanita Islam in assisting them with the publication of 'Biografi Tokoh Wanita Malaysia'
- Kelab AmBank Group organised AmBagus 2004, a popular annual singing competition for the staff
- AmBank Group staff and family members gathered to celebrate the Region 7 Family Day in Sabah
- Kelab AmBank Group treated 46 children from Rumah Ilham, Pinggiran Taman Tun and 46 children from the Ti-Ratana Welfare Society, Salak South to a screening of the movie 'Garfield'
- AmBank Group sponsored the AmBank Inter-Financial Institution and Insurance Futsal League 2004
- AmBank Group contributed RM10,000 to the Malay Mail Big Walk 2004



◀ Parents and children hard at work in the 'Piggy Back' telematch during the Region 6 Family Day in Kuching, Sarawak.



▲ A group photo before the children of Rumah Ilham and Ti-Ratana Welfare Society enter the cinema to watch 'Garfield'.

September 2004

- A total of 1,300 AmBank Group staff and family members participated in the Northern Region Family Day in Pulau Pinang
- Kelab AmBank Group presented patrons of Pusat Kanak-kanak Istimewa Kajang kitchen utensils worth RM5,000 to assist them in their baking classes
- AmBank Group sponsored the Malaysian team in the Formula 1 Powerboat World Championship in the Malaysian Grand Prix in Putrajaya

October 2004

- AmMerchant Bank once again emerged as the Overall Champion at the Inter-Merchant Banks Athletics Meet 2004

November 2004

- AmBank Group represented approximately 100,000 Al-Tasliif cardholders in contributing towards charity through the 'Share & Care' programme, which will distribute the accumulative sum of RM352,238 to selected charitable organisations nationwide

➤ Tan Sri Dato' Azman Hashim (centre) with Team AmBank Malaysia pilots Andy Elliott (left) and Simon Saw (right) at the Malaysian Grand Prix of the Formula 1 Powerboat World Championship.

December 2004

- Tan Sri Dato' Azman Hashim, AmBank Group Chairman, and wife YM Tunku Arishah Tunku Ma'amor, held an Open House at Restoran Seri Melayu in conjunction with the Hari Raya Aidilfitri celebrations
- About 4,200 AmBank Group staff and their family members from the Klang Valley, Melaka, and Negeri Sembilan participated in the Klang Valley and Region 3 Family Day in Melaka

January 2005

- A total of 258 AmBank Group staff and their family members from northern and central Sarawak took part in the Miri Region 6 Family Day



▲ The fifth annual Cabaran Eko 2005 tested the strength and cooperation of all AmBank Group staff who participated.





▲ Tan Sri Dato' Azman Hashim (left) presenting a mock cheque to former Mayor of Kuala Lumpur YBhg Brigadier General Datuk Mohamad Shaib Bin Mohd Taufek for sponsorship of the AmBank-Kuala Lumpur International Marathon 2005.

- AmBank Group supported a charity treat for 70 children from the Persatuan Kebajikan Anak-anak Yatim Damai in conjunction with the Hari Raya Aidil Adha celebration
- The AmBank Group Hockey Team emerged Champions in the Kuala Lumpur Hockey Association (KLHA) Division 1 League 2004

February 2005

- AmBank Group earned a place in the Malaysia Book of Records in organising its Inaugural Paintball Challenge with the largest number of participants and teams in Malaysia

March 2005

- Kelab AmBank Group treated 150 underprivileged children to a day tour at A'Famosa Water World Theme Park as part of its Corporate Social Responsibility Programme
- Three charitable organisations received a total sum of RM17,611.90 from AmBank Group as part of the Al-Tasliif 'Share & Care' programme
- The AmBank-Kuala Lumpur International Marathon 2005 attracted 8,000 runners, which included 152 staff from AmBank Group

April 2005

- Rumah Kanak-kanak Taman Bakti and Spastic Children Association of Penang received an accumulative sum of RM35,223.80 through the Al-Tasliif 'Share & Care' programme



▲ Children from the Persatuan Kebajikan Anak-anak Yatim Damai posing for a group shot with their 'duit raya' and goodie bags.

➤ (L-R) YBhg Laksamana Dato' Pahlawan Danyal Balagopal Bin Abdullah, Deputy President, Malaysian Amateur Athletic Union; Nsubuja Joseph from Uganda; YBhg Tan Sri Mohamad Amin, President of the Federal Territory Amateur Athletic Association (FTAAA); Hendry Maswela Mojo from Malawi; YBhg Datuk Hj Ruslin Bin Hj Hasan, Mayor of the City of Kuala Lumpur; John Setani Cheboi from Kenya; and Syed Anuar Syed Ali, Director, AmBank Group Public Affairs at the AmBank-Kuala Lumpur International Marathon 2005.



▼ A group photo at the A'Famosa Water World Theme Park during Kelab AmBank Group's charity event.



- Kelab AmBank Group organised its annual Treasure Hunts, themed 'AmAZing Hunt', from Kuala Lumpur to Pulau Pangkor with participation of 240 members in 104 cars
- AmBank Group contributed RM89,655 to assist Rumah Berkat at Hospital Kuala Lumpur in its day-to-day running as well as improving its facilities

May 2005

- AmBank Group entered its 19th year of sponsoring camels at Zoo Negara as an exclusive sponsor of the Zoo's Dromedary camels with a RM30,000 contribution
- A prize-giving ceremony was held to award the winners of the slogan writing competition for 'Peraduan Miliki Ganjaran Wang Tunai'



July 2005

- AmBank Group organised a Family Day gathering at A'Famosa Resort in Ayer Keroh, Melaka. A total of 2,163 AmBank Group staff and their family members from the Southern Region participated in the event
- The AmBank Group Long Service Awards Ceremony for Klang Valley and Southern Region staff was also held at A'Famosa Resort in Ayer Keroh, Melaka, with a total of 122 staff from various subsidiaries receiving their awards

▲ The AmBank Group Long Service Awards recipients from AmMerchant Bank give their thumbs-up.

▼ One for the album (L to R): YB Datuk Haji Abdul Rashid Bin Abdullah (Deputy Chief Minister of Pulau Pinang), Encik Ahmad Zaini Othman, Senior General Manager, Group Islamic Banking, AmBank Group, as well as Mr Gan Yok Chuan, Regional Manager, Region 1, AmBank Group, have a few words with the children from the Spastic Children Association of Penang and Rumah Kanak-Kanak Taman Bakti Kepala Batas as they accept their mock cheques.



◀ Encik Mustafa Hj Mohd Nor, President of Kelab AmBank Group and YBhg Dato' Danny Ooi, Managing Director of Malaysia Book of Records holding the certificate for 'the largest number of participants and teams in Malaysia' amongst paintball participants.

▼ Group shot of AmBank Group staff that participated in the AmBank - Kuala Lumpur International Marathon 2005.



Group Financial Review

Management Discussion & Analysis of Financial Performance

Introduction

Just reviewing one year's numbers in FY2005, does not tell the whole story of the tangible progress we have made in achieving the objectives set 3 years ago to deliver sustainable shareholder value:

- Improving profitability
- Improving asset quality
- Reducing risk by reconfiguring our business mix
- Strengthening our capital position

We have built a dominant position in retail banking, complementing our traditional niche in investment banking; and we are now making satisfactory progress in gaining scale and a respectable market share in the insurance industry.

The progress we have made in FY2005 in terms of achieving these 4 objectives, is reflected in the audited financial accounts for AMMB Holdings Berhad and its subsidiary companies.

SIMPLIFIED INCOME STATEMENT

RM Million	FY 2005	FY 2004	Growth	%
Net Interest Income	1,418.5	1,398.7	19.8	1.4
Net Income from Islamic Banking Business	435.0	364.6	70.4	19.3
Fund-based Income	1,853.5	1,763.3	90.2	5.1
Non-Interest Income	1,069.4	907.8	161.6	17.8
Total Income	2,922.9	2,671.1	251.8	9.4
Overheads	(1,059.6)	(989.3)	(70.3)	(7.1)
Insurance Business	(528.1)	(427.0)	(101.1)	(23.7)
Operating Profit	1,335.2	1,254.8	80.4	6.4
Loans and financing loss and allowances	(770.5)	(865.6)	95.1	11.0
Other provisions	(17.9)	(0.1)	(17.8)	(>100.0)
Transfer to profit equalisation reserve	(57.9)	(47.9)	(10.0)	(21.1)
Share in results of associated companies	0.8	1.4	(0.6)	(43.7)
Profit Before Tax	489.7	342.6	147.1	42.9
Taxation	(203.8)	44.3	(248.1)	(>100.0)
Profit before minority interests	285.9	386.9	(101.0)	(26.1)
Minority interests	(84.0)	(171.9)	87.9	51.1
Net Profit	201.9	215.0	(13.1)	(6.1)

Objective I: Improving Profitability

Commitment 1: Growth in Profit Before Tax

FY2005 – RM489.7 million (+RM147.1 million)

FY2004 – RM342.6 million

The Group reported an increase in pre-tax profit, despite setting aside additional specific provision of RM244.7 million due to the adoption of a more conservative provisioning policy for non-performing loans (NPLs) of 7 years and beyond, whereby zero value has been assigned for property collaterals.

The growth in pre-tax profit was due to:

- Increase in net fund based income driven by solid growth in retail lending and Islamic banking, but partly offset by lower net interest margins.
- Rise in non-interest income due to growth in insurance premiums and investment banking business activities.
- Lower provisions for bad debts, assisted by improvements in asset quality.
- Offset by the rise in operating expenses due to increase in spending on marketing, personnel and establishment costs, arising from the transformation of the finance company operations into a commercial bank.

Earnings Per Share

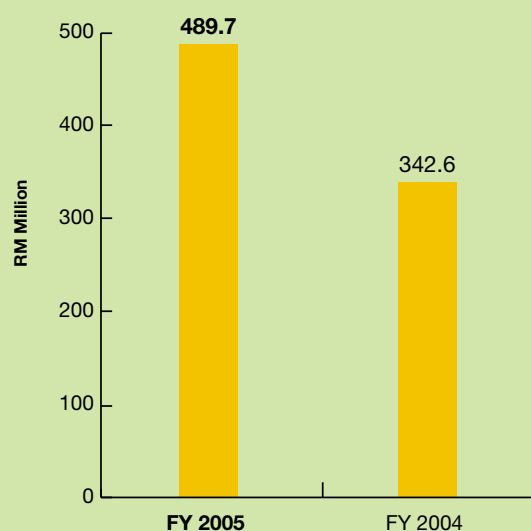
Earnings per Share or EPS, represents the net earnings of the company divided by weighted average number of shares on issue.

EPS however declined to 10.72 sen, due to:

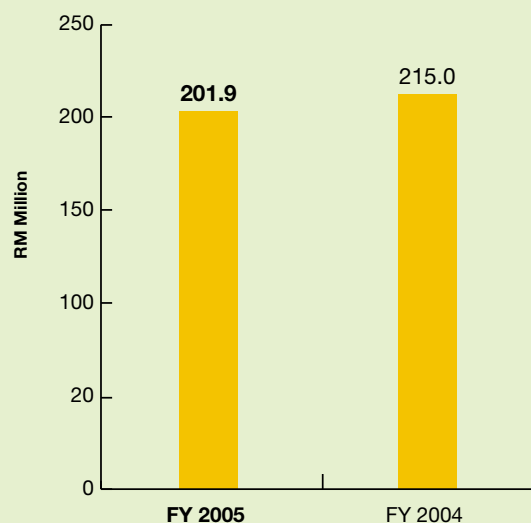
- Net profit after tax and minority interests registering a decline of RM13.1 million (-6.1%) due to lower tax from recognition of tax losses in previous year.
- Increase in paid-up capital by 14.6% due to issuance of 271.7 million new shares in FY2005, of which 188.9 million shares were in respect of the privatisation of AMFB Holdings Berhad (“AMFB”), 69.9 million shares arose from the exercise of warrants 2003/2008, and 12.9 million issued under the employee share option scheme.

Going forward, although there is now a 49.0% minority interest in AIGB, however, the acquisition of minority interest of AMFB will be accretive as the commercial bank will be the largest contributor to profits.

PROFIT BEFORE TAX



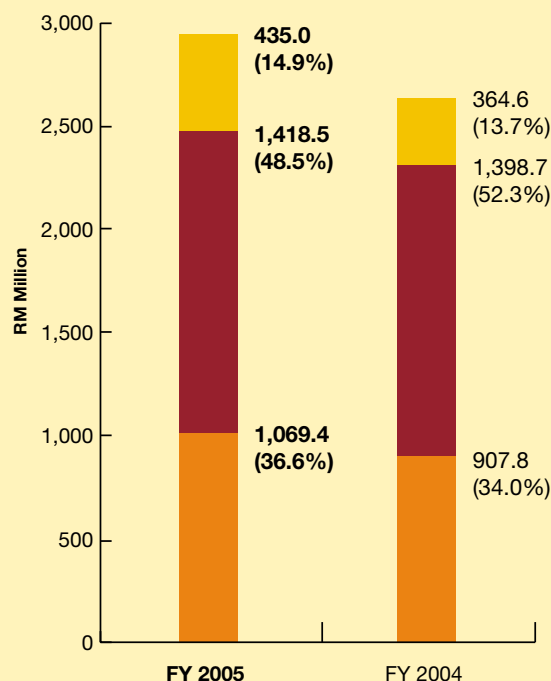
PROFIT AFTER TAX AND MINORITY INTERESTS



Financial Ratios	FY 2005	FY 2004
Earnings per share – net		
– Basic	10.7 sen	13.4 sen
– Fully diluted	10.6 sen	12.7 sen
Net tangible assets per share	RM 2.00	RM 2.02
Gross dividend rate	4.0%	4.0%
Dividend payable/paid	RM61.4 million	RM53.5 million

TOTAL INCOME

- Net Income from Islamic Banking Business
- Net Interest Income
- Non-Interest Income



Commitment 2: Revenue Growth

Revenue growth is one of the most important measures of our performance, reflecting our success in gaining new customers and winning more business from our existing customers. Revenue growth is the essential foundation for sustainable growth in profits and shareholder value.

The Group's revenue comprises net fund income (net interest income + income from Islamic banking operations) and non-interest income.

Fund Based Income at RM1,853.5 million increased by RM90.2 million (+5.1%) driven by:

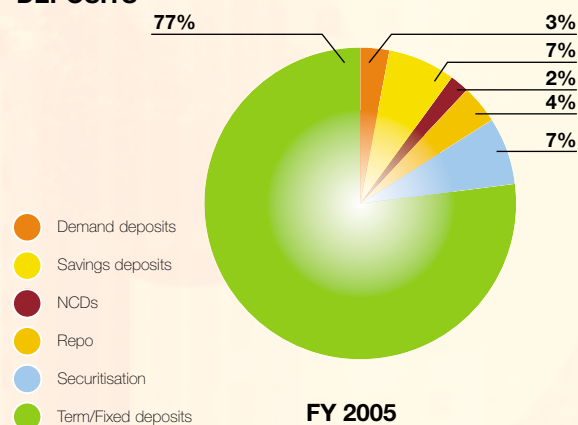
Volume

- Net loans and advances grew by RM1.7 billion (+4.3%). Although retail loans expanded by RM3.3 billion (+12.4%), however, this was offset by a reduction of RM1.5 billion in corporate loans, as the larger corporations continued to tap the capital markets.
- Deposits and borrowings grew by RM 1.4 billion, largely driven by deposits placed by individuals (+RM1.7 billion) and business enterprises (+RM77.3 million), but offset by lower Government deposits (-RM610.5 million).

Margins

Net interest margin contracted by 19 basis points to 3.08%, owing to intense competition in hire purchase and mortgage loans.

DEPOSITS

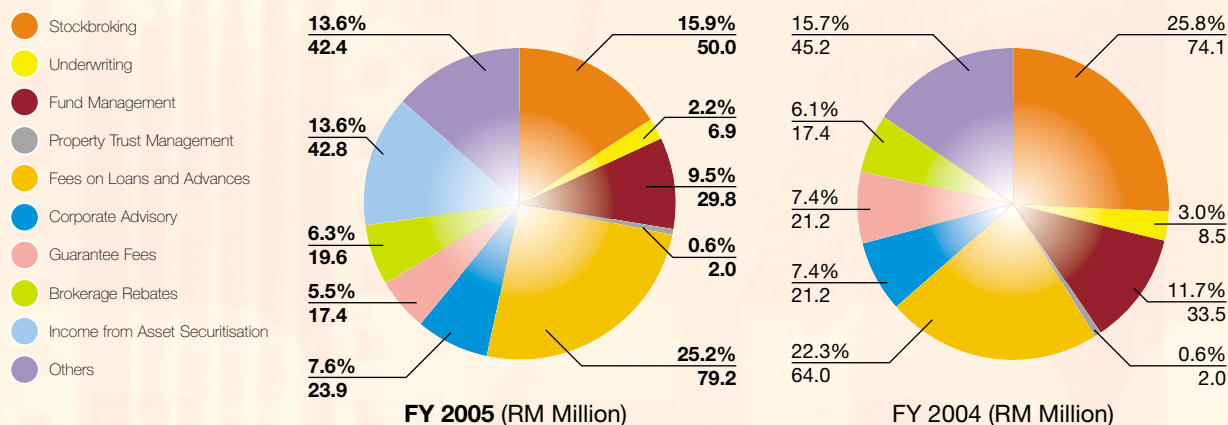


RM Billion	FY 2005	FY 2004	FY 2003
Net Loans	40.2	38.5	38.1
Net Loans growth	4.4%	1.0%	1.9%
Gross Loans growth	7.4%	0.2%	(1.6%)
Net Interest Margin	3.08%	3.27%	4.40%

DEPOSITS FROM CUSTOMERS

RM Billion	FY 2005	%	FY 2000	%
Individuals	18.2	52.9	5.9	33.9
Business Enterprises	11.9	34.8	7.1	40.8
Government	2.7	7.9	-	-
Others	1.5	4.4	4.4	25.3
Total	34.4	100.0	17.4	100.0
Net Interbank Lendings	7.6		0.2	
Loans to deposit ratio	86.4%		76.3%	

FEE AND OTHER OPERATING INCOME



Non-Interest Income Ratio – The Group has consistently achieved its target of non-interest income ratio of more than 30.0% for the last 3 years with the ratio improving to 36.3% (FY2004: 34.0%).

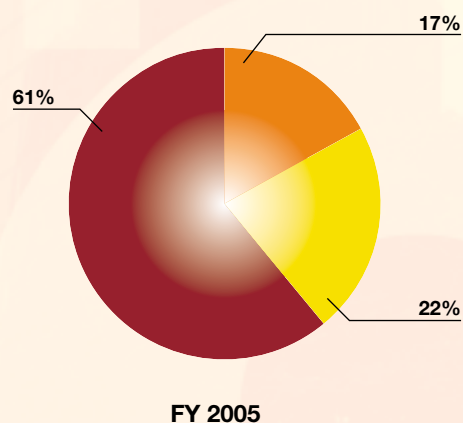
Premium income from the Group's insurance business accounted for 54.0% of total non-interest income and registered an increase of RM131.4 million (+29.5%), due to strong expansion of agency force and bundling of insurance with retail banking products.

Lending fees increased by RM15.2 million (+23.8%) driven by loans growth in retail banking and SME segments.

Non-lending fees increased by RM11.8 million contributed mainly by the investment banking business activities of corporate advisory, underwriting, and origination of corporate bonds.

Gains from trading of financial instruments increased by RM12.5 million (+19.4%) due to the higher trading activities in money market and corporate bonds. With lower volumes of trading on the Bursa securities, brokerage fees and commissions registered a decline of RM24.1 million (-32.5%).

TOTAL INCOME BY OPERATIONS

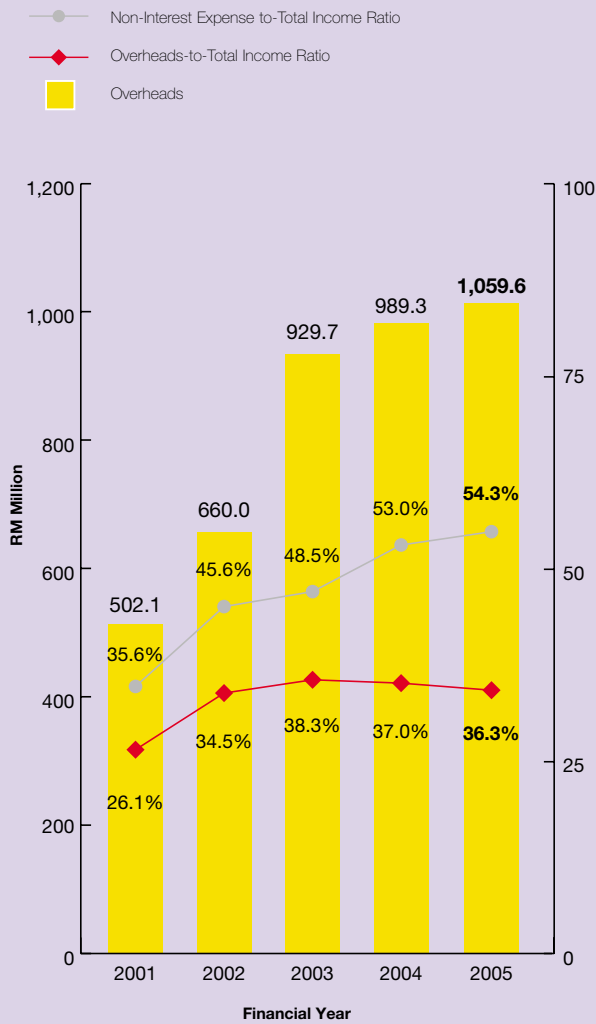


- Investment Banking
- Insurance
- Commercial and Retail Banking

NON-INTEREST INCOME

RM Million	FY 2005	FY 2004	Increase/decrease RM	%
Fee Income	314.0	287.0	27.0	9.4%
Investment and trading income	146.4	155.1	(8.7)	(5.6%)
Premium income from life and general insurance	577.2	445.8	131.4	29.5%
Capital gain arising from the receipt of shares in Bursa Malaysia Berhad	12.7	-	12.7	100.0%
Other income	19.1	19.9	(0.8)	(4.0%)
Non-interest income	1,069.4	907.8	161.6	17.8%

OVERHEADS TO TOTAL INCOME RATIO



Commitment 3: Improving Overheads to Total Income Ratio

Controlling costs and ensuring that we operate efficiently is one of the ways we maximise returns for shareholders. The cost to expenses ratio expresses the Group's expenses as a percentage of revenue and is one of the most widely used measures of efficiency in the banking industry.

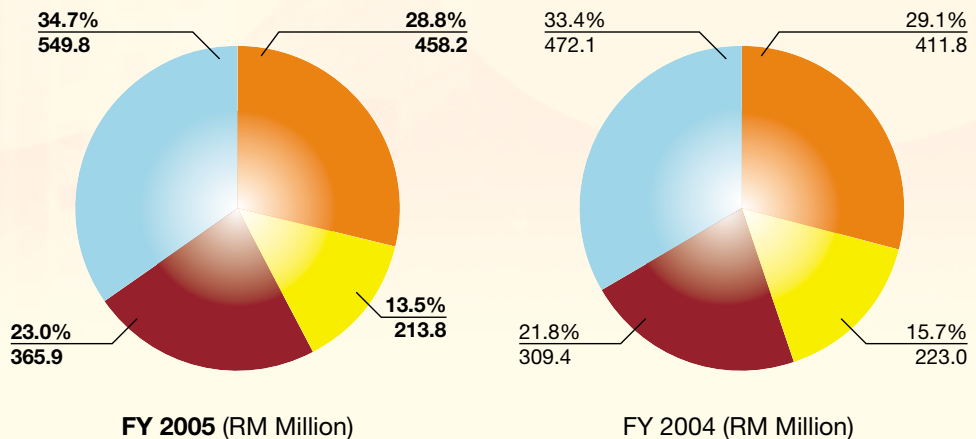
During the year, the overheads to total income ratio [excluding the insurance commissions, claims and transfer to actuarial reserves ("insurance business")] remained broadly stable at 36.3%. As the insurance company is in an accelerated growth phase, the non-interest expense ratio, which includes the insurance business, does not truly reflect the efficiency of the Group's banking business.

Operating expenses [excluding insurance business] increased by RM70.3 million (+7.1%) of which RM24.0 million was in relation to the merger integration between AmBank and AmFinance.

- Marketing and communication expenses rose by RM38.9 million (+16.7%) due to the significant increase in retail business volume.
 - hire purchase loans disbursements rose by RM1.7 billion as commissions of RM600 are paid to dealers for each vehicle financed.
 - acquisition cost of credit cards, as the number of credit cards in circulation jumped 61.6% from 223,800 cards as at March, 2004 to 361,700 cards in March 2005.
- Personnel expenses were RM46.4 million higher as a result of the annual salary increases together with the recruitment of 197 new skilled staff, as AmFinance was being transformed into a full fledged commercial bank.

NON-INTEREST EXPENSE

- Personnel
- Establishment
- Marketing and Communication
- Administration and General



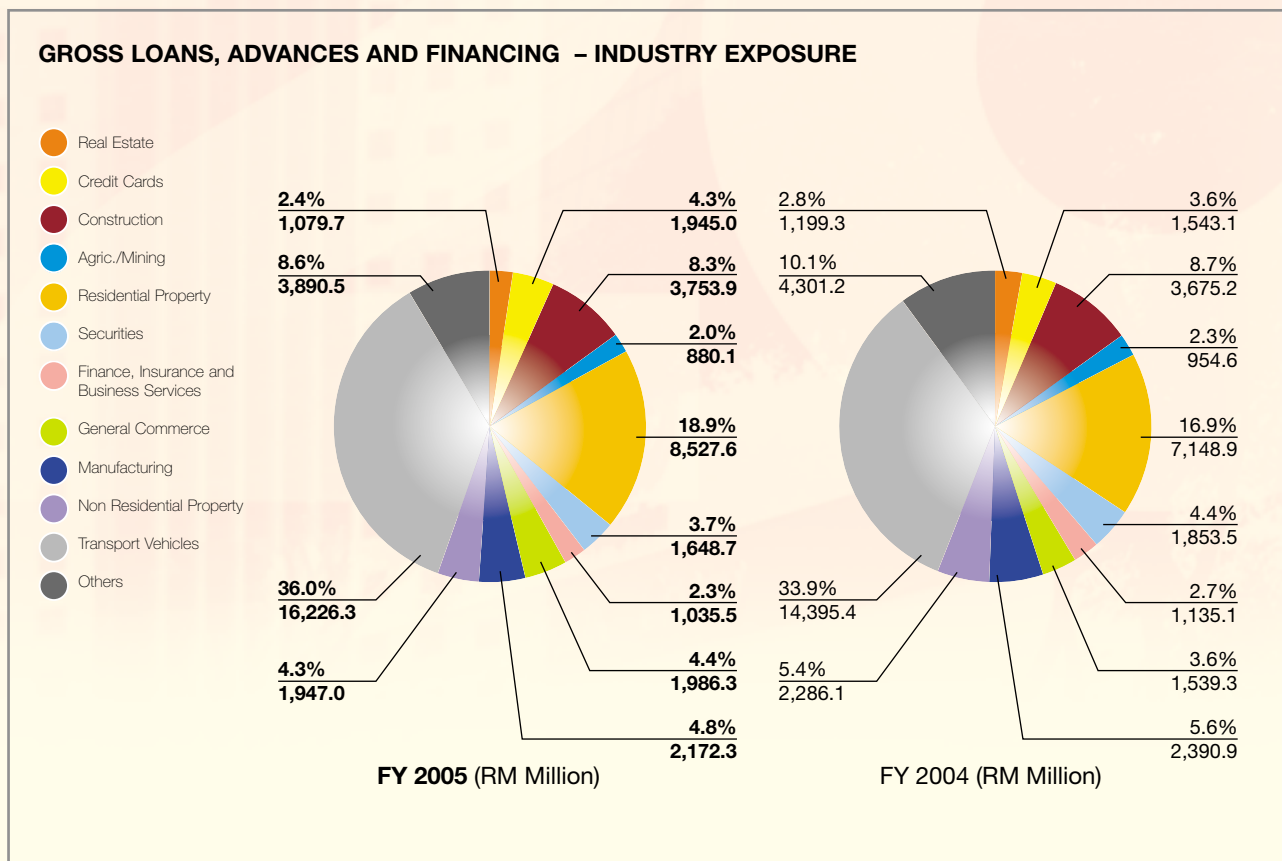
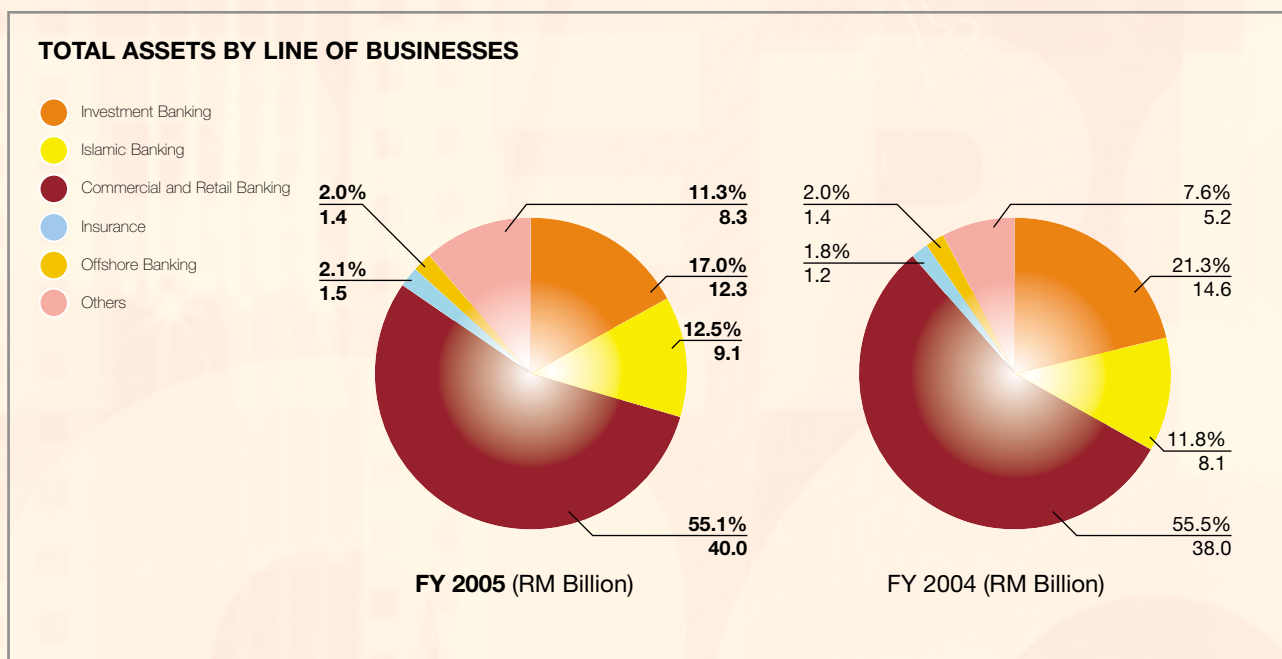
Commitment 4: Balance Sheet Growth

The Group is ranked as the fifth largest banking group in terms of total assets.

The increase in total assets to RM61.9 billion (FY2004: RM60.4 billion), was mainly attributed to the expansion of RM1.7 billion in total loans. Loans and advances comprise approximately 65.0% of the total assets, with another 12.6% being in the form of cash and short-term funds and dealing and investment securities accounting for 13.2%.

Earning assets, net of provisions for bad debts accounted for 92.4% of total assets as compared to 92.3% in FY2004.

In line with the growth in treasury activities, contra items increased by RM5.2 billion(+28.0%) in the form of interest rate swaps (+RM2.5 billion) and forward exchange contracts (+RM1.4 billion). Irrevocable commitments to extend credit stood at RM9.4 billion, and accounted for 39.1% of off balance sheet commitments.

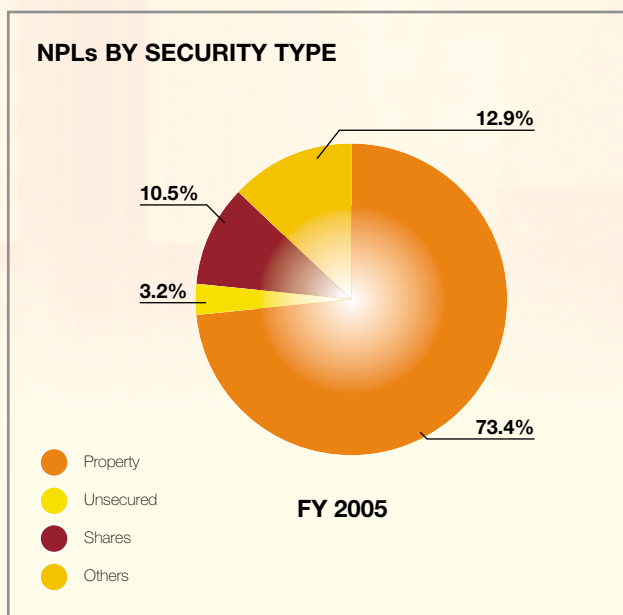
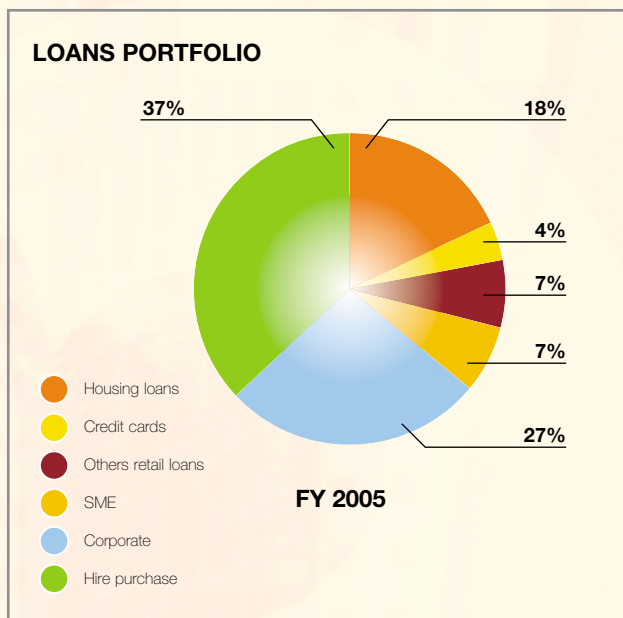


Objective II: Reduce Risk

Commitment 5: Reconfigure the Balance Sheet

As part of its risk reduction strategy, the Group has rebalanced both its loans portfolio as well as its funding structure.

- Retail lending at RM30.0 billion in March 2005, accounts for 68.0% of the total loans portfolio, in contrast to only 27.0% in 1999, due to strong demand over the last few years from consumers for the financing of motor vehicles, housing and credit card spending.
- In contrast, loans to the large corporations declined to RM11.7 billion as at March 2005 (FY2003: RM21.9 million), as corporates continued to take advantage of the low interest rate environment to tap the capital markets.
- Similarly, as 52.9% of funding is mobilised from retail deposits (33.9% in FY 2000), the Group has reduced reliance on volatile corporate deposits.



Objective III: Improve Asset Quality

Commitment 6: Reduce Non-Performing Loans

As interest margins continue to narrow due to intense competition, the Group recognises that proactive management and reduction of the absolute level of NPLs is critical to improve profitability.

Net NPLs ratio

The net NPLs ratio on a 3 months classification has declined from 21.8% in FY2002 to 13.8% in March 2005, and further to 11.8% as at June, 2005 due to:

- action steps taken by the Group Loan Rehabilitation Department to restructure and recover corporate NPLs.
- implementation of early collection strategies, which was possible after we have centralised retail collections and upgraded the call centre in December 2004.
- improved liquidity in both the property and equity markets has facilitated realisation of collaterals.

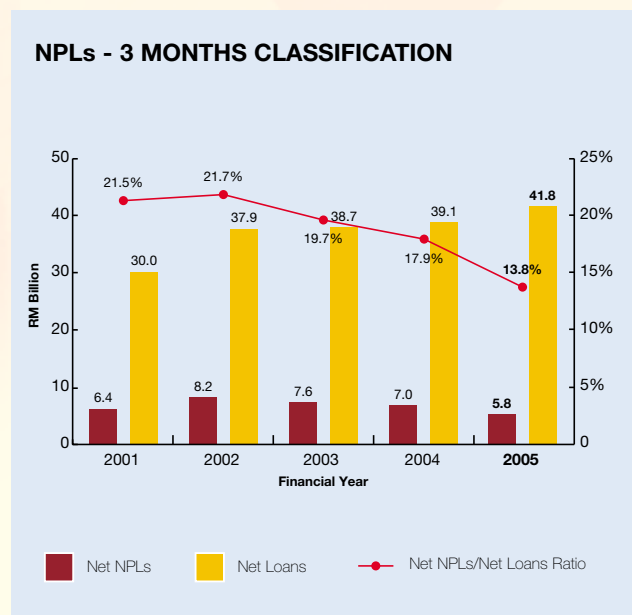
The net NPLs ratio is expected to decline below 10.0% by end-March, 2006.

Net Specific Provisions

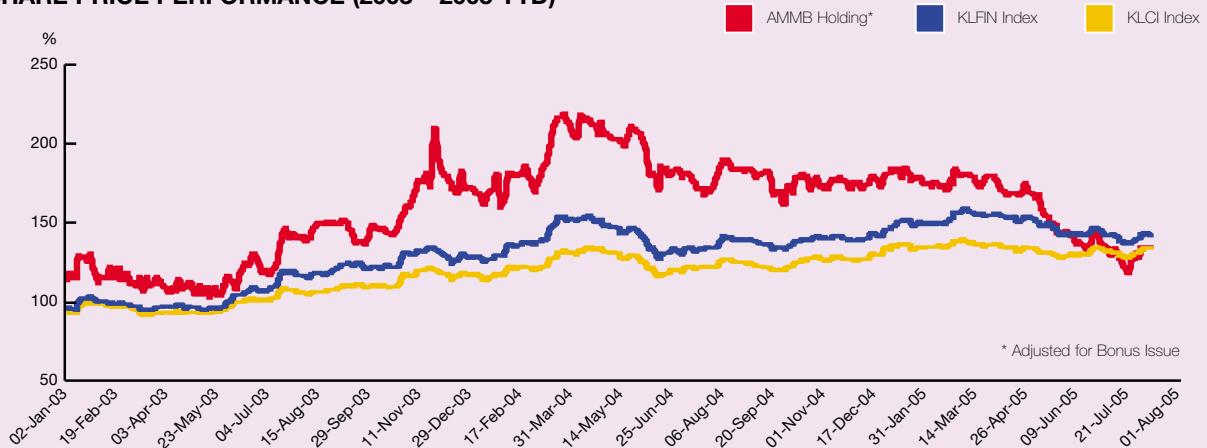
Reflecting the improvement in NPLs, the net specific provision ("NSP") charge was RM1.0 billion, a reduction of RM33.6 million, despite setting aside an additional RM244.7 million as no value is assigned for property collaterals in the event the loans are more than 7 years and beyond in arrears. As a percentage of net lending assets, NSP reduced to 256 basis points, down from 277 basis points in FY2004.

Collateral

The bulk of the NPLs are collateralised, and accordingly the loan loss coverage stood at 43.4% as at end-March, 2005.



SHARE PRICE PERFORMANCE (2003 – 2005 YTD)



Commitment 7: Mitigate Credit Risk

The Group has also taken proactive step to improve the quality of the overall credit portfolio with the implementation of credit rating and credit scoring systems.

The Group continues to diversify its loan portfolio across various types of customers and industries, in order to minimise the risk of concentration to construction sector (excluding housing) now accounts for 10.7% of total loans, as compared with 32.0% in 1999.

Objective IV: Strengthen Capital Position

Commitment 8: Capital Efficiency

We regard shareholders' capital as a scarce resource to be managed carefully and efficiently. A strong capital base is important in maintaining the confidence and trust of our customers and shareholders.

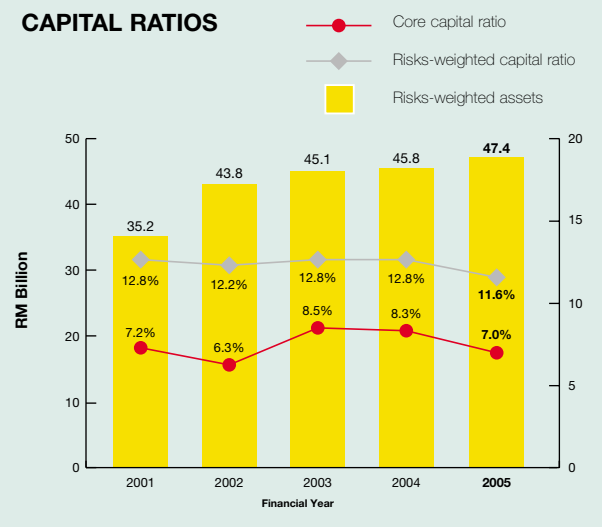
The Group's risk weighted capital ratio as at 31 March 2005 stood at 11.55%, with Tier-1 ratio at 6.98%; significantly above the minimum requirement of 8.0%.

In recent years, the Group has been progressively re-balancing its lending portfolio, by re-weighting the portfolio more heavily towards consumer lending, which is generally less capital intensive than corporate lending. This re-balancing has allowed us to reduce the amount of capital we are required to hold as a proportion of risk weighted assets.

In addition to retained earnings, some of the significant events affecting the Group's capital ratios during the year were:

- Risk weighted assets increased by RM1.6 billion during the year, due to the expansion in credit facilities and holdings of investment securities.
- AHB raised RM153.1 million in capital arising from the exercise of 69.9 million of warrants at an exercise price of RM2.19 per share; and a further RM30.5 million from the exercise of the ESOS.
- Goodwill of RM425.8 million arising from the privatisation of AMFB reduced the Group's Tier 1 capital.

CAPITAL RATIOS



Commitment 9: Shareholder Value

One way of measuring shareholder value is the Total Shareholder Return (TSR). TSR not only reflects the immediate return to shareholders by way of dividends, but also any change in the market's assessment of the long term value which the company is building, which will be seen as a change in the share price.

In FY2005 the Group paid a dividend rate of 4.0% or RM61.4 million, the same rate as in FY2004, and equivalent to 30.4% of net profits, as the Group had reinvested part of the profits to fund future growth of the operations.

Going forward, with improvements in the Group's capital adequacy ratio, the Board has adopted a policy of paying out at least 25.0% of net profits as dividends.

TSR in the year FY2005 was negative 29.6%, due to a decline in the share price, before adjusting for any effects from the corporate exercises. However, if an investor were to look at the share price of the ordinary shares of AMMB Holdings, taking into account the gain from other instruments (warrants B 2003/2008 and entitlement to subscribe to AmInvestment Group Berhad shares) issued by the Company, an investor who had invested since January 2003 would have realised significant capital appreciation of 27.6%, reflecting our commitment to delivery of growth.

Economic Review

Review and Outlook of the Malaysian Economy

Development in 2004

The Malaysian economy continued to strengthen with real GDP rising by 7.1% in 2004 from 5.4% in 2003. The stronger growth was propelled by both the domestic demand and exports. Against 6.1% in the previous year, domestic demand grew by 7.5% in 2004. Meanwhile, exports expanded faster by 16.3% as opposed to 5.7% in the previous year.

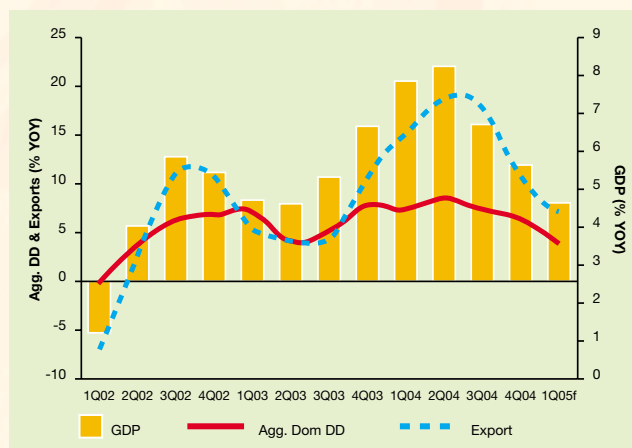
Demand Condition

The monetary policy continued to remain accommodative, helping the domestic demand to gain a greater strength in 2004. The aggregate domestic demand (excluding stocks) rose faster by 7.5% last year from 6.1% in 2003 on the back of stronger private consumption and investment, amidst slower public sector expenditure.

Against 5.5% in 2003, private sector expenditure registered a higher growth of 11.4% in 2004. On the other hand, growth in the public expenditure slowed to 0.8% (2003: 7.2%) following a 3.5% contraction in public investment arising from the Government's objective to further reduce its fiscal deficit. As a result, private sector expenditure contribution to the overall Gross Domestic Product (GDP) growth in 2004 had enlarged to 6.4 percentage points (pps) in 2004 from 3.1 pps in 2003. On the other hand, the public sector expenditure contribution to the overall GDP growth declined to 0.3 pp from 2.3 pps registered in the previous year.

Meanwhile, exports of goods and services had recorded a double-digit growth in 2004 on the back of larger earnings from both the manufactured goods and primary commodities. This was in response to improving global economic and trade environment as well as the upswing in the world electronic industry. Consequently, the contribution by exports to the overall GDP growth rose sharply to 17.7 pps from 6.2 pps in 2003. However, as imports rose faster than exports, the contribution by net exports to the overall GDP growth turned contractionary by 2.5 pps in 2004 as opposed to a positive 2.0 pps in 2003.

Chart 1: GDP, Agg. Dom. DD & Exports (% YOY)



Source: Department of Statistics, AmSecurities forecast

Table 1: Real GDP By Demand Aggregate

% Change	2000	2001	2002	2003	2004	2005f
Consumption	10.5	5.4	6.1	7.8	9.5	7.9
Public	1.6	17.3	11.9	11.5	6.0	2.7
Private	13.0	2.4	4.4	6.6	10.5	9.4
Investment (ex-stocks)	25.7	-2.8	0.3	2.7	3.1	1.7
Public	19.4	14.5	11.2	3.9	-3.5	-5.1
Private	32.6	-19.9	-15.1	0.4	15.8	12.5
Agg. Dom. Demand	15.5	2.5	3.9	6.1	7.5	6.0
Public	11.2	15.7	10.9	7.2	0.8	-1.4
Private	17.5	-3.3	0.3	5.5	11.4	10.0
Exports	16.1	-7.5	4.5	5.7	16.3	9.9
Imports	24.4	-8.6	6.3	4.2	20.7	8.3
Real GDP	8.9	0.3	4.4	5.4	7.1	5.5

Source: Department of Statistics

f: AmSecurities forecast

Table 2: Contribution To Growth By Demand Aggregate

Percentage Points	2000	2001	2002	2003	2004	2005f
Consumption	5.9	3.0	3.6	4.5	5.7	5.0
Public	0.2	2.0	1.6	1.4	1.0	0.4
Private	5.7	1.1	2.0	3.1	4.7	4.6
Investment (ex-stocks)	6.9	-0.9	0.1	0.8	0.9	0.5
Public	2.7	2.2	2.0	0.7	-0.6	-0.8
Private	4.1	-3.1	-1.9	0.0	1.5	1.3
Stocks	1.1	-2.2	1.7	-1.9	2.9	-2.4
Agg. Dom. Demand	12.7	2.2	3.7	5.3	6.6	5.4
Public	2.9	4.2	3.3	2.3	0.3	-0.4
Private	9.8	-2.0	0.2	3.1	6.4	5.9
Exports	17.6	-8.8	4.8	6.2	17.7	11.6
Imports	22.6	-9.1	6.1	4.2	20.1	9.1
Net Exports	-5.0	0.3	-1.3	2.0	-2.5	2.5
Real GDP	8.9	0.3	4.4	5.3	7.1	5.5

Source: Department of Statistics

f: AmSecurities forecast

Supply Condition

With the exception of construction, all sectors of the economy chartered growth in 2004 on the back of favourable domestic and external demand condition. Both the manufacturing and services sectors remained as the pillar of the economy and chartered stronger growth of 9.8% and 6.8% respectively in 2004 compared with 8.4% and 4.5% in 2003. Meanwhile, agriculture and mining grew by 5.0% and 3.9% respectively, slower when compared with the 5.6% and 5.8% chartered in 2003. Nonetheless, the construction industry contracted by 1.5% largely impacted by lower public investment.

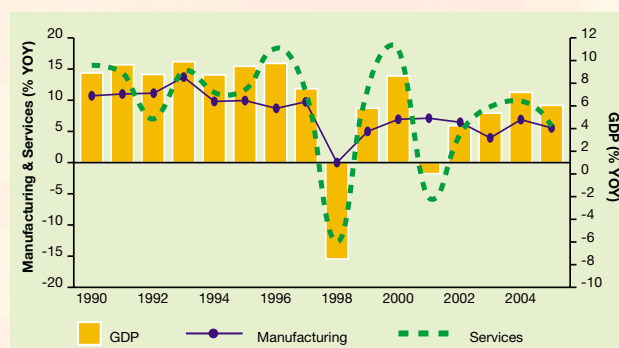
With the exception of construction sector, all sectors had contributed positively to the overall GDP growth in 2004. While manufacturing and services sectors contributed 3.0 pps and 3.9 pps, mining and agriculture contributed 0.3 pp and 0.4 pp respectively. On the other hand, the contribution by construction sector remained at 0.0 pp.

External Trade and Current Account

Malaysia's external trade had shown a remarkable performance in 2004, arising from better global economic and trade environment. Consequently, the current account recorded a larger surplus of RM56.5 billion or 13.3% of Gross National Product (GNP) last year against RM50.6 billion or 13.6% of GNP in 2003. This was sustained by the large trade surplus of RM80.7 billion (2003: RM81.1 billion) and a smaller deficit in the services account of RM8.8 billion (2003: RM15.3 billion).

The stronger export growth was underpinned by the upswing in the global demand for electronics and expansion in most commodity exports. Gross exports had risen by 20.5% to RM480.7 billion last year from 11.6% to RM398.9 billion in 2003. While imports also expanded further at 25.9% to RM400.1 billion against 4.8% to RM317.7 billion. Meanwhile, the substantial decline in the services account deficit mirrored a significant improvement in the travel receipts (RM19.4 billion) following higher tourist arrivals in 2004. However, the deficit in the income account had widened to RM24.5 billion from RM22.5 billion in 2003 following higher profit and dividend outflows. The transfer outflows had also increased in 2004 arising from remittances made by foreign workers.

Chart 2: GDP Manufacturing & Services (%YOY)



Source: Department of Statistics

Table 3: Real GDP By Sector

% Change	2000	2001	2002	2003	2004	2005f
Agriculture	6.0	-0.6	2.6	5.6	5.0	3.4
Mining	0.3	-1.5	4.0	5.8	3.9	4.6
Manufacturing	18.3	-5.9	4.1	8.4	9.8	5.8
Construction	0.6	2.1	2.3	1.5	-1.5	-1.3
Services	6.7	6.0	6.4	4.5	6.8	5.7
Real GDP	8.9	0.3	4.1	5.4	7.1	5.5

Source: Department of Statistics

f: AmSecurities forecast

Table 4: Contribution To Growth By Sector

Percentage Points	2000	2001	2002	2003	2004	2005f
Agriculture	0.6	-0.1	0.2	0.5	0.4	0.3
Mining	0.0	-0.1	0.3	0.4	0.3	0.3
Manufacturing	5.4	-1.9	1.2	2.5	3.0	1.8
Construction	0.0	0.1	0.1	0.0	0.0	0.0
Services	3.7	3.2	3.6	2.6	3.9	3.3
Other Items	-0.8	-0.9	-1.3	-0.7	-0.5	-0.2
Real GDP	8.9	0.3	4.1	5.4	7.1	5.5

Source: Department of Statistics

f: AmSecurities forecast

Table 5: Balance Of Payments

RM Billion	2001	2002	2003	2004	2005f
Current Acc. Bal	27.7	30.5	50.6	56.5	69.5
% of GNP	9.0	9.1	13.6	13.3	14.9
Merchandise Balance	69.9	72.1	97.7	104.5	116.9
Services Balance	-8.4	-6.0	-15.3	-8.8	-8.6
Income Balance	-25.6	-25.1	-22.5	-24.5	-24.9
Net Transfer	-8.2	-10.6	-9.3	-14.6	-13.8
Real GDP (% YoY)	0.3	4.1	5.3	7.1	5.5

Source: Department of Statistics

f: AmSecurities forecast

Financial Account and External Reserves

The financial account of the balance of payments had turned around in 2004 with a large surplus of RM15.1 billion as compared with a deficit of RM12.1 billion in 2003. The large surplus was attributed to higher net inflow of foreign direct investment (FDI) of RM9.7 billion against RM4.2 billion in 2003 as well as a surge in portfolio funds of RM33.0 billion (2003: RM4.2 billion). The surge in portfolio investment was due primarily to anticipation of the Ringgit revaluation arising from the weakening of the US dollar as well as the prospect of China's Yuan revaluation.

The higher FDI in 2004 was channelled to sectors such as services, manufacturing, oil and gas. The services sector was the major recipient of new FDI particularly in new growth areas such as the business support and shared services. The sector witnessed significant inflows of FDI in the financing, insurance, real estate and business services.

Consequently, the international reserves of Bank Negara Malaysia (BNM) strengthened to a record level of RM253.5 billion (US\$66.7 billion) as at end of December 2004 as compared with RM170.6 billion (US\$44.9 billion) as at end of December 2003. The reserves position was adequate to finance 8.2 months of retained imports and covered 6.1 times the country's short-term external debt.

Meanwhile, the country's total external debt had increased to RM197.3 billion (US\$51.9 billion) last year from RM186.7 billion (US\$49.1 billion) in 2003. However, as a ratio to GNP it had reduced to 46.6% from 50.2% in 2003. The increase in external debt resulted from an accumulation of short-term debt by the banking sector. Nevertheless, the share of short-term debt to total debt remained low accounting for 21.8% of total external debt. The overall debt service ratio declined to 4.3% in 2004 from 6.2% in 2003.

Prospects in 2005

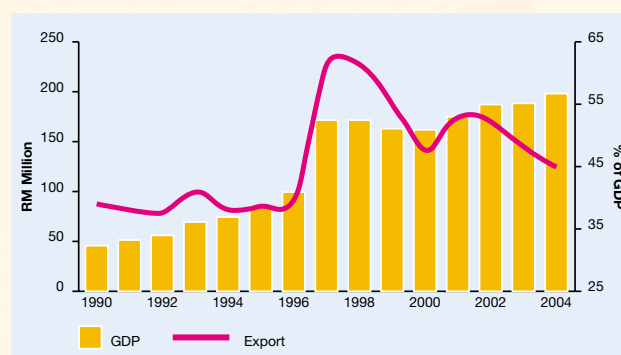
According to International Monetary Fund (IMF) the global economy is expected to be less favourable in 2005 as growth is set to moderate to 4.3% from 5.1% in 2004. Major economies such as the US, Japan and the EU are witnessing deceleration in economic activities. Growth in the US economy is expected to be modest with real GDP increasing by 3.5% from 4.1% in 2004. As interest rates will continue to increase at measurable level this year, business investment and consumer spending in the US are expected to moderate, thus help reduce the current account deficit.

As in the case of Japan, the expected slowdown in external and domestic demand as well as volatile oil prices are short-term downside risks that would drag its

Table 6: Capital Accounts Of Balance Of Payments

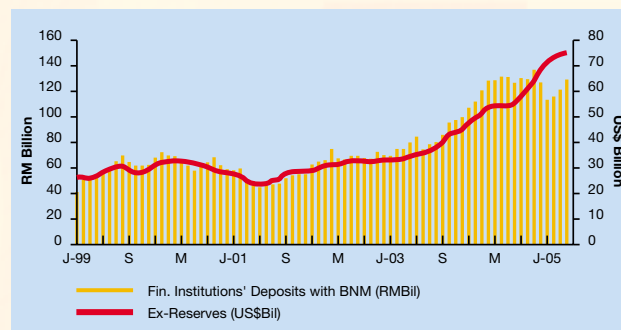
RM Billion	2000	2001	2002	2003	2004	2005f
CAPITAL ACC:						
Direct Investment	6.7	1.1	4.9	4.2	9.7	6.4
Portfolio Investment	-9.4	-2.5	-6.5	4.2	33.0	7.0
Other Investment	-21.1	-13.4	-10.4	-20.5	-28.9	-15.7
Official	3.9	7.1	4.7	-11.2	-1.1	-9.9
Private	-25.1	-20.5	-15.1	-9.3	-27.3	-5.9
Financial Acct.	-23.8	-14.8	-11.9	-12.1	15.1	-2.3
E & O	-11.8	-9.2	-4.4	0.4	11.5	1.3
Overall Balance	-3.4	3.7	14.2	39.1	83.0	68.4

Chart 3: External Debt And Ratio To GDP



Source: Department of Statistics

Chart 4: Ext. Reserves And Fin. Inst Deposit With BNM



Source: Bank Negara Malaysia

economic growth in 2005. The economy is projected to chart growth of 0.8% slower compared with 2.6% registered in 2004.

Meanwhile, Euro Zone's growth performance in 2005 is expected to remain uneven as stronger domestic demand in France and Spain will be offset by weaker domestic demand in Germany and Italy. The strong appreciation of the Euro would also impact economies such as Germany and France, which are dependent on exports. Overall, growth for the Euro Zone may slow to 1.6% in 2005 from 2.0% in 2004.

Growth in the East Asian economies is projected at around 6.7% in 2005 compared with 7.8% in 2004. While China would remain the driver of growth for the region projected at 8.5%, growth in other economies would vary between countries, depending on their exposure to the downturn in the global electronic cycle and the impact of higher oil prices.

Given the global economic scenario, Malaysia is also expected to chart a slower but respectable growth of 5.5% in 2005 compared with the 7.1% in 2004. The slower growth projection is to reflect the impact of slower external demand particularly for electronic and electrical products.

Demand Condition

Domestic demand would continue to pillar economic growth in 2005 and to be driven by the private sector. However, growth in the domestic demand will be slower at 6.0% compared with 7.5% in 2004 resulting from a contraction in public spending.

At the same time, private spending in 2005 would continue to expand but at the moderate pace of 10.0%. Both the consumption and investment spending are projected to chart a slower growth of 9.4% and 12.5% respectively in 2005 from 10.5% and 15.8% in 2004. Consequently, private spending contribution to the overall real GDP growth is expected to decline to 5.9 pps this year from 6.4 pps in 2004. Meanwhile, public spending contribution is projected to record a contraction of 0.4 pp from a positive 0.3 pp in 2004 largely following a 5.1% contraction in public investment.

Exports are also projected to grow moderately at 9.9% in 2005 from 16.3% in 2004, reflecting a slowdown in external demand. Subsequently, the contribution by exports to the overall GDP growth in 2005 is projected to decrease to 11.6 pps from 17.7 pps in 2004. Nevertheless, as imports may experience a slower growth of 8.3% (2004: 20.7%), the contribution by net exports to the overall GDP growth may revert to a positive 2.5 pps compared with -2.5 pps in 2004.

Supply Condition

On the supply side, both the manufacturing and services are again expected to be on the forefront to drive the overall GDP growth in 2005. While the manufacturing sector would be affected by weaker performance of the electrical and electronics sub-sector arising from slower external demand, it is expected to chart a respectable growth of 5.8% (2004: 9.8%) in 2005.

On the other hand, the services sector is projected to grow at 5.7% (2004: 6.8%) to be supported largely by consumer spending. The services sub-sectors that are expected to record growth include hotel, retail and wholesale. A sustainable growth in tourist arrivals would also boost growth in the hotel and retail sub-sectors.

The construction sector is projected to record a further fall of 1.3% in 2005 largely on account of declining public investment. This is attributed to the Government's decision to further reduce its development expenditure. However, the sector would be supported by expansion in the property sector, particularly residential property. Easy access and attractive cost of financing would help boost growth in the property sector.

Meanwhile, growth in the agriculture sector is expected to be at 3.4% in 2005 as compared with 5.0% in the preceding year. This is underpinned by a sustained increase in palm oil production, which will continue to be the major contributor to the total agriculture exports.

Growth in the mining sector is projected at 4.6% on account of sustained growth in the output of crude oil and gas in tandem with the strong global demand and better prices.

External Balance and Monetary Policy

Malaysia's external balance position is likely to remain strong in 2005. The merchandise account may record a larger surplus of RM116.9 billion compared with RM104.5 billion in 2004, as exports continue to outpace imports. The surplus in the merchandise account will be more than sufficient to accommodate the projected deficit in the services account (RM8.6 billion), income account (RM24.9 billion) as well as deficit in the transfer account (RM13.8 billion). As a result, the current account is projected to chart a larger surplus of RM69.5 billion or 14.9% of GNP in 2005 compared with RM56.5 billion or 13.3% of GNP in 2004. The enlarged surplus in the current account balance reflects the widening of resource or savings-investment balance in the economy.

On the other hand, the financial account position in 2005 may show a small deficit of RM2.3 billion from a surplus position of RM15.1 billion in 2004. This is on account of a smaller portfolio inflow and larger repayment of external loans especially from the public sector. However, as the





surplus in the current account is expected to be higher, the overall balance may continue to record a large surplus of RM68.4 billion (2004: RM83.0 billion) in 2005. This would result in the external reserves to rise to RM322.0 billion or US\$84.7 billion by the end of 2005. As at end July, Malaysia's external reserves had surged to RM298.7 billion or US\$78.7 billion, which was RM45.2 billion or US\$11.9 billion higher compared with the level recorded at end of December 2004.

The higher external reserves inevitably would trigger a further expansion in liquidity. In the first six months of this year, the private sector liquidity as measured by the broad money (M3) had expanded by RM34.7 billion or 5.6% after recording a growth of RM68.0 billion or 12.4% for the whole of 2004. The build-up of larger excess liquidity therefore resulted in more intervention by the Central Bank in the money market to stabilise interest rates.

Bank Negara Malaysia on 21 July 2005 had announced the decision to replace the Ringgit fixed exchange rate policy against the US dollar with managed float against a basket of currencies following China's decision to let the Yuan fluctuate versus a basket of currencies. As a result, capital inflow may increase in the remaining months of 2005 following improvement in investor confidence.

Generally, the monetary policy stance remains accommodative in 2005, while the Government continues to undertake fiscal consolidation.

However, improvement in growth performance may shift the monetary policy to managing inflation. In the first half of this year, Malaysia's inflation rate had averaged 2.7% compared with 1.0% in the same period a year ago. In June, the inflation rate had reached 3.2%, the highest since March 1999 (3.2%).

The strengthening of the Ringgit would help moderate the cost of imports, but the consumer price index may continue to rise above 3.0% during the second half particularly in response to higher fuel and energy cost, amidst rising food prices. However, this would not call for a major shift in the interest rate level as the higher inflation is not caused by demand pressures.

Interest rates would remain generally low till the end of this year to support private sector activity and overall growth, amidst flush liquidity condition. The benchmark overnight policy rate (OPR) would likely stay at the 2.7% level perhaps until the third quarter, suggesting the bank's base lending rate (BLR) would also remain unchanged during the period.

The OPR may rise to 3.0% by the end of 2005, but to be below the US Federal fund rate by 1.0% should the US short-term rate continues to be raised to 4.0% to contain inflation. This negative differential may narrow in 2006 as interest rate may be adjusted further as growth of the domestic economy continues to strengthen. Real GDP is forecast to rise to 6.0% in 2006 on account of a better external demand condition. The firming up of domestic spending would also help the economy to chart a higher growth in 2006.

Conclusion

The Malaysian economy had performed remarkably stronger in 2004 and this has provided a firmer platform for the economy to expand further in 2005. Despite a slowdown in the global economy, the Malaysian economy is expected to chart a favourable growth of 5.5% in 2005 and to be driven by the private sector. As the fiscal policy demands for a consolidation, the monetary policy stance would have to remain accommodative to support the economy. In this regard, interest rate would stay low although rising inflation demands for some rate increases. The economy may show a better growth of 6.0% in 2006, which allows for a gradual tightening of monetary policy and interest rates.

Group Financial Highlights

	YEAR ENDED 31 MARCH				HALF-YEAR ENDED 30 SEPTEMBER			
	RM Million		Growth Rate +/(-)%		RM Million		Growth Rate +/(-)%	
	2005	2004	2005	2004	2004	2003	2004	2003
Operating revenue [®]	4,639.4	4,421.8	4.9	4.5	2,220.3	2,132.0	4.1	6.0
Operating profit before loan and financing loss and allowances [®]	1,260.2	1,208.2	4.3	(3.5)	518.1	575.7	(10.0)	12.7
Loan and financing loss and allowances	770.5	865.6	(11.0)	(2.4)	262.4	437.2	(40.0)	32.5
Profit before tax and after share in result of associated companies [®]	489.7	342.6	42.9	(5.9)	255.7	138.5	84.6	(23.4)
Profit after tax and minority interests [®]	201.9	215.0	(6.1)	(12.4)	110.2	154.3	(28.6)	9.9
Total assets [®]	61,885.0	60,362.4	2.5	3.0	60,117.0	58,913.0	2.0	6.2
Loans, advances and financing (net) [®]	40,220.9	38,545.0	4.3	1.3	39,143.7	39,290.0	(0.4)	2.9
Deposits and borrowings	54,218.9	52,872.0	2.5	0.6	52,438.6	52,207.2	0.4	5.2
Commitments and contingencies	23,944.9	18,708.7	28.0	17.4	21,167.8	18,705.7	13.2	(9.2)
Shareholders' funds [®]	4,784.2	4,028.5	18.8	18.7	4,103.3	3,533.8	16.1	6.4
Pre-tax return on average shareholders' funds (%) [^]	7.0	4.8	46.0	(44.1)	9.1 **	3.5 **	>100.0	(65.2)
Pre-tax return on average total assets (%)	0.8	0.6	39.1	(9.9)	0.8 **	0.5 **	80.1	(27.8)
Basic earnings per share [®]								
-gross (sen)	16.3	11.1	47.1	(34.7)	19.8 **	8.0 ***	>100.0	(61.1)
-net (sen)	10.7	13.4	(20.3)	(19.3)	11.8 **	20.5 ***	(42.4)	4.8
Fully diluted earnings per share [®]								
-gross (sen)	16.1	10.5	53.9	(38.5)	19.1 **	7.7 ***	>100.0	(62.1)
-net (sen)	10.6	12.7	(16.6)	(24.0)	11.4 **	19.9 ***	(42.7)	2.1
Gross dividend per share	4.0	4.0	-	21.2	-	-	-	-
Net dividend cover (No. of times)	3.3	4.0	(18.0)	(41.0)	-	-	-	-
Net tangible assets per share (RM) [®]	2.00	2.02	(0.8)	(2.2)	2.05	2.15 #	(4.7)	7.1
Overheads to total income (%)	36.3	37.0	(2.1)	(3.2)	35.5	35.1	0.9	(18.4)
Number of employees	8,973	8,776	2.2	5.9	8,990	8,367	7.4	4.5
Assets per employee (RM Million)	6.9	6.9	0.3	(2.8)	6.7	7.0	(5.0)	1.7
Pre-tax profit per employee (RM'000)	54.6	39.0	39.8	(11.2)	56.9 **	33.1 **	71.8	(26.7)

Refer to page 91 for the explanation of legend.

Five-Year Group Financial Review

	FINANCIAL YEAR ENDED 31 MARCH				
	2005	2004	2003	2002	2001
1 REVENUE (RM MILLION)					
i Operating revenue [®]	4,639.4	4,421.8	4,232.1	3,434.6	3,391.2
ii Operating profit before loan and financing loss and allowances [®]	1,260.2	1,208.2	1,251.5	945.2	1,222.7
iii Loan and financing loss and allowances	770.5	865.6	887.3	467.1	511.8
iv Profit before tax and after share in results of associated companies [®]	489.7	342.6	364.2	478.1	710.9
v Profit after tax and minority interests [®]	201.9	215.0	245.5	218.4	400.2
2 BALANCE SHEET (RM MILLION)					
Assets					
i Total assets [®]	61,885.0	60,362.4	58,611.9	55,339.3	44,086.0 *
ii Loans, advances and financing (net) [®]	40,220.9	38,545.0	38,060.4	37,290.9	29,328.7 *
Liabilities and Shareholders' Funds					
i Deposits and borrowings	54,218.9	52,872.0	52,536.4	49,574.5	39,230.5 *
ii Paid-up share capital	2,130.5	1,858.8	1,502.6 #	1,375.4 #	1,337.4 #
iii Shareholders' funds [®]	4,784.2	4,028.5	3,393.4	2,593.6	2,320.6
Commitments and Contingencies	23,944.9	18,708.7	15,941.2	18,506.9	15,061.5 *
3 PER SHARE (SEN)					
i Basic gross earnings [®]	16.3	11.1	17.0 #	25.5 #	41.2 #
ii Basic net earnings [®]	10.7	13.4	16.7 #	16.1 #	30.0 #
iii Fully diluted gross earnings [®]	16.1	10.5	17.0 #	25.2 #	40.8 #
iv Fully diluted net earnings [®]	10.6	12.7	16.6 #	15.9 #	29.7 #
v Net tangible assets [®]	200.0	201.6	206.2 #	168.6 #	160.5 #
vi Gross dividend	4.0	4.0	3.3 #	3.3 #	3.3 #
4 FINANCIAL RATIOS (%)					
i Pre-tax return on average shareholders' funds [^]	7.0	4.8	8.6	14.1	25.8
ii Pre-tax return on average total assets	0.8	0.6	0.6	1.0	1.7
iii Loans, advances and financing to deposits and borrowings	74.2	72.9	72.4	75.2	74.8
iv Overheads to total income	36.3	37.0	38.3	34.5	26.1
5 SHARE PRICE (RM)					
i High	2.83	4.22	4.16 #	3.80 #	5.40 #
ii Low	3.92	1.84	2.09 #	1.52 #	1.96 #
iii As at 31 March	2.81	4.00	2.16 #	3.50 #	1.96 #

** Annualised

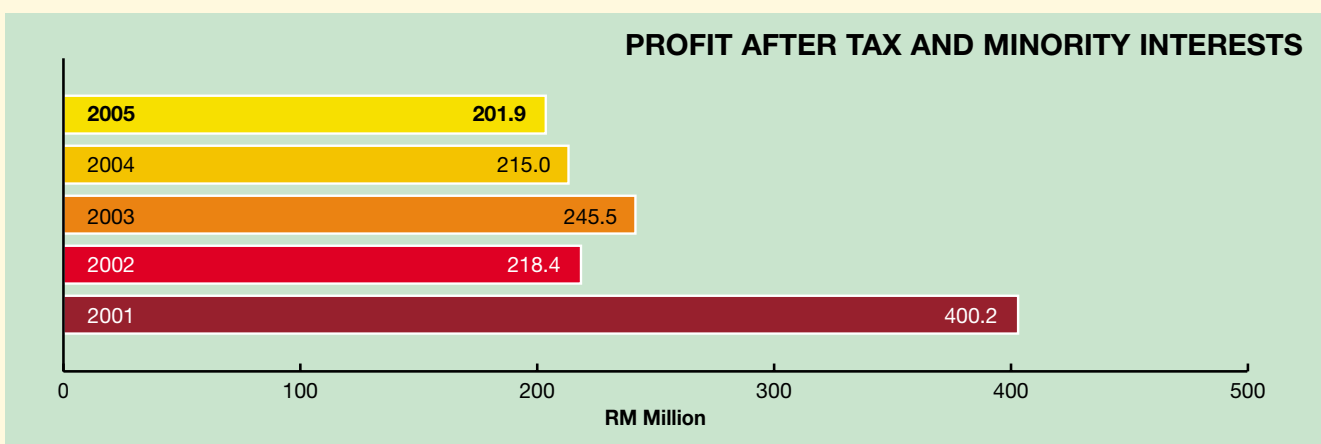
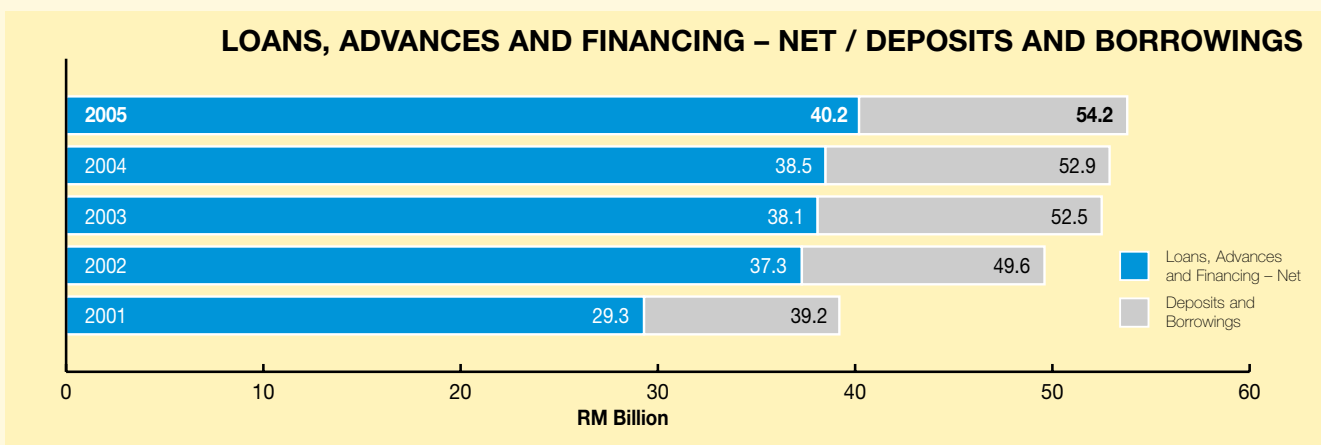
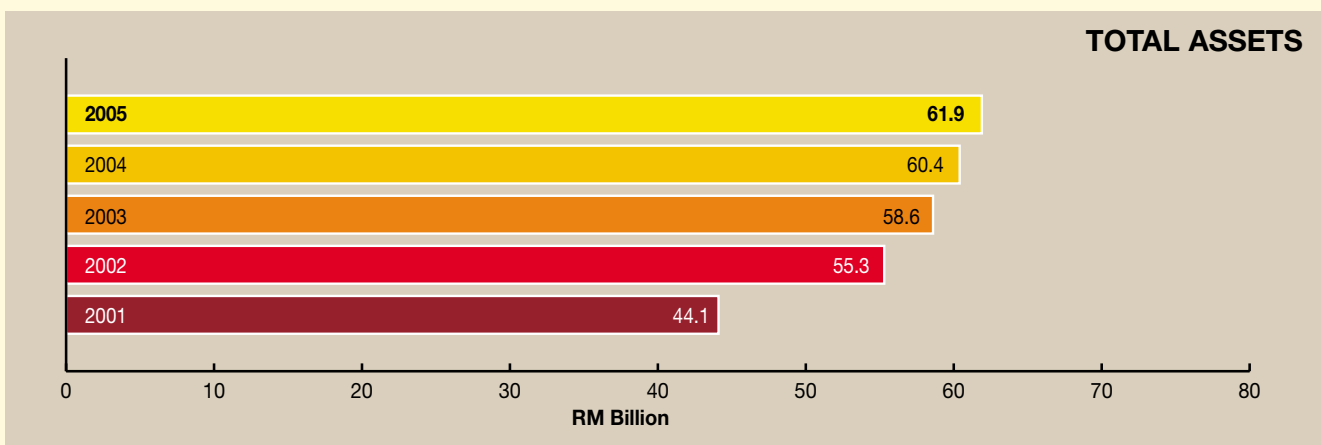
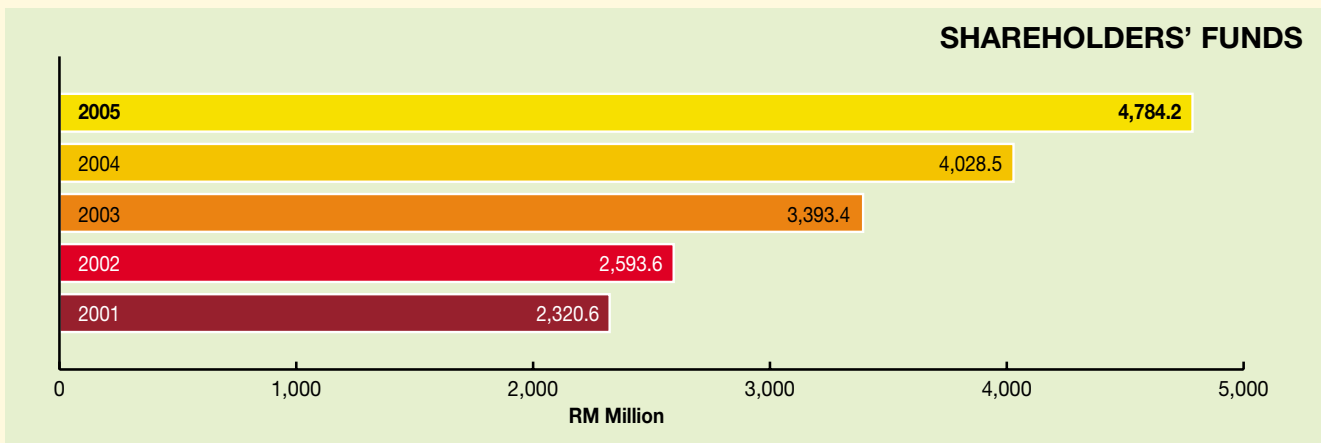
[^] Adjusted for minority interests

Adjusted for bonus issue

[®] After adjusting for the adoption of Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions dated 5 October 2004 on the accounting treatment of charging handling fees paid to motor vehicle dealers for hire purchase loans in the period that it was incurred to the income statement and 3-month classification of non-performing loans from the previous 6-month classification, which have been applied retrospectively

* Adjusted for loans sold to Cagamas Berhad (excluding Islamic financing)

Five-Year Group Financial Review





Financial Statements

Expressed in Ringgit Malaysia
For The Year Ended 31 March 2005

AmBank Group

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of AMMB HOLDINGS BERHAD for the financial year ended 31 March 2005.

Principal Activities

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

The subsidiary companies, as listed in Note 13 to the financial statements, provide a wide range of investment banking, commercial banking, retail financing and related financial services which also include the Islamic Banking business, underwriting of general and life insurance, stock and share-broking, futures broking, investment advisory and asset, property and unit trusts management.

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

Significant Events

(a) On 27 February 2004 and 31 May 2004, the Company announced the following proposals:

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

The Company had also received the approval from the Securities Commission ("SC") via its letter dated 31 January 2005 for the purchase consideration for the AMFB Privatisation amounting to RM1,360,280,959 or RM7.20 per AMFB Minority Share to be satisfied as follows:-

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

On 17 March 2005, the AMFB Privatisation was completed following the listing of and quotation of the 188,927,911 Company Shares issued to the minority shareholders of AMFB, and AMFB become a wholly-owned subsidiary of the Company.

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

- (ii) The listing of the Company's investment banking group, via a newly incorporated company AmInvestment Group Berhad ("AIGB"), on the Main Board of the Bursa Securities ("Listing Scheme"), comprising the following:
 - (a) The incorporation of AIGB, completed on 23 June 2004 as a wholly-owned subsidiary company of the Company, to act as the holding company/listing vehicle of the Company's investment banking group;
 - (b) An internal reorganisation ("Internal Reorganisation") involving the transfer of the Company's 100% equity interest in AmMerchant Bank Berhad ("AmMerchant Bank") for a consideration of RM1,109,442,000 wholly satisfied through the issuance of 1,109,441,998 new ordinary shares of RM1.00 each in AIGB ("Transfer of AmMerchant Bank"), and 100% equity interest in AmSecurities Holding Sdn Bhd ("AMSH") for a consideration of RM214,400,000 to be wholly satisfied by AIGB in cash ("Transfer of AMSH"), prior to the completion of which AmMerchant Bank and AMSH had separately declared dividends to the Company amounting to RM249,840,000 in aggregate;
 - (c) The issue/offer of 646,800,000 Shares comprising 210,558,000 new Shares and 436,242,000 existing Shares, as follows:-
 - (a) 488,400,000 Shares allocated to shareholders of the Company, by way of:-
 - (i) A renounceable restricted offer for sale of 330,278,078 Shares by the Company to the entitled shareholders of the Company; and
 - (ii) A restricted issue of 158,121,922 new Shares to Tan Sri Dato' Azman Hashim and his related companies in direct proportion to their shareholdings in the Company.

Directors' Report (cont'd)

- (b) 39,600,000 Shares allocated by way of a restricted offer for sale by the Company to eligible directors and employees of AIGB and/or its Malaysian-incorporated subsidiary and associated companies, eligible directors of the Company and business associates of the Company, which includes persons who have contributed to the success of the Group; and
- (c) 118,800,000 Shares allocated to Tan Sri Dato' Azman Hashim as an approved Bumiputera investor, by way of:-
 - (i) An offer for sale of 66,363,922 Shares by the Company; and
 - (ii) a special issue of 52,436,078 new Sharesat an issue/offer price of RM1.40 per Share payable in full on application.
- (d) The listing of and quotation for the entire enlarged issued and paid-up share capital of AIGB of RM1,320,000,000, comprising 1,320,000,000 ordinary shares of RM1.00 each, on the Main Board of Bursa Securities.
- (iii) The proposed share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each held in the Company on a date to be determined after the Proposed AMFB Privatisation, into two (2) new ordinary shares of RM0.50 each ("Proposed Share Split").

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

The AMFB Privatisation, Listing Scheme and Proposed Share Split were also approved by the shareholders of the Company at the Extraordinary General Meeting held on 31 January 2005.

The Company had also obtained the approval of Bank Negara Malaysia and the Minister of Finance and the SC for, inter-alia, the AMFB Privatisation and the Proposed Listing of AIGB via their letters dated 10 December 2004 and 16 December 2004, respectively.

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

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

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

Subsequent Events

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

- (i) Proposed Acquisition By AMFB

The Proposed Acquisition by AMFB involves the acquisition by AMFB of the entire equity interest in AmBank Berhad ("AmBank"), comprising 761,718,750 ordinary shares, from the Company for a purchase consideration equivalent to the carrying value of the Company's investment in AmBank as at the date of completion of the Proposed Acquisition by AMFB. The Purchase Consideration is proposed to be satisfied by the issuance of new Shares in AMFB to the Company at an issue price to be determined based on the unaudited net tangible assets ("NTA") per Share of AMFB as at the completion date.

Upon completion of the Proposed Acquisition by AMFB, AmBank will become a wholly-owned subsidiary of AMFB.

- (ii) Proposed AmBank Acquisition By AmFinance

Upon completion of the Proposed Acquisition by AMFB, AmFinance proposes to acquire the entire equity interest in AmBank comprising 761,718,750 Shares from AMFB for a purchase consideration equivalent to the NTA of AmBank after adjusting for certain non-transferable assets as at the date of completion of the Proposed AmBank Acquisition by AmFinance. The Purchase Consideration is proposed to be satisfied by the issuance of new Shares in AmFinance to AMFB at an issue price to be determined based on the unaudited NTA per Share of AmFinance as at the completion date.

Directors' Report (cont'd)

(iii) Proposed Business Merger

Upon completion of the Proposed AmBank Acquisition by AmFinance, the finance company business of AmFinance and the commercial banking business of AmBank will be merged by way of a transfer of AmBank's assets and liabilities (save for certain non-transferable assets) to AmFinance via a vesting order under Section 50 of the Banking and Financial Institutions Act, 1989.

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

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

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

Financial Results

	The Group RM'000	The Company RM'000
Profit before share in results of associated companies and taxation	488,887	353,978
Share in results of associated companies	809	-
Profit before taxation	489,696	353,978
Taxation	(203,807)	(103,485)
Profit before minority interests	285,889	250,493
Minority shareholders' interests in results of subsidiary companies	(83,948)	-
Net profit attributable to the shareholders of the Company	201,941	250,493
Unappropriated profit at beginning of year (as restated)	597,636	244,516
Profit available for appropriation	799,577	495,009
Transfer from statutory reserve	250,635	-
Arising from AMFB Privatisation	(69,868)	-
Dividends paid	(53,534)	(53,534)
Unappropriated profit at end of year	926,810	441,475

Business Plan And Strategy

Amid the ongoing liberalization of the financial services sector, the various business lines in the Group will be working towards consolidating their dominant positions in their respective businesses while at the same time growing their presence in segments in which they already have a significant and growing presence. It is envisioned that the business growth will come from enhanced operational efficiencies, cross selling activities, product innovation and workforce productivity.

Briefly, the Group's investment banking business will work towards consolidating and enhancing its market positions in the capital markets through product innovation and operational efficiencies. The Group's commercial and retail banking businesses plans to increase their presence in market segments where they already have meaningful market share and in new market segments in which the Group believes that it can gain significant market share. The Group's insurance business is planning to enhance its delivery channels to spur growth. Meanwhile, the Group's Islamic banking business has plans to increase its income stream via the introduction of new Syariah-compliant products.

Outlook For Next Financial Year

Malaysia's economic growth is expected to moderate from 7.1% for 2004 to around 6% for 2005. The moderation in economic growth can be primarily attributed to the volatility of crude petroleum prices that has heightened uncertainties in the sustainability of economic growth globally which in turn have weakened external demand for Malaysian goods. The overall growth in the economy in 2005 would be supported largely by sustained domestic demand with the main contribution to growth coming from the private sector.

Despite lower external demand for Malaysian goods, the manufacturing sector is still expected to be the main growth engine for the Malaysian economy with higher value-added production playing a more prominent role in the manufacturing sector. The services sector, the second engine of growth, is also expected to expand in line with the expansion of trade and tourism activities, communications and financial services.

However, a moderating economy coupled with ample liquidity in the banking system will further suppress the profitability of the banking industry's traditional lending business. Although inflationary pressures are picking up, it is unlikely interest rates will rise appreciably in the short term. Therefore, the banking sector as a whole will continue to experience downward pressure on lending margins.

The volatility of petroleum prices has also affected the capital markets. Activity in the equity market has been depressed due to the uncertainties that loom over the global economy as a result of possible escalation of petroleum prices. Until there is more stability in energy prices, investors will remain cautious. As a result, the investment banking and stockbroking industries will face challenging conditions in bringing deals to the market amid such uncertainties.

The Group is targeting to complete the legal merger of AmBank Berhad and AmFinance Berhad by the first quarter of the financial year ending 31 March 2006. With the recent modifications to the Banking and Financial Institutions Act, 1989 to enable a single entity to hold both bank and finance company licenses, the Group is committed to transforming the AmFinance branches into commercial bank branches offering a full range of commercial banking services.

Despite the competition and narrowing of interest spreads, the Group is confident that together with the increased commercial bank branches services, it is well positioned to further improve on its performance.

Items Of An Unusual Nature

In the opinion of the directors, the results of operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the accounting treatment of charging handling fees paid to motor vehicle dealers for hire purchase loans in the year that it was incurred to the Group's income statement.

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

Dividends

During the financial year, the Company paid a first and final dividend of 4.0%, less 28.0% tax, in respect of the previous financial year totalling RM53,533,615 which amount had been dealt with in the directors' report for that financial year and paid on 19 October 2004 to shareholders whose names appeared in the Register of Members and Record of Depositors on 30 September 2004.

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

Directors' Report (cont'd)

Reserves, Provisions And Allowances

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

	Note to the Financial Statements	The Group RM'000	The Company RM'000
(a) Capital Reserve			
Arising from AMFB Privatisation	29	(125,284)	-
(b) Share Premium			
Arising from:			
- exercise of share options	29	17,567	-
- exercise of Warrants 2003/2008	29	83,197	-
- AMFB Privatisation	29	434,534	-
(c) Statutory Reserve			
Transfer to unappropriated profits	29	(250,635)	-
(d) Exchange Fluctuation Reserve			
Arising from translation of subsidiary and associated companies expressed in foreign currency	29	(4,518)	-
(e) Allowances/(Reversal of allowances):			
Net interest suspended	30	251,692	-
Net income suspended		33,107	-
Allowance/(Recoveries of allowance) for losses on loans and financing			
General allowance	34	28,505	-
Specific allowance - net	34	1,032,885	-
Transfer to profit equalisation reserve		57,949	-
Impairment loss on properties		29,834	-
Allowance for diminution in value of investments - net		24,914	-
Allowance for doubtful sundry receivables - net		3,629	-
Writeback of provision for commitments and contingencies		(40,437)	-
Provision for foreclosed properties	33	2,396	-

Bad And Doubtful Debts And Financing

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

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

Directors' Report (cont'd)

Current Assets

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

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

Valuation Methods

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

Contingent And Other Liabilities

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

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year, other than those incurred in the normal course of business.

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

Change Of Circumstances

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

Issue Of Shares And Debentures

During the financial year, the issued and fully paid-up share capital of the Company was increased from 1,858,806,070 ordinary shares of RM1.00 each to 2,130,533,695 ordinary shares of RM1.00 each by the issue of:

1. 12,886,004 new ordinary shares of RM1.00 each at prices ranging from RM1.31 to RM3.33 per share by virtue of the exercise of share options granted pursuant to the Company's Employees' Share Option Scheme. The resulting share premium amounting to RM17,566,514 has been credited to share premium account.
2. 69,913,710 new ordinary shares of RM1.00 each at RM2.19 per share by virtue of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM83,197,315 has been credited to share premium account.
3. 188,927,911 new ordinary shares of RM1.00 each at RM3.30 per share, representing the portion of the purchase consideration for the AMFB Privatisation satisfied by the new issue of the Company's shares valued at RM623,462,106, in exchange for 188,927,911 ordinary shares of RM1.00 each in AMFB, on the basis of one (1) new ordinary share of RM1.00 each in the Company for every one existing AMFB share held by the shareholders of AMFB, other than the Company. The resulting share premium amounting to RM434,534,195 has been credited to share premium account.

The 271,727,625 new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company except that the new ordinary shares issued pursuant to the Company's Employees' Share Option Scheme, share warrants 2003/2008 and AMFB Privatisation above are not entitled to dividends declared in respect of the financial year ended 31 March 2004.

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

Directors' Report (cont'd)

Share Options

Under the Company's Employees' Share Option Scheme ("ESOS"), options to subscribe for 117,853,371 new ordinary shares of RM1.00 each in the Company were made available to eligible directors and employees of the Company and its subsidiary companies, except for executive directors who represent the Government or Government institutions/agencies and Government employees who are serving in the public service schemes defined under Article 132 of the Federal Constitution and executive directors of AmSecurities Sdn Bhd who are eligible to participate under separate share schemes in their respective companies.

The salient features of the ESOS are as follows:

- (a) Eligible persons who are confirmed employees including full-time executive directors of the Company and its subsidiary companies who have been employed for a period of not less than three years.
- (b) Total number of shares to be offered shall not exceed 10.0% of the issued and fully paid-up share capital of the Company at any point of time during the existence of the ESOS.
- (c) Subject to paragraph (d) below, no option shall be granted for less than 1,000 shares or more than 500,000 shares.
- (d) In the event of any alteration in the capital structure of the Company except for certain exemptions, adjustments will be made to the subscription price and/or the number of shares in respect of options granted but not exercised, such that the option holder will be entitled to the same proportion of the issued and paid-up share capital of the Company prior to the said alteration.
- (e) The option price for an ordinary share of RM1.00 each shall be at a discount of not more than ten percent (10.0%) from the last market transacted price at the time the option is granted or the weighted average market price of the shares of the Company as quoted and shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad for the five market days immediately preceding the offer date, or the par value of RM1.00, whichever is higher.
- (f) The option was for a period of five calendar years which expired on 8 October 2004.
- (g) The persons to whom the options are granted under the ESOS have no right to participate in any share option scheme of any other company in the Group.

During the financial year, the Company granted options of 5,000 ordinary shares to Ms Sharyl Netto A/P George Netto at an exercise price of RM3.87 per share.

The movements in the Company's unissued number of shares under options during the financial year are as follows:

	No. of ordinary shares of RM1.00 each				Balance at 31.3.2005
	Balance at 1.4.2004	Granted	Exercised	Forfeited	
Number of unissued shares under options	26,463,533	5,000	12,886,004	13,582,529	-

Warrants

The company has two issues of warrants to issue shares totalling 275,639,223 as at 31 March 2005 as follows:

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

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

- (a) Each Warrant 1997/2007 entitles its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise period.
- (b) The exercise price is RM6.51 per share and may be paid fully in cash, or partly in cash and partly by tender of Bonds 1997/2002 in any combination, or wholly by tender of Bonds 1997/2002 for every Warrant 1997/2007 held after one year from the date of allocation. The exercise price of the Warrants 1997/2007 are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll. The Bonds 1997/2002 matured in 2002 and have been fully discharged.
- (c) The Warrants 1997/2007 are for an initial period of five calendar years. This period was extended for a further period of five years to mature on 13 May 2007.

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

	No. of ordinary shares of RM1.00 each			
	Balance at 1.4.2004	Granted	Exercised	Balance at 31.3.2005
Number of unissued shares under Warrants 1997/2007	143,534,078	-	-	143,534,078

Directors' Report (cont'd)

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

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

- (a) Each Warrant 2003/2008 entitles its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise period.
- (b) The exercise price is RM2.19 per share and is payable fully in cash for every Warrant 2003/2008 held from the date of allocation. The exercise price of the Warrants 2003/2008 are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll
- (c) The Warrants 2003/2008 are for a period of five calendar years to mature on 20 March 2008.

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

	No. of ordinary shares of RM1.00 each			Balance at 31.3.2005
	Balance at 1.4.2004	Granted	Exercised	
Number of unissued shares under Warrants 2003/2008	202,018,855	-	69,913,710	132,105,145

Directors

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

Tan Sri Dato' Azman Hashim

Dato' Azlan Hashim

Tun Mohammed Hanif Omar (Independent Director)

Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba (Independent Director)

Tan Sri Datuk Dr Aris Osman @ Othman (Independent Director)

Tan Sri Datuk Clifford Francis Herbert (Independent Director)

Tan Sri Dato' Dr Lim Kok Wing (Independent director; Appointed on 1.11.2004)

Dato' Izham Mahmud (Independent Director)

Dato' Mohd Ibrahim Mohd Zain (Independent Director)

Cheah Tek Kuang

Soo Kim Wai

Shalina Azman

In accordance with Article 89 of the Company's Articles of Association, Dato' Azlan Hashim, Tun Mohammed Hanif Omar, Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba and Mr Soo Kim Wai retire, and being eligible, offer themselves for re-election.

In accordance with Article 97 of the Company's Articles of Association, Tan Sri Dato' Dr Lim Kok Wing who was appointed to the Board since the last Annual General Meeting, retires and, being eligible, offers himself for re-election.

Directors' Report (cont'd)

Directors' Interests

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

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

Direct Interests

In the Company

Shares	No. of ordinary shares of RM1.00 each				Balance at 31.3.2005
	Balance at 1.4.2004	Bought	*Share Exchange	Sold	
Tan Sri Dato' Azman Hashim	-	-	675,490	-	675,490
Dato' Azlan Hashim	-	-	95,952	-	95,952
Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba	226,071	-	-	-	226,071
Dato' Izham Mahmud	-	-	4,670	-	4,670
Cheah Tek Kuang	485,800	-	38,000	500,000	23,800

* Arising from the exchange of shares on the basis of one (1) new Company share for every one (1) existing AMFB share not held by the Company.

No. of Warrants

Warrants 1997/2007	Balance at 1.4.2004	Bought	Exercised/ Sold	Balance at 31.3.2005
	Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba	19,795	-	-

No. of Warrants

Warrants 2003/2008	Balance at 1.4.2004	Bought	Exercised/ Sold	Balance at 31.3.2005
	Tan Sri Dato' Azman Hashim	245,793	-	245,793
Cheah Tek Kuang	46,189	-	-	46,189

In the subsidiary company, AMFB Holdings Berhad

Shares	No. of ordinary shares of RM1.00 each				Balance at 31.3.2005
	Balance at 1.4.2004	Bought	*Share Exchange	Sold	
Tan Sri Dato' Azman Hashim					
Held directly	211,505	-	211,505	-	-
Held through nominees	522,985	-	463,985	59,000	-
Dato' Azlan Hashim	95,952	-	95,952	-	-
Dato' Izham Mahmud	4,670	-	4,670	-	-
Cheah Tek Kuang	38,000	-	38,000	-	-

* Arising from the exchange of shares on the basis of one (1) new Company share for every one (1) existing AMFB share not held by the Company.

Directors' Report (cont'd)

Direct Interests

In the subsidiary company,
AmInvestment Group Berhad

Renounceable Rights	No. of Renounceable Rights of RM1.00 each				
	Balance at 1.4.2004	Offer for sale			Balance at 31.3.2005
		Rights/ Allocation	Eligible Employees/ Directors	Bought	
Tan Sri Dato' Azman Hashim	-	118,954,848	-	-	118,954,848
Dato' Azlan Hashim	-	21,995	200,000	-	221,995
Tun Mohammed Hanif Omar	-	-	200,000	-	200,000
Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba	-	51,824	150,000	-	201,824
Tan Sri Datuk Dr Aris Osman @ Othman	-	-	50,000	-	50,000
Tan Sri Datuk Clifford Francis Herbert	-	-	50,000	-	50,000
Tan Sri Dato' Dr Lim Kok Wing	-	-	50,000	-	50,000
Dato' Izham Mahmud	-	1,070	100,000	-	101,070
Dato' Mohd Ibrahim Mohd Zain	-	-	50,000	-	50,000
Cheah Tek Kuang	-	120,075	2,500,000	-	2,620,075
Soo Kim Wai	-	-	100,000	-	100,000
Shalina Azman	-	-	100,000	-	100,000

In the subsidiary company,
AmMerchant Bank Berhad

Redeemable Unsecured Subordinated Bonds	Nominal Value of RM1.00 each			
	Balance at 1.4.2004	Bought	Sold	Balance at 31.3.2005
Dato' Izham Mahmud	250,000	-	-	250,000

Deemed Interests

In the Company,

Shares	Name of Company	No. of Ordinary Shares of RM1.00 each				
		Balance at 1.4.2004	Bought	*Share Exchange	Sold	Balance at 31.3.2005
Tan Sri Dato' Azman Hashim	Arab-Malaysian Corporation Berhad	605,826,825	94,425,596	-	42,000,000	658,252,421
	AMDB Equipment Trading Sdn Bhd	198,000	-	241,047	-	439,047
	Azman Hashim Holdings Sdn Bhd	5,713,905	-	-	4,800,000	913,905
	Ginagini Sdn Bhd	12,184,809	-	-	12,184,809	-
	Regal Genius Sdn Bhd	21,750,000	7,740,000	-	-	29,490,000

* Arising from the exchange of shares on the basis of one (1) new Company share for every one (1) existing AMFB share not held by the Company.

Directors' Report (cont'd)

Deemed Interests

In the Company,

Warrants 2003/2008	Name of Company	No. of Ordinary Shares of RM1.00 each			
		Balance at 1.4.2004	Bought	Sold/ Exercised	Balance at 31.3.2005
Tan Sri Dato' Azman Hashim	Arab-Malaysian Corporation Berhad	75,214,328	-	69,260,231	5,954,097
	AMDB Equipment Trading Sdn Bhd	22,682	-	-	22,682
	Azman Hashim Holdings Sdn Bhd	3,342,309	-	3,342,309	-
	Slan Sdn Bhd	82,132	-	82,132	-
	Ginagini Sdn Bhd	3,945,451	-	3,945,451	-
	Indigenous Capital Sdn Bhd	280,435	-	280,435	-
	Regal Genius Sdn Bhd	2,989,936	-	-	2,989,936
	Corporateview Sdn Bhd	-	31,658,738	-	31,658,738

In the subsidiary company,

AMFB Holdings Berhad

Shares	Name of Company	No. of Ordinary Shares of RM1.00 each			
		Balance at 1.4.2004	Bought	*Share Exchange	Balance at 31.3.2005
Tan Sri Dato' Azman Hashim	AMDB Equipment Trading Sdn Bhd	241,047	-	241,047	-

* Arising from the exchange of shares on the basis of one (1) new Company share for every one (1) existing AMFB share not held by the Company.

In the subsidiary company,

AmInvestment Group Berhad

Shares	Name of Company	No. of Renounceable Rights of RM1.00 each				
		Balance at 1.4.2004	Bought	Offer for Sale Rights	Sold	Balance at 31.3.2005
Tan Sri Dato' Azman Hashim	Arab-Malaysian Corporation Berhad	-	-	150,896,688	-	150,896,688
	AMDB Equipment Trading Sdn Bhd	-	-	100,646	-	100,646
	Azman Hashim Holdings Sdn Bhd	-	-	209,502	-	209,502
	Regal Genius Sdn Bhd	-	-	6,760,238	-	6,760,238

Directors' Report (cont'd)

Deemed Interests

In the subsidiary company,

AmAssurance Berhad

Shares	Name of Company	No. of Ordinary Shares of RM1.00 each			Balance at 31.3.2005
		Balance at 1.4.2004	Bought	Sold	
Dato' Azlan Hashim	ABH Holdings Sdn Bhd	34,062,000	-	-	34,062,000

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

Directors' Benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 36 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm in which the director is a member, or with a company in which the director has a substantial financial interest, except for the related party transactions as shown in Note 35 to the financial statements.

Save for the benefits under the Restricted Offer for Sale by the Company to the shareholders and AmInvestment Group Berhad to eligible employees pursuant to the listing of AmInvestment Group Berhad on the Main Board of the Bursa Malaysia Securities Berhad and the share option granted to directors pursuant to the Company's Employees' Share Option Scheme which expired during the year, neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Ratings By External Agencies

The Company's RM150.0 million 3.0% 5-year redeemable unsecured bank-guaranteed bonds 2002/2007 with detachable warrants was accorded a long term ratings of AAA (bg) and AA3 (bg) for Tranche 1 of RM100.0 million and Tranche 2 of RM50.0 million respectively by Rating Agency Malaysia Berhad ("RAM").

The merchant bank's long term and short term rating of A1/P1 from RAM and A+/MARC-1 from Malaysian Rating Corporation Berhad was complemented by international ratings of BB(Stable)/B from Standard and Poor's, BB(Stable)/B from Capital Intelligence and BB-(Stable)/B from Fitch IBCA, Duff & Phelps.

Fitch IBCA, Duff & Phelps accorded long term and short term ratings of BB-(Stable)/B for the commercial bank while the finance company subsidiary was rated A2/P1 by RAM.

Auditors

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

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



TAN SRI DATO' AZMAN HASHIM



CHEAH TEK KUANG

Kuala Lumpur, Malaysia
16 May 2005

Statement by Directors

Pursuant To Section 169(15) Of The Companies Act, 1965

We, **TAN SRI DATO' AZMAN HASHIM** and **CHEAH TEK KUANG**, being two of the directors of AMMB HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with applicable Approved Accounting Standards in Malaysia, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2005 and of the results and the cash flows of the Group and of the Company for the year then ended.

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



TAN SRI DATO' AZMAN HASHIM



CHEAH TEK KUANG

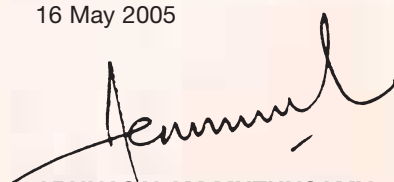
Kuala Lumpur, Malaysia
16 May 2005

Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

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

Subscribed and solemnly declared by the
abovenamed **ARUNASALAM MUTHUSAMY**
at Kuala Lumpur in the Wilayah Persekutuan on
16 May 2005



ARUNASALAM MUTHUSAMY

Before me,



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

COMMISSIONER FOR OATHS

Lodged on behalf by:

Address: 22nd Floor, Bangunan AmBank Group,
No 55 Jalan Raja Chulan,
50200 Kuala Lumpur.

Telephone Number: 03-20782633/44/55

Report of the Auditors To Members

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

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

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

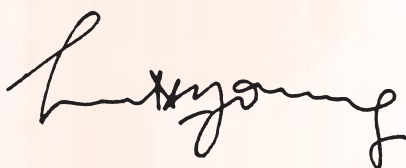
In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 Bank Negara Malaysia Guidelines and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 March 2005 and of the results and the cash flows of the Group and of the Company for the year ended 31 March 2005; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

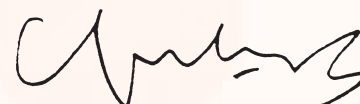
We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, as indicated in Note 13 of the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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



ERNST & YOUNG
AF : 0039
Chartered Accountants



YAP SENG CHONG
No.2190/12/05(J)
Partner

Kuala Lumpur, Malaysia
16 May 2005

Balance Sheets

As At 31 March 2005

	Note	2005		2004	
		The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
ASSETS					
Cash and short-term funds	4	7,787,393	90,682	6,711,084	34,746
Securities purchased under resale agreements	5	158,592	31,950	64,818	287
Deposits and placements with banks and other financial institutions	6	810,356	26,629	307,669	99,339
Dealing securities	7	3,063,417	-	3,755,938	-
Investment securities	8	5,112,916	150,233	6,292,850	9,702
Loans, advances and financing	9	40,220,876	-	38,545,048	-
Other assets	10	1,151,961	249,246	1,270,997	46,380
Goodwill on consolidation	11	523,046	-	281,715	-
Deferred tax assets	38	987,077	-	1,017,041	-
Statutory deposits with Bank Negara Malaysia	12	1,545,877	-	1,539,827	-
Investments in subsidiary companies	13	-	4,461,248	-	3,074,348
Investments in associated companies	14	38,715	-	39,571	-
Property and equipment	15	484,754	577	535,900	-
TOTAL ASSETS		61,884,980	5,010,565	60,362,458	3,264,802
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	16	34,447,340	-	33,017,293	-
Deposits and placements of banks and other financial institutions	17	12,077,751	-	11,442,766	-
Obligations on securities sold under repurchase agreements	18	1,418,519	-	1,696,318	-
Bills and acceptances payable	19	518,938	-	271,740	-
Amount due to Cagamas Berhad	20	2,786,448	-	4,066,859	-
Other liabilities	21	2,882,664	5,565	2,586,860	3,943
Term loans	22	1,252,500	961,000	645,000	224,000
Subordinated certificates of deposits	23	198,768	-	197,418	-
Subordinated term loan	24	680,000	-	680,000	-
Redeemable unsecured bonds	25	801,481	141,481	798,325	138,325
Total liabilities		57,064,409	1,108,046	55,402,579	366,268
Minority interests	27	36,347	-	931,418	-
Share capital	28	2,130,534	2,130,534	1,858,806	1,858,806
Reserves	29	2,653,690	1,771,985	2,169,655	1,039,728
Shareholders' funds		4,784,224	3,902,519	4,028,461	2,898,534
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		61,884,980	5,010,565	60,362,458	3,264,802
COMMITMENTS AND CONTINGENCIES	44	23,944,919	6,143,106	18,708,651	4,531,779
NET TANGIBLE ASSETS PER SHARE (RM)	47	2.00	1.83	2.02	1.56

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

Income Statements

For The Year Ended 31 March 2005

	Note	2005		2004	
		The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Revenue	48	4,639,405	11,369	4,421,794	9,706
Interest income	30	2,978,276	11,152	3,027,998	9,423
Interest expense	31	(1,559,761)	(27,130)	(1,629,276)	(23,497)
Net interest income/(expense)		1,418,515	(15,978)	1,398,722	(14,074)
Net income from Islamic Banking business	54(xxiii)	435,005	-	364,593	-
Non-interest income	32	1,069,399	373,565	907,775	85,099
Net Income		2,922,919	357,587	2,671,090	71,025
Non-interest expense	33	(1,587,668)	(3,609)	(1,416,336)	(7,278)
Operating profit		1,335,251	353,978	1,254,754	63,747
Allowances for losses on loans and financing	34	(770,475)	-	(865,588)	-
<i>Allowances before the change in method of provisioning for non-performing loans of 7 years and beyond</i>		(525,808)	-	(865,588)	-
<i>Additional allowances arising from the change</i>		(244,667)	-	-	-
Transfer to profit equalisation reserve	21	(57,949)	-	(47,870)	-
Impairment loss on properties		(29,834)	-	-	-
(Allowance)/Write back of allowance for diminution in value of investments - net		(24,914)	-	20,566	-
(Allowance)/Write back of allowance for doubtful sundry receivables - net		(3,629)	-	16,343	-
Write back of provision/(Provision) for commitments and contingencies		40,437	-	(37,000)	-
Profit before share in results of associated companies and and taxation		488,887	353,978	341,205	63,747
Share in results of associated companies		809	-	1,437	-
Profit before taxation		489,696	353,978	342,642	63,747
Taxation:	37	(203,807)	(103,485)	44,239	(21,000)
Company and subsidiaries		(203,807)	(103,485)	44,186	(21,000)
Associates		-	-	53	-
Profit before minority interests		285,889	250,493	386,881	42,747
Minority shareholders' interests in results of subsidiary companies	27	(83,948)	-	(171,935)	-
Net profit attributable to the shareholders of the Company		201,941	250,493	214,946	42,747
Earnings per share (sen)	40				
Basic		10.72	13.30	13.45	2.67
Fully diluted		10.56	13.10	12.66	2.52
First and final dividend per ordinary share (sen)					
Gross		4.0	4.0	4.0	4.0
Net		2.9	2.9	2.9	2.9

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

Statement of Changes in Equity

For The Year Ended 31 March 2005

The Group	Note	Non-distributable				Distributable		Total RM'000
		Share capital RM'000	Capital reserve RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Unappro- priated profits RM'000	
As at 1 April 2003								
As previously stated		1,001,719	140,771	648,280	895,385	19,827	757,677	3,463,659
Prior year's adjustments	53	-	-	-	-	-	(70,237)	(70,237)
As restated		1,001,719	140,771	648,280	895,385	19,827	687,440	3,393,422
Translation adjustments		-	-	-	-	(223)	-	(223)
Profit for the year		-	-	-	-	-	214,946	214,946
Dividends paid		-	-	-	-	-	(36,062)	(36,062)
Reclassification		-	(15,487)	15,487	-	-	-	-
Transfer from income statements		-	-	-	268,688	-	(268,688)	-
Issue of shares pursuant to:								
- exercise of share options		45,128	-	67,600	-	-	-	112,728
- exercise of Warrants 2003/2008		2,740	-	7,107	-	-	-	9,847
- bonus issue		505,762	-	(505,762)	-	-	-	-
- rights issue		303,457	-	30,346	-	-	-	333,803
As at 31 March 2004		1,858,806	125,284	263,058	1,164,073	19,604	597,636	4,028,461
As at 1 April 2004								
As previously stated		1,858,806	125,284	263,058	1,164,073	19,604	676,648	4,107,473
Prior year's adjustments	53	-	-	-	-	-	(79,012)	(79,012)
As restated		1,858,806	125,284	263,058	1,164,073	19,604	597,636	4,028,461
Translation adjustments		-	-	-	-	(4,518)	-	(4,518)
Profit for the year		-	-	-	-	-	201,941	201,941
Dividends paid	39	-	-	-	-	-	(53,534)	(53,534)
Arising from AMFB Privatisation		-	(125,284)	-	-	-	(69,868)	(195,152)
Transfer to unappropriated profits		-	-	-	(250,635)	-	250,635	-
Issue of shares pursuant to:								
- exercise of share options		12,886	-	17,567	-	-	-	30,453
- exercise of Warrants 2003/2008		69,914	-	83,197	-	-	-	153,111
- AMFB Privatisation		188,928	-	434,534	-	-	-	623,462
As at 31 March 2005		2,130,534	-	798,356	913,438	15,086	926,810	4,784,224

Statements of Changes in Equity (cont'd)

For The Year Ended 31 March 2005

The Company	Non-distributable				Distributable	
	Share capital RM'000	Capital reserve RM'000	Share premium RM'000	Revaluation reserve RM'000	Unappropriated profits RM'000	Total RM'000
As at 1 April 2003	1,001,719	15,487	648,280	532,154	237,831	2,435,471
Profit for the year	-	-	-	-	42,747	42,747
Dividends paid	-	-	-	-	(36,062)	(36,062)
Reclassification	-	(15,487)	15,487	-	-	-
Issue of shares pursuant to:						
- exercise of share options	45,128	-	67,600	-	-	112,728
- exercise of Warrants 2003/2008	2,740	-	7,107	-	-	9,847
- bonus issue	505,762	-	(505,762)	-	-	-
- rights issue	303,457	-	30,346	-	-	333,803
As at 31 March 2004	1,858,806	-	263,058	532,154	244,516	2,898,534
As at 1 April 2004	1,858,806	-	263,058	532,154	244,516	2,898,534
Profit for the year	-	-	-	-	250,493	250,493
Dividends paid	-	-	-	-	(53,534)	(53,534)
Issue of shares pursuant to:						
- exercise of share options	12,886	-	17,567	-	-	30,453
- exercise of Warrants 2003/2008	69,914	-	83,197	-	-	153,111
- AMFB privatisation	188,928	-	434,534	-	-	623,462
As at 31 March 2005	2,130,534	-	798,356	532,154	441,475	3,902,519

The movements in capital reserve are as follows:

- RM125,284,000 was in respect of a portion of the excess of the consideration price satisfied through the Company new shares issued and valued at RM3.30 per share for every one existing AMFB minority share held, over the net assets value of AMFB minority share after the balance of cash consideration of RM736,818,853.
- RMNil (RM15,487,000 in 2004) was in respect of the discount in issuance of the RM150,000,000 nominal amount of 3% Bonds 2007 by the Company.

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

Cashflow Statements

For The Year Ended 31 March 2005

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	489,696	353,978	342,642	63,747
Add/(Less) adjustments for:				
Allowance for losses on loans and financing	770,475	-	865,588	-
Interest in suspense, net of recoveries	251,692	-	378,113	-
Increase in insurance funds	183,176	-	172,825	-
Depreciation of property and equipment	68,582	10	83,736	7
Transfer to profit equalisation reserve	57,949	-	47,870	-
Impairment loss on properties	29,834	-	-	-
Income in suspense, net of recoveries	33,107	-	24,959	-
Allowance/(Write back of allowance) for diminution in value of investments - net	24,914	-	(20,566)	-
Amortisation of premium less accretion of discounts on money market securities - net	16,716	-	(10,507)	-
Amortisation of goodwill and premium on consolidation	15,719	-	14,327	-
Property and equipment written off	3,916	-	249	-
Allowance/(Write back of allowance) for doubtful sundry receivables - net	3,629	-	(16,343)	-
Provision for foreclosed properties	2,396	-	4,464	-
Sundry receivables written off	281	-	332	-
Gross dividend income from investments	(61,891)	(372,881)	(56,599)	(84,816)
Income from asset securitisation	(42,838)	-	-	-
(Write back of provision)/Provision for commitments and contingencies	(40,437)	-	37,000	-
Capital gain arising from Bursa Malaysia Berhad shares	(12,727)	-	-	-
Gain on disposal of unquoted investments - net	(5,382)	-	(10,385)	-
Gain on disposal of property and equipment - net	(3,868)	-	(1,379)	-
Share in results of associated companies	(809)	-	(1,437)	-
Gain on redemption of unquoted investments - net	(773)	-	-	-
Gain on disposal of leased assets - net	(3)	-	(8)	-
Operating profit/(loss) before working capital changes	1,783,354	(18,893)	1,854,881	(21,062)

Cash Flow Statements (cont'd)

For The Year Ended 31 March 2005

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)				
Operating profit/(loss) before working capital changes brought forward	1,783,354	(18,893)	1,854,881	(21,062)
Decrease/(Increase) in operating assets:				
Securities purchased under resale agreement	(93,775)	(31,663)	(57,981)	(137)
Deposits and placements with banks and other financial institutions	(502,687)	72,710	158,958	(81,313)
Dealing securities	693,682	-	2,408,125	-
Loans, advances and financing	(2,688,263)	-	(1,753,275)	-
Other assets	62,647	115,941	(373,186)	20,605
Statutory deposits with Bank Negara Malaysia	(6,050)	-	(5,297)	-
Increase/(Decrease) in operating liabilities				
Deposits from customers	1,430,047	-	1,667,115	-
Deposits and placements of banks and other financial institutions	634,985	-	(905,605)	-
Obligations on securities sold under repurchase agreements	(277,799)	-	(146,023)	-
Bills and acceptances payable	247,199	-	122,736	-
Term loans	607,500	737,000	(147,750)	-
Amount due to Cagamas Berhad	(1,280,411)	-	(418,729)	-
Other liabilities	119,459	(98,709)	643,705	(17,741)
Cash generated from/(used in) operations	729,888	776,386	3,047,674	(99,648)
Taxation paid	(104,877)	-	(79,009)	-
Net cash generated from/(used in) operating activities	625,011	776,386	2,968,665	(99,648)

Cash Flow Statements (cont'd)

For The Year Ended 31 March 2005

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal/(purchase) of investment securities – net	1,155,252	(140,530)	(723,972)	(9,702)
Dividends received from other investments	44,562	-	40,751	-
Proceeds from disposal of property and equipment	20,850	-	1,824	-
Dividends received from associated companies	1,040	-	195	-
Capital repayment by an associated company	780	-	10,395	-
Proceeds from disposal of leased assets	3	-	8	-
Cash portion for the acquisition of remaining 35.72% equity interests in AMFB Holdings Berhad	(736,819)	(736,819)	-	-
Purchase of property and equipment	(75,392)	(587)	(76,644)	-
Acquisition of additional shares in insurance subsidiary company	(44,588)	(82,518)	-	-
Acquisition of additional shares in stockbroking subsidiary company	(9,396)	-	-	-
Dividends received from subsidiary companies	-	268,474	-	61,068
Subscription for commercial banking subsidiary rights issues	-	(85,000)	-	(325,000)
Subscription for credit and leasing company rights issues	-	(73,500)	-	(50,000)
Proceeds from disposal of associated company	-	-	638	-
Net cash generated from/(used in) investing activities	356,292	(850,480)	(746,805)	(323,634)

Cash Flow Statements (cont'd)

For The Year Ended 31 March 2005

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from exercise of warrants 2003/2008 in the Company	153,111	153,111	9,847	9,847
Proceeds from exercise of employees' share options in the Company	30,453	30,453	112,728	112,728
Proceeds from rights issue of shares in the Company	-	-	333,803	333,803
Proceeds from issue of shares by subsidiary companies to minority shareholders	575	-	1,156	-
Dividends paid by the Company to its shareholders	(53,534)	(53,534)	(36,062)	(36,062)
Dividends paid to minority interests by subsidiary companies	(16,908)	-	(18,983)	-
Proceeds of redeemable unsecured subordinated bonds	-	-	660,000	-
Repayment of exchangeable subordinated capital loan	-	-	(460,000)	-
Repayment for amount due to Danamodal	-	-	(271,915)	-
Repayment of subordinated term loan	-	-	(75,000)	-
Net cash generated from financing activities	113,697	130,030	255,574	420,316
Net increase/(decrease) in cash and cash equivalents	1,095,000	55,936	2,477,434	(2,966)
Cash and cash equivalents at beginning of year	6,654,898	34,746	4,177,464	37,712
Cash and cash equivalents at end of year (Note 1)	7,749,898	90,682	6,654,898	34,746

Note 1: Cash and Cash Equivalents

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

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Cash and short term funds	7,787,393	90,682	6,711,084	34,746
Bank overdrafts (Note 21)	(37,192)	-	(56,317)	-
	7,750,201	90,682	6,654,767	34,746
Effect of exchange rates changes	(303)	-	131	-
Cash and cash equivalents	7,749,898	90,682	6,654,898	34,746

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

Notes to the Financial Statements

For The Year Ended 31 March 2005

1. Principal Activities And General Information

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

The principal activities of the subsidiary companies are shown in Note 13.

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

The Company is a public limited liability company, incorporated in Malaysia, and listed on the Main Board of the Bursa Malaysia Securities Berhad.

The registered office and the principal place of business of the Company is located at 22nd Floor, Bangunan AmBank Group, 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The financial statements of the Group and of the Company have been approved and authorised for issue by the Board of Directors on 3 May 2005.

2. Basis Of Preparation Of The Financial Statements

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965, the Banking and Financial Institutions Act, 1989, the Insurance Act, 1996, Bank Negara Malaysia Guidelines and the applicable approved accounting standards of the Malaysian Accounting Standards Board. The financial statements incorporate those activities relating to Islamic Banking business which have been undertaken by the Group. Islamic Banking business refers generally to the acceptance of deposits and granting of financing under the Syariah Principles.

3. Significant Accounting Policies

The following accounting policies adopted by the Group and the Company are consistent with those adopted in the previous years except for the adoption of the following:

- (a) Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions dated 5 October 2004 on the accounting treatment of charging handling fees paid to motor vehicle dealers for hire purchase loans in the period that it was incurred to the income statement. This change in accounting policy has been accounted for retrospectively and has resulted in a reduction in handling fees charged to the income statements for the financial year by RM48.8 million.
- (b) 3-month classification of non-performing loans from the previous 6-month classification which has been adopted retrospectively. This change in accounting policy has been accounted for retrospectively and has resulted in a reduction in interest income credited to the income statements for the financial year by RM4.7 million.

The effects of adopting the treatment of charging handling fees paid to motor vehicle dealers for hire purchase loans and the 3-month classification of non-performing loans retrospectively on the Group's unappropriated profits are reflected as prior year adjustments in the Statement of Changes in Equity and is disclosed in Note 53.

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention with certain modifications to include the directors' valuation of investments in subsidiary companies in the financial statements of the Company.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

Basis of Consolidation

The Group's financial statements include the financial statements of the Company and all its subsidiary companies listed under Note 13 made up to the end of the financial year except for P.T. AmCapital Indonesia and Malaysian Ventures Management Incorporated Sdn Bhd, the financial statements of which were made up to 31 December 2004 with adjustments, where appropriate, made for any significant transactions that occurred between 1 January 2005 to 31 March 2005.

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

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

Under the merger method, the assets, liabilities and reserves, revenues and expenses of the combining companies are combined into one entity at their existing amounts.

Under the acquisition method, the results of the subsidiary companies acquired or disposed of during the financial year are included in the Group financial statements from the effective date of acquisition or to the effective date of disposal, as applicable. The excess of the cost of investments in the subsidiary companies over the attributable share in the fair value of the net assets of the subsidiary companies at the date of acquisition is taken up as goodwill on consolidation.

All significant intercompany transactions, balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless the cost cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets together with exchange differences which were not previously recognised in the consolidated income statement.

Repurchase Agreements

Securities purchased under resale agreements are securities which the Group and the Company had purchased with commitments to resell at future dates. The commitments to resell the securities are reflected as an asset on the balance sheet.

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

Dealing Securities

Dealing securities are marketable securities that are acquired and held with the intention of reselling them in the short term.

Money market securities, debt equity converted securities, quoted securities and private debt securities are stated at the lower of cost and market value on a portfolio basis. On disposal of the dealing securities, the differences between the net disposal proceeds and their carrying amounts are charged or credited to the income statement.

Transfers, if any, between dealing and investment securities are made at the lower of cost and market value.

Investment Securities

Investment securities are securities that are acquired and held for yield or capital growth or to meet minimum liquid assets requirements in respect of the merchant banking, commercial banking and finance subsidiary companies pursuant to Section 38 of the Banking and Financial Institutions Act, 1989, and are usually held to maturity.

Malaysian Government Securities, Malaysian Government Investment Certificates, Cagamas bonds and other government securities and bank guaranteed private debt securities are stated at cost adjusted for amortisation of premium or accretion of discount, where applicable, to maturity dates. Other private debt securities are valued at lower of cost and market value.

Other investment securities are stated at cost and allowance is made in the event of any permanent diminution in value.

On disposal of the investment securities, the differences between the net disposal proceeds and their carrying amounts are charged or credited to the income statement.

Transfers, if any, between investment and dealing securities are made at the lower of carrying value and market value.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

Allowance for doubtful debts and financing

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

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

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

Trade and Other Receivables

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

The stock and share-broking subsidiary company, AmSecurities Sdn Bhd's policies for the identification of bad and doubtful accounts, the making of specific allowance and the classification of the suspension of interest in respect of such accounts and the making of general allowance are in accordance with Schedule 7 of the Rules of Bursa Malaysia Securities Berhad and are as follows:

- (i) Specific allowance is made against bad and doubtful receivables at rates of 50% and 100%, respectively, subject to deduction of interest-in-suspense and the value of collateral held. In addition, a general allowance is maintained based on 1% of total trade receivables after deducting the amount of interest-in-suspense and the specific allowance in accordance with Schedule 7 of the Rules of Bursa Malaysia Securities Berhad.
- (ii) Interest income accrued on these accounts are suspended when they are considered non-performing in accordance with Schedule 7 of the Rules of the Bursa Malaysia Securities Berhad.

Foreclosed Properties

Foreclosed properties are those acquired in full or partial satisfaction of debts and are stated at cost less allowance for diminution in value, if any, of such properties.

Amounts Recoverable from Pengurusan Danaharta Nasional Berhad ("Danaharta")

This relates to the loans sold to Danaharta where the total consideration is received in two portions; upon the sale of the loans (initial consideration) and upon the recovery of the loans (final consideration). The final consideration amount represents the Group's predetermined share of the surplus over the initial consideration upon recovery of the loans.

The difference between the carrying value of the loans and the initial consideration is recognised as 'Amounts recoverable from Danaharta' within the 'Other Assets' component of the balance sheet. Allowances against these amounts are made to reflect the Directors' assessment on the realisable value of the final consideration as at the balance sheet date.

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

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

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

The difference between the purchase consideration and the carrying value is recognised to the income statement.

Goodwill/Premium on Consolidation

Goodwill on consolidation represents the excess of the purchase consideration over the share of the fair values of the identifiable net assets of a subsidiary company at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. Goodwill is generally amortised evenly over an estimated useful life of twenty to fifty years. The policy for the recognition and measurement of impairment losses is in accordance with the policy on impairment of assets.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

Premium on consolidation on the acquisition of associated companies is included within the carrying amount of the associated companies and represents the excess of the purchase consideration over the Group's interest in the fair values of the identifiable net assets of associated companies at the date of acquisition. The premium on consolidation on the acquisition of associated companies is amortised over an estimated useful life of twenty five years.

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

Investments in Subsidiary Companies

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost or directors' valuation, and are written down when the directors consider that there is an impairment loss that is other than temporary on the value of such investments. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease. The directors' valuation is arrived at after taking into account the underlying net tangible assets value of the subsidiary companies and the surplus on revaluation is credited to the revaluation reserve account. The valuation of the investments in subsidiary companies will be carried out at a regular interval of at least once in every five years. The directors revalued the Company's investments in its subsidiary companies during the financial year ended 31 March 2002.

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

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

Investments in Associated Companies

An associated company is a company in which the Group has a long term equity interest of between 20% and 50% and where the Group has representation on the Board and is in a position to exercise significant influence in its management.

Investments in associated companies are stated at cost and are written down when the directors consider that there is an impairment loss that is other than temporary on the value of such investments in the Company's financial statements. The impairment loss is charged to the income statement. In the consolidated financial statements, the results of associated companies are accounted for under the equity method whereby the Group's share of post-acquisition profits less losses of associated companies is included in the consolidated income statement. The Group's interest in associated companies is stated at cost plus adjustments to reflect changes in the Group's share of the net assets of the associated companies in the consolidated balance sheet.

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

Property and Equipment and Depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with the policy on impairment of assets.

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

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

Freehold building	2%
Leasehold buildings	2% or over the term of short term lease
Long term leasehold land	Over the term of leases
Short term leasehold land	Over the term of leases
Motor vehicles	20%
Leasehold improvements	10% - 33 1/3%
Computer hardware and software	20% - 33 1/3%
Office and residential equipment, furniture and fittings	10% - 33 1/3%

Long term leases are leases with a term of 50 years and above. Short term leases are leases with a term of less than 50 years.

Gain or loss arising from disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is charged or credited to the income statement.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

Assets Purchased Under Lease

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

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

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

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

As at 31 March 2005, the Group and the Company do not have any assets purchased under lease.

Impairment of Assets

The carrying values of assets are reviewed for impairment when there is an indication that the asset might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows, if applicable. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash generating unit.

An impairment loss is charged to the income statements immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

Bills And Acceptances Payable

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

General Insurance Fund

The general insurance fund represents reserve for unexpired risks calculated using the 1/24th method on gross premiums less reinsurance. In determining the unexpired risks at the balance sheet date, the method that most accurately reflects the actual unexpired risks used is as follows:

- (i) 25% method for marine cargo, aviation cargo and transit business;
- (ii) 1/24th method for all other classes of Malaysian policies reduced by the corresponding percentage of accounted gross direct business commissions and agency-related expenses not exceeding the limits specified by Bank Negara Malaysia as follows:

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

- (iii) 1/8th method for all other classes of overseas inward treaty business with a deduction of 20% for commission; and
- (iv) Non-annual policies are time apportioned over the period of the risks

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

Life Insurance Fund

The life assurance fund is based on the results of annual actuarial valuation of the long-term liabilities to policy holders, made in accordance with the provisions of the Insurance Act, 1996 by the Group's appointed actuary adjusted for revenue surplus or deficit. Any deficit arising from the actuarial valuation is recoverable from the shareholders' fund. The latest valuations were made up to 31 March 2005 and the results have been reflected accordingly.

Provision For Claims

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

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

Profit Equalisation Reserve ("PER")

PER refers to the amount appropriated, under the Islamic Banking Business, out of the total gross income in order to maintain a market based return for depositors. PER is deducted from the total gross income (in deriving the net gross income) as approved and endorsed by the National Advisory Council for Islamic Banking and Takaful of Bank Negara Malaysia. The PER is generally deducted at a rate which does not exceed the maximum amount of 15% of the total gross income of each financial year and is maintained up to the maximum of 30% of total Islamic banking capital fund.

Provisions

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

Provisions For Commitments And Contingencies

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

Liabilities

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

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

Redeemable Unsecured Subordinated bonds

These are long term debts with remaining maturity of more than one year. The issue proceeds are recognised at cost and used to grant an unsecured term loan to its related licensed commercial bank for its capital refinancing. The interest incurred is recognised on a straight-line accrual basis.

Interest Bearing Irredeemable Convertible Unsecured Loan Stocks (ICULS)

The ICULS are regarded as equity instruments and the full issuance proceeds reflected as equity. The interest is accrued on a straight-line basis and recognised in equity.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

Employee Benefits

(i) Short-term Benefits

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

(ii) Defined Contribution Plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred. Once the contribution has been paid, the Group has no further payment obligations.

(iii) Equity Compensation Benefits

The employees' share option scheme allows the Group's eligible directors and employees, except for executive directors who represent the Government or Government institutions/agencies and Government employees who are serving in the public service schemes defined under Article 132 of the Federal Constitution, to acquire shares of the Company when the granted options are exercised and equity is increased by the amount of the proceeds received.

Forward Exchange Contracts

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

Interest Rate Swaps, Futures and Forward Rate Contracts

The Group acts as an intermediary with counterparties who wish to swap their interest obligations. The Group also uses interest rate swaps, futures and forward rate contracts in its trading activities and overall interest rate risk management.

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

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

Sale and Buy Back Agreements

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

Financial Instruments

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

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

Equity Instruments

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

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

Interest and Financing Income and Expense Recognition

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

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

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

While it is the Group's and the Company's policy to recognise interest and financing income on the accrual basis, interest and financing income on non-performing accounts is not recognised as income and is reversed and suspended unless received in cash or realisation in cash is assured.

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

Prior to this financial year, customers' accounts, other than trade bills, bankers' acceptances and trust receipts, were deemed to be non-performing when repayment were in arrears for more than six months. The change in accounting policy has been accounted for retrospectively and the effect of this change is disclosed in Note 53.

The classification of non-performing loans and financing is in conformity with Bank Negara Malaysia's Guideline on Classification of Non-Performing Loans and Provision for Bad and Doubtful Debts.

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

Fee and Other Income Recognition

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

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

Asset, property and unit trusts management, agency and commitment fees are recognised as income based on time apportionment.

Revenue from sale of trust units is recognised upon allotment of units, net of cost of units sold. On disposal of investments, the difference between the net disposal proceeds and their carrying amounts are taken to the income statement.

Guarantee fees are recognised as income upon issuance and, where the guarantee periods are longer than one year, over the duration of the guarantee period.

Equipment and property rental are recognised on an accrual basis.

Dividends from dealing and investment securities are recognised when received. Dividends from subsidiary and associated companies are recognised when the right to receive payment is established.

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

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

Income Taxes

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

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

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

Foreign Exchange

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange prevailing at transaction dates or, if covered by foreign exchange contracts, at contracted rates. Where settlement has not taken place at balance sheet date, translation into Ringgit Malaysia is at the approximate exchange rates prevailing at that date or at contracted rates. All foreign exchange gains or losses are taken up in the income statement.

For the purpose of consolidation, assets and liabilities of subsidiary and associated companies expressed in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date while income statement is translated into Ringgit Malaysia at the average exchange rate for the year. Gains or losses arising on translation into Ringgit Malaysia are taken up in the exchange fluctuation reserve. Translation losses in excess of amounts in the exchange fluctuation reserve, if any, are taken up in the income statement.

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

	31.3.2005	31.3.2004
Singapore Dollar (SGD)	2.30	2.26
United States Dollar (USD)	3.80	3.80
Indonesia Rupiah (IDR)	0.0004	0.0004
Hong Kong Dollars (HKD)	0.49	0.48

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

Operating Revenue

Operating revenue of the Group and of the Company comprise net interest and financing income after interest and income suspended or recovered but before amortisation of premiums less accretion of discounts, fee income, net trading income from money market securities, net trading income from derivatives, net gain/loss on sale of quoted investments, gross dividend income from quoted investments, income from Islamic Banking Business before income attributable to depositors, foreign exchange gain and net allowance or writeback for diminution in value of investments.

Cash Flow Statements

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

Cash and Cash Equivalents

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

4. Cash And Short-Term Funds

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Cash and bank balances	357,556	866	275,703	4,130
Money at call and deposits maturing within one month:				
Licensed banks:				
Subsidiary	-	86,368	-	30,368
Others	3,607,323	-	2,588,877	-
Licensed merchant banking subsidiary	-	3,117	-	-
Licensed finance companies:				
Subsidiary	-	331	-	248
Others	6,084	-	20,926	-
Bank Negara Malaysia	3,624,100	-	3,697,300	-
Other financial institutions	192,330	-	128,278	-
	7,787,393	90,682	6,711,084	34,746

Included in the above are interbank lendings of RM6,965,020,000 (RM6,330,277,000 in 2004) for the Group.

As at 31 March 2005, the net interbank borrowing and lending position of the Group is as follows:

	The Group	
	2005 RM'000	2004 RM'000
Interbank lendings		
Cash and short-term funds	6,965,020	6,330,277
Deposits with financial institutions (Note 6)	771,300	270,681
	7,736,320	6,600,958
Interbank borrowings (Note 17)	(157,700)	(265,244)
Net interbank lendings	7,578,620	6,335,714

5. Securities Purchased Under Resale Agreements

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Licensed banks:				
Subsidiary	-	31,950	-	287
Others	158,592	-	64,818	-
	158,592	31,950	64,818	287

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

6. Deposits And Placements With Banks And Other Financial Institutions

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Licensed banks:				
Subsidiary	-	8,164	-	97,027
Others	64,471	-	56,743	-
Licensed merchant banks:				
Subsidiary	-	18,465	-	-
Others	45,000	-	-	-
Licensed finance companies:				
Subsidiary	-	-	-	2,312
Others	3,078	-	3,040	-
Bank Negara Malaysia	448,600	-	19,132	-
Other financial institutions	249,207	-	228,754	-
	810,356	26,629	307,669	99,339

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

Deposits with financial institutions amounting to RM198,000 (RM194,000 in 2004) for the Group are pledged to certain banks for banking facilities granted to the subsidiary companies.

Included in the above are interbank lendings of RM771,300,000 (RM270,681,000 in 2004) for the Group.

7. Dealing Securities

	The Group	
	2005 RM'000	2004 RM'000
Money Market Securities:		
Malaysian Government Securities	720,971	19,941
Negotiable instruments of deposits	533,647	381,447
Khazanah bonds	151,750	327,003
Cagamas Mudharabah bearer bonds	90,022	83,500
Islamic Bank Negara Malaysia notes	56,176	139,202
Negotiable Islamic debt certificates	11,992	-
Malaysian Government Investment Certificates	8,174	127,728
Cagamas bonds	-	190,155
Bank Negara Malaysia bills	-	150,011
Cagamas notes	-	87,442
Treasury bills	-	28,463
Danaharta bonds	-	19,162
	1,572,732	1,554,054

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

	The Group	
	2005 RM'000	2004 RM'000
Securities Quoted		
In Malaysia:		
Shares	244,278	432,283
Corporate bonds	41,678	19,000
Trust units	8,360	55,691
Loan stocks	3,983	4,532
Transferable Subscription Rights/Warrants	-	443
Outside Malaysia:		
Shares	151	166
	298,450	512,115
Unquoted Debt Equity Converted Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	18,261	18,261
Unquoted Securities In Companies Incorporated In Malaysia:		
Shares	4,321	2,200
Trust units	24,649	-
	28,970	2,200
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Islamic corporate bonds	618,496	698,044
Corporate bonds	435,590	674,913
Corporate notes	71,916	95,428
Islamic corporate notes	-	33,012
	1,126,002	1,501,397
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	67,825	166,115
Islamic corporate notes	37,314	5,491
Corporate notes	-	49,601
	105,139	221,207
Total	3,149,554	3,809,234
Allowance for diminution in value of investments		
In Malaysia	(85,900)	(53,037)
Outside Malaysia	(237)	(259)
Total/Net	3,063,417	3,755,938

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

	The Group	
	2005 RM'000	2004 RM'000
Market/Indicative value:		
Money Market Securities:		
Malaysian Government Securities	717,534	19,708
Negotiable instruments of deposits	533,549	398,072
Khazanah bonds	152,276	327,227
Cagamas Mudharabah bearer bonds	90,361	82,693
Islamic Bank Negara Malaysia bills	56,323	139,636
Negotiable Islamic debt certificates	11,994	-
Malaysian Government Investment Certificates	8,303	127,341
Cagamas bonds	-	188,874
Bank Negara Malaysia bills	-	150,863
Cagamas notes	-	88,470
Treasury bills	-	28,578
Danaharta bonds	-	19,580
Securities Quoted:		
In Malaysia		
Shares	193,926	414,211
Corporate bonds	41,628	19,380
Trust units	8,560	52,668
Loan stocks	1,613	2,646
Transferable Subscription Rights/Warrants	-	485
Outside Malaysia		
Shares	66	60
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Islamic corporate bonds	613,174	675,454
Corporate bonds	432,377	650,479
Corporate notes	72,910	95,822
Islamic corporate notes	-	33,432
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	68,564	167,234
Islamic corporate notes	36,872	5,461
Corporate notes	-	49,915

Certain money market securities held have been sold under repurchase agreements for funding purposes. The carrying values of the securities underlying these repurchase agreements remain in the respective asset accounts while the obligations to repurchase such securities at an agreed price on a specified future date are accounted for as a liability as shown in Note 18.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

8. Investment Securities

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Money Market Securities:				
Malaysian Government Securities	279,650	-	123,081	-
Negotiable instruments of deposits	251,370	150,233	892,845	-
Negotiable Islamic debt certificates	224,005	-	195,394	-
Cagamas bonds	203,536	-	30,006	-
Malaysian Government Investment Certificates	145,054	-	190,482	-
Khazanah bonds	116,119	-	133,136	-
Treasury bills	28,810	-	311,800	-
Bank Negara Malaysia Bills	-	-	252,560	-
Danaharta bonds	-	-	7,000	-
Bankers' acceptances	-	-	4,472	-
Islamic acceptance bills	-	-	2,979	-
	1,248,544	150,233	2,143,755	-
Quoted Securities:				
In Malaysia				
Shares	169,964	-	121,506	-
Corporate bonds	62,000	-	38,000	-
Trust units	2,338	-	404	-
Warrants	750	-	3,605	-
Outside Malaysia				
Corporate bonds	19,000	-	19,000	-
Shares	4,356	-	3,195	-
	258,408	-	185,710	-
Quoted Debt Equity Converted Securities:				
In Malaysia				
Shares	267,431	-	292,778	-
Shares - with options	97,898	-	78,076	-
Loan stocks - with options	589,670	-	577,747	-
Loan stocks - collateralised	80,471	-	99,611	-
Corporate bonds	2,500	-	4,333	-
Outside Malaysia				
Shares - with options	15	-	-	-
Shares	-	-	3,203	-
	1,037,985	-	1,055,748	-

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Unquoted Debt Equity Converted Securities Of Companies Incorporated				
In Malaysia:				
Shares	123,018	-	354,902	-
Loan stocks	812,923	-	682,772	-
Corporate bonds	722,856	-	617,476	-
Outside Malaysia:				
Shares	3,128	-	-	-
	1,661,925	-	1,655,150	-
Unquoted Private Debt Securities Of Companies Incorporated:				
In Malaysia				
Corporate bonds	506,155	-	377,600	10,000
Islamic Corporate bonds	21,031	-	21,031	-
Corporate bonds and notes denominated in USD	86,813	-	144,670	-
Outside Malaysia				
Corporate bonds and notes denominated in USD	114,000	-	123,073	-
	727,999	-	666,374	10,000
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:				
Corporate bonds	770,246	-	1,173,666	-
Unquoted Securities Of Companies Incorporated:				
In Malaysia				
Shares	105,228	-	105,886	-
Trust units	39,747	-	44,138	-
Corporate bonds	959	-	376	-
Outside Malaysia				
Shares	11,970	-	9,929	-
	157,904	-	160,329	-
Total	5,863,011	150,233	7,040,732	10,000
Amortisation of premium less accretion of discount	(4,445)	-	(3,940)	(298)
Allowance for diminution in value of investments:				
In Malaysia	(621,924)	-	(625,127)	-
Outside Malaysia	(123,726)	-	(118,815)	-
Net	5,112,916	150,233	6,292,850	9,702

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Market/Indicative value :				
Money Market Securities:				
Malaysian Government Securities	286,779	-	119,835	-
Negotiable instruments of deposits	250,440	-	962,023	-
Negotiable Islamic debt certificates	225,600	-	195,394	-
Cagamas bonds	204,482	-	30,006	-
Malaysian Government Investment Certificates	150,785	-	202,530	-
Khazanah bonds	120,291	-	137,846	-
Treasury bills	28,785	-	319,035	-
Bank Negara Malaysia Bills	-	-	253,328	-
Danaharta bonds	-	-	8,798	-
Bankers' acceptances	-	-	4,472	-
Islamic acceptance bills	-	-	2,997	-
Quoted Securities:				
In Malaysia				
Shares	164,770	-	132,391	-
Corporate bonds	62,599	-	38,354	-
Trust units	2,369	-	582	-
Warrants	587	-	3,596	-
Outside Malaysia				
Corporate bonds	4,560	-	4,750	-
Shares	4,356	-	2,776	-
Quoted Debt Equity Converted Securities:				
In Malaysia				
Shares	86,052	-	124,778	-
Shares - with options	58,301	-	47,087	-
Loan stocks - with options	464,882	-	516,863	-
Loan stocks - collateralised	45,076	-	64,843	-
Corporate bonds	2,500	-	4,750	-
Outside Malaysia				
Shares	-	-	3,440	-
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:				
Corporate bonds	727,400	-	377,465	9,720
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:				
Corporate bonds	733,738	-	1,126,388	-

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

	The Group	
	2005 RM'000	2004 RM'000
Maturing within one year	283,291	1,089,655
One year to three years	726,293	684,794
Three to five years	148,205	311,130
Over five years	90,755	58,176
	1,248,544	2,143,755

Certain money market securities held have been sold under repurchase agreements for funding purposes and their carrying values remain in the respective asset accounts while the obligations to repurchase such securities at an agreed price on a specified future date are accounted for as a liability as shown in Note 18.

9. Loans, Advances And Financing

	The Group			
	2005		2004	
	RM'000	%	RM'000	%
Loans and financing:				
Customers	23,358,797	52.9	23,448,010	55.3
Staff loans	184,905	0.4	176,685	0.4
Hire-purchase receivables	19,522,238	44.1	18,115,982	42.7
Credit card receivables	1,945,044	4.4	1,543,119	3.6
Lease receivables	1,382,535	3.1	1,517,308	3.6
Overdrafts	865,731	2.0	771,482	1.8
Claims on customers under acceptance credits	814,155	1.8	349,777	0.8
Trust receipts	212,910	0.5	84,807	0.2
Block discount receivables	59,436	0.1	51,048	0.1
Factoring receivables	38,384	0.1	30,851	0.1
Bills receivable	10,635	0.1	5,377	0.1
	48,394,770	109.6	46,094,446	108.7
Less : Unearned interest and income	4,230,492	9.6	3,675,245	8.7
Total	44,164,278	100.0	42,419,201	100.0
Less:				
Allowance for bad and doubtful debts and financing:				
General	629,784		601,279	
Specific	1,815,599		1,780,316	
	2,445,383		2,381,595	
Interest/Income-in-suspense	1,498,019		1,492,558	
	3,943,402		3,874,153	
Net loans, advances and financing	40,220,876		38,545,048	

Claims on customers under acceptance credits represent the merchant banking and commercial banking subsidiary companies' own acceptances created and discounted. Own acceptances discounted and held in hand by the Group as at 31 March 2005 amounted to RM255,130,000 (RM88,521,000 in 2004).

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

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

	The Group	
	2005 RM'000	2004 RM'000
Maturing within one year	17,175,298	16,241,539
One year to three years	9,328,375	10,049,898
Three to five years	6,248,090	6,565,035
Over five years	11,412,515	9,562,729
	44,164,278	42,419,201

	The Group			
	2005		2004	
	RM'000	%	RM'000	%
Purchase of transport vehicles	16,226,274	36.0	14,395,432	33.9
Purchase of landed property of which:				
(a) Residential	8,527,622	18.9	7,148,858	16.9
(b) Non-residential	1,947,008	4.3	2,286,146	5.4
Construction	3,753,890	8.3	3,675,165	8.7
Consumption credit	2,957,617	6.6	2,250,954	5.3
Manufacturing	2,172,314	4.8	2,390,924	5.7
General commerce	1,986,279	4.4	1,539,333	3.6
Purchase of securities	1,648,740	3.6	1,853,513	4.4
Real estate	1,079,712	2.4	1,199,321	2.8
Finance, insurance and business services	1,035,503	2.3	1,135,076	2.7
Agriculture	838,767	1.9	895,112	2.1
Investment holdings	782,084	1.7	931,676	2.2
Transport, storage and communication	713,199	1.6	1,291,244	3.0
Electricity, gas and water	525,492	1.2	350,023	0.8
Community, social and personal services	376,806	0.8	381,345	0.9
Mining and quarrying	41,292	0.1	59,522	0.1
Others	480,337	1.1	639,065	1.5
Gross loans, advances and financing	45,092,936	100.0	42,422,709	100.0
Less : Islamic financing sold to Cagamas Berhad	928,658		3,508	
	44,164,278		42,419,201	

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

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

	The Group	
	2005 RM'000	2004 RM'000
Gross		
As previously stated	7,493,282	8,000,125
Prior years' adjustment	2,792,431	1,811,505
As restated	10,285,713	9,811,630
Non-performing during the year	1,371,743	3,611,428
Reclassification to performing loans and financing	(806,833)	(623,458)
Amount written off	(629,867)	(1,516,701)
Recoveries	(974,800)	(845,804)
Debt equity conversion	(149,864)	(151,382)
Balance at end of year	9,096,092	10,285,713
Less:		
Specific allowance	1,815,599	1,780,316
Interest/income-in-suspense	1,498,019	1,492,558
	3,313,618	3,272,874
Non-performing loans and financing - net	5,782,474	7,012,839
Total loans, advances and financing less specific allowance and interest/income-in-suspense	40,850,660	39,146,327
Islamic financing sold to Cagamas Berhad	928,658	3,508
	41,779,318	39,149,835
Ratios of non-performing loans and financing to total loans, advances and financing - net	13.84%	17.91%

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

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

	The Group	
	2005	2004
	RM'000	RM'000
General allowance		
Balance at beginning of year	601,279	591,394
Allowance during the year (Note 34)	28,505	9,875
Exchange fluctuation adjustments	-	10
Balance at end of year	629,784	601,279
% of total loans and financing less specific allowances and interest/income-in-suspense	1.51%	1.53%
Specific allowance		
Balance at beginning of year	1,780,316	1,801,429
Allowance during the year	1,405,335	1,455,336
Amount written back in respect of recoveries and reversals	(372,450)	(388,851)
Net charge to income statement (Note 34)	1,032,885	1,066,485
Amount written off	(1,058,371)	(1,022,854)
Debt equity conversion	(4,660)	(56,200)
Adjustment to deferred asset account	24,283	12,861
Reclassification from sundry receivables	41,146	9,316
Danamodal recoveries	-	(30,721)
Balance at end of year	1,815,599	1,780,316
Interest/Income-in-suspense		
As previously stated	1,436,556	1,763,808
Prior year adjustments	56,002	57,414
As restated	1,492,558	1,821,222
Interest/Income suspended during the year	580,988	755,064
Amount written back in respect of recoveries and reversals	(296,189)	(351,992)
Net charge to income statement	284,799	403,072
Amount written off	(199,958)	(539,823)
Debt equity conversion	(78,419)	(178,030)
Adjustment to deferred asset account	(961)	(2,093)
Danamodal recoveries	-	(11,857)
Exchange fluctuation adjustments	-	67
Balance at end of year	1,498,019	1,492,558

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

10. Other Assets

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Trade receivables, net of allowance for doubtful debts for the Group of RM130,153,000 (RM134,818,000 in 2004)	270,096	-	548,655	-
Other receivables, deposits and prepayments, net of allowance for doubtful debts for the Group of RM11,633,000 (RM4,905,000 in 2004)	300,044	33,256	327,122	36,945
Interest receivables on treasury assets, net of allowance for doubtful debts for the Group of RM11,465,000 (RM11,465,000 in 2004)	81,425	1,387	78,060	1,754
Fee receivables, net of allowance for doubtful debts for the Group of RM4,403,000 (RM2,720,000 in 2004)	39,660	-	32,634	-
Amount due from subsidiary companies	-	214,603	-	7,681
Amount due from associated companies	148	-	123	-
Amount due from agents, brokers and reinsurers, net of allowance for the Group of RM12,341,000 (RM12,196,000 in 2004)	54,543	-	37,878	-
Amount due from originators	132,798	-	153,104	-
Amount recoverable under Asset-Backed Securitisation Transactions	97,566	-	-	-
Foreclosed properties net of allowance for impairment in value of RM91,519,000 (RM12,415,000 in 2004)	98,541	-	21,399	-
Deferred asset	77,140	-	72,022	-
	1,151,961	249,246	1,270,997	46,380

Trade receivables mainly relate to the stock and share-broking activities of subsidiary companies and represent amount outstanding in purchase contracts and share margin financing net of allowances.

Included in the allowance for doubtful debts for trade receivables above is general allowance amounting to RM1,207,000 (RM1,937,000 in 2004), specific allowance amounting to RM116,541,000 (RM119,600,000 in 2004) and interest-in-suspense amounting to RM64,898,000 (RM65,075,000 in 2004) pertaining to bad and doubtful accounts of the stock and share-broking subsidiary company.

Amount due from subsidiary companies is interest-free and represents net dividend and interest on loans receivable and included an amount of RM214,000,000 arising from transfer of the Company's 100% equity interest in AmSecurities Holding Sdn Bhd to AmInvestment Group Berhad pursuant to the Group's Internal Reorganisation.

Amount due from associated companies is interest-free and represents expenses paid on behalf.

Amount due from originators represents housing loans, hire purchase and leasing receivables acquired from the originators for onward sale to Cagamas Berhad as mentioned in Note 20.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

	The Group	
	2005 RM'000	2004 RM'000
Deferred assets are as follows:		
Arising from takeover of Abrar Finance Berhad	15,956	10,838
Arising from takeover of Kewangan Usahasama Makmur Berhad	61,184	61,184
	77,140	72,022

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

The net asset deficiency representing the excess of liabilities over the assets transferred from AFB arising from the scheme, is shown as deferred asset, and is reduced progressively by net income derived from the utilisation of the deposit placed by BNM, as mentioned in Note 17, and net recoveries of defaulted loans of AFB computed based on a formula determined by BNM.

Subsequent to the vesting order of assets and liabilities from AMFB to AmFinance, the deferred assets arising from the takeover of AFB were vested over to AmFinance.

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

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

11. Goodwill On Consolidation

The movements in goodwill on consolidation are as follows:

	The Group	
	2005 RM'000	2004 RM'000
Cost		
At beginning of year	340,914	340,914
Arising on acquisition of additional 14.062% equity interest in insurance subsidiary company	25,794	-
Arising on acquisition of remaining 35.72% equity interest in AMFB Holdings Berhad	230,634	-
At end of year	597,342	340,914
Accumulated amortisation		
At beginning of year	59,199	45,494
Amortisation for the year	15,097	13,705
At end of year	74,296	59,199
Net book value	523,046	281,715

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

12. Statutory Deposits With Bank Negara Malaysia

(CENTRAL BANK OF MALAYSIA)

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

13. Investments In Subsidiary Companies

	The Group	
	2005 RM'000	2004 RM'000
Quoted in Malaysia		
Shares		
- at cost	-	346,013
- at directors' valuation	-	555,787
Total quoted investments	-	901,800
Unquoted		
Shares		
- at cost	3,670,102	613,348
- at directors' valuation	791,146	1,439,200
Interest Bearing Irredeemable Convertible Unsecured Loan Stocks ("ICULS") 2007- at cost	-	120,000
Total unquoted investments	4,461,248	2,172,548
Total	4,461,248	3,074,348
Market value:		
Shares quoted in Malaysia	-	2,277,927

The ICULS 2007 issued by the merchant banking subsidiary company bear interest at an annual rate of 6.0% and are convertible at anytime after the date of issue to maturity date. The ICULS 2007 were extended for a further period of five years, after obtaining Bank Negara Malaysia approval. During the financial year the ICULS 2007 was transferred to AmInvestment Group Berhad pursuant to the Group Internal Reorganisation.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

The subsidiary companies, all incorporated in Malaysia, except for P.T. AmCapital Indonesia and AmSecurities (H.K.) Limited, which are incorporated in Indonesia and Hong Kong respectively, are as follows:

Principal Activities	Issued and Paid-up Ordinary Capital		Effective Equity Interest		
	2005 RM'000	2004 RM'000	2005 %	2004 %	
Direct Subsidiary Companies					
Unquoted					
AmInvestment Group Berhad ("AIGB")	Investment holding	1,109,442	-	100.00	-
AmBank Berhad ("AmBank")	Commercial banking	761,719	708,594	100.00	100.00
AMFB Holdings Berhad ("AMFB")	Investment holding	528,917	528,756	100.00	64.30
Arab-Malaysian Credit Berhad ("AMCB")	Hire-purchase financing and leasing	288,500	215,000	100.00	100.00
AmAssurance Berhad ("AmAssurance")	Life assurance and general insurance	100,000	100,000	80.00	65.94
AmManagement Services Sdn Bhd	Dormant	-**	-**	100.00	100.00
Indirect Subsidiary Companies					
Unquoted					
AmMerchant Bank Berhad ("AmMerchant Bank")	Merchant banking	200,000	200,000	100.00	100.00
AmSecurities Holding Sdn Bhd ("AMSH")	Investment holding	10,000	10,000	100.00	100.00
AmFinance Berhad ("AmFinance")	Finance company	528,402	528,402	100.00	64.30
AmSecurities Sdn Bhd ("AMS")	Stock and share-broking	100,000	100,000	100.00	97.50
AmInvestment Services Berhad	Management of unit trusts	5,539	5,539	70.00	70.00
AmInvestment Management Sdn Bhd	Asset management	2,000	2,000	70.00	70.00
AMMB Consultant Sdn Bhd	Investment consultant	500	500	100.00	100.00
AMMB Nominees (Tempatan) Sdn Bhd	Nominee services	10	10	100.00	100.00
AMMB Nominees (Asing) Sdn Bhd	Nominee services	10	10	100.00	100.00
AmProperty Trust Management Berhad	Management of property trusts	500	500	100.00	100.00
AMMB Factors Sdn Bhd	Dormant	1,000	1,000	100.00	100.00
AMCB Mezzanine Sdn Bhd	Investment holding	400	400	100.00	100.00
AmTrustee Berhad	Trustee services	500	500	80.00	72.86
Arab-Malaysian Services Berhad	Dormant	6,000	6,000	80.00	65.94
AmEquities Sdn Bhd	Collection of trade receivables	140,000	140,000	100.00	97.50

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

Principal Activities	Issued and Paid-up Ordinary Capital		Effective Equity Interest		
	2005 RM'000	2004 RM'000	2005 %	2004 %	
South Johor Securities Nominees (Tempatan) Sdn Bhd	General insurance corporate agent	-**	-**	100.00	97.50
South Johor Securities Nominees (Asing) Sdn Bhd	Dormant	-**	-**	100.00	97.50
AMSEC Nominees (Tempatan) Sdn Bhd	Nominee services	1	1	100.00	97.50
AMSEC Nominees (Asing) Sdn Bhd	Nominee services	1	1	100.00	97.50
AmFutures Sdn Bhd	Futures and options trading	10,000	10,000	100.00	100.00
AmResearch Sdn Bhd	Publishing and selling research materials and reports	500	500	100.00	97.50
AM Nominees (Tempatan) Sdn Bhd	Nominee services	-**	-**	100.00	70.00
AM Nominees (Asing) Sdn Bhd	Nominee services	-**	-**	100.00	70.00
AMMB Properties Sdn Bhd	Dormant	-**	-**	100.00	100.00
Malaysian Ventures Management Incorporated Sdn Bhd	Management of venture capital	500	500	59.00	59.00
Annling Sdn Bhd	Dormant	250	250	100.00	64.30
Everflow Credit & Leasing Corp Sdn Bhd	Dormant	684	684	100.00	64.30
MBF Information Services Sdn Bhd	Rental of computer equipment and provision of related support services	27,500	27,500	100.00	64.30
MBf Nominees (Tempatan) Sdn Bhd	Nominee services	10	10	100.00	64.30
MBf Trustees Berhad	Trustee services	250	250	60.00	38.60
AmProperty Holdings Sdn Bhd ("AMPH")	Property investment	500	500	100.00	64.30
MBf Equity Partners Sdn Bhd	Dormant	10,000	10,000	100.00	64.30
MBf Nominees (Asing) Sdn Bhd	Dormant	-**	-**	100.00	64.30
MBf Property Trust Management Berhad ("MBfPT")	Dormant	-	1,000	-	64.30
Lekir Development Sdn Bhd	Dormant	450	450	100.00	64.30
Li & Ho Sdn Bhd	Dormant	850	850	100.00	64.30
Teras Oak Pembangunan Sdn Bhd	Dormant	1,200	1,200	100.00	64.30
AmCredit & Leasing Sdn Bhd (formerly known as Komewah Credit & Leasing Sdn Bhd)	Dormant	500	500	100.00	64.30
Crystal Land Sdn Bhd	Dormant	400	400	80.00	51.44
Bougainvillea Development Sdn Bhd	Property holding	1,000	1,000	100.00	64.30
Malco Properties Sdn Bhd	Dormant	157	157	51.00	32.79

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

	Principal Activities	Issued and Paid-up Ordinary Capital		Effective Equity Interest	
		2005 RM'000	2004 RM'000	2005 %	2004 %
Komuda Credit & Leasing Sdn Bhd	Dormant	500	500	100.00	64.30
Natprop Sdn Bhd	Investment holding	500	500	100.00	64.30
		US\$'000	US\$'000		
AMMB Labuan (L) Ltd	Dormant	200	200	100.00	100.00
AmInternational (L) Ltd	Offshore banking	10,000	10,000	100.00	100.00
		RP'000	RP'000		
P.T. AmCapital Indonesia *(“AmCI”)	Stock-broking, underwriting and investment management	26,000,000	11,000,000	83.07	60.00
		HK\$000	HK\$000		
AmSecurities (H.K.) Limited^	Dormant	33,000	33,000	100.00	100.00

* Subsidiary company not audited by Ernst & Young

** Subsidiary companies with an issued and paid-up ordinary capital of RM2.

^ Subsidiary company audited by a firm affiliated with Ernst & Young

During the financial year:

1. The Company:

- (i) completed the privatisation of AMFB followed by the voluntary surrender of its listing status on the Bursa Malaysia Securities Berhad (“Bursa Securities”) and
- (ii) proposed the listing of the Company’s investment banking group, via a newly incorporated company, AIGB, on the Main Board of the Bursa Securities. Please refer to Note 51 for the details of the proposals.

2. On 25 February 2004, AmFinance, a wholly-owned subsidiary of AMFB, entered into a conditional sale and purchase agreement with MBf Corporation Berhad (“MBf Corp”) for the sale of AmFinance’s entire 100% equity interest consisting of 1,000,000 ordinary shares of RM1.00 each, in MBfPT for a cash consideration of RM1.00.

The purchase consideration was arrived at on a willing-buyer and willing-seller basis after taking into consideration the financial position of MBfPT which had a negative shareholder’s funds as at 31 March 2004.

The disposal was completed on 9 August 2004.

3. On 5 April 2004, AMSH, a wholly-owned subsidiary company of the Company entered into a conditional share sale agreement with Encik Ismail bin Abdullah for the acquisition by AMSH of the remaining 2,500,004 ordinary shares of RM1.00 each in AMS, representing 2.5% of the existing issued and paid-up share capital of AMS, for a total purchase consideration of RM9,396,604 to be satisfied wholly in cash (“AMS Minority Acquisition”). The AMS Minority Acquisition was completed on 28 June 2004.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

4. On 13 October 2004, the Company and AmBank, the Company's 100% owned commercial banking subsidiary, entered into the following agreements (the Acquisitions):
 - (a) Acquisition by the Company of 47,116,000 ordinary shares of RM1.00 each representing 47.116% of the issued and paid-up share capital of AmAssurance from AmMerchant Bank for a cash consideration of RM75,762,537 ("Acquisition by the Company"). Subsequently, by way of a supplemental agreement dated 21 March 2005, the cash consideration is revised from RM75,762,537 to RM82,517,802, after taking into consideration the estimated share of profits from AmAssurance for a period of 12 months from 1 April 2004 up to 31 March 2005; and
 - (b) Acquisition by AmBank of 14,062,000 ordinary shares of RM1.00 each representing 14.062% of the issued and paid-up share capital of AmAssurance from ABH Holdings Sdn Bhd ("ABH Holdings") for a cash consideration of RM44,588,774 ("Acquisition by AmBank").

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

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

The Acquisitions were approved by the Minister of Finance on 23 September 2004. The Acquisition by AmBank were approved by the shareholders of the Company at an Extraordinary General Meeting held on 29 September 2004 and Foreign Investment Committee ("FIC") on 9 December 2004. The Acquisition by the Company was approved by the SC on 23 February 2005 and does not require the approval of the Company's shareholders as it is an excluded transaction pursuant to Chapter 10.02(j) of the Listing Requirements of Bursa Malaysia Securities Berhad.

Following the approval from the FIC, the Sale and Purchase Agreement for the Acquisition by AmBank has become unconditional on 13 December 2004. The Acquisition by AmBank and the Acquisition by the Company were completed on 14 December 2004 and 24 March 2005, respectively.

5. AMCB increased its issued and fully paid-up share capital from RM215,000,000 to RM288,500,000 through rights issues of 73,500,000 new ordinary shares of RM1.00 each at par in cash for the purpose of meeting its working capital requirements.
6. AmBank increased its issued and fully paid-up share capital from RM708,593,750 to RM761,718,750 through rights issues of 53,125,000 new ordinary shares of RM1.00 each at RM1.60 per share in cash for the purpose of further increasing its working capital.
7. AMSH had subscribed fully for AMCI rights issue of 15,000 new ordinary shares of Rupiah 1,000,000 each in cash. With the completion of the rights issue, AMSH's shareholding in AMCI has increased from 60% to 83.07%. Accordingly, the issued and fully paid-up share capital of AMCI has increased from Rupiah 11,000,000 to Rupiah 26,000,000. The purpose of the rights issue is to increase the working capital of AMCI.
8. On 10 November 2004, AmAssurance entered into fourteen (14) Sale and Purchase Agreements with AmProperty Holdings Sdn Bhd, to purchase 14 properties for a total cash consideration of RM18,620,000.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

14. Investments In Associated Companies

	The Group	
	2005 RM'000	2004 RM'000
Unquoted shares, at cost	21,848	21,855
Exchange fluctuation adjustments	6,166	6,161
Share in net post acquisition profit of associated companies	12,567	12,799
	40,581	40,815
Less: Accumulated amortisation of premium	1,866	1,244
	38,715	39,571

As at 31 March 2005, the carrying values of the investments in associated companies are represented by:

	The Group	
	2005 RM'000	2004 RM'000
Group's share of aggregate net tangible assets	29,471	29,705
Group's share of aggregate intangible assets	1,787	1,787
Premium on acquisition, net of accumulated amortisation of RM1,866,000 (RM1,244,000 in 2004)	7,457	8,079
	38,715	39,571

The associated companies, all unquoted and held through the merchant banking subsidiary company, AmMerchant Bank, are as follows:

Principal Activities	Issued and Paid-up Ordinary Capital		Effective Equity Interest		
	2005 RM'000	2004 RM'000	2005 %	2004 %	
Incorporated in Malaysia					
Malaysian Ventures Sendirian Bhd*	Ceased operations	17	17	27.41	27.41
Malaysian Ventures (Two) Sdn Bhd*	Ceased operations	19	19	34.67	34.67
		S\$'000	S\$'000		
Incorporated in Singapore					
Fraser International Pte. Ltd. ("FIPL")#	Investment holding	14,856	14,856	49	49
Wholly-owned by FIPL					
Fraser Securities Pte. Ltd. ("FSPL")#	Stockbroking and futures broker	32,528	22,028	49	49
Fraser Financial Planners Pte. Ltd.#	Dormant	1,000	1,000	49	49
Fraser Financial Series Pte. Ltd. (formerly known as # Fraser Financial Advisory Pte Ltd	Dormant	200	200	49	49
Wholly-owned by FSPL					
Fraser-AMMB Research Pte. Ltd.#	Dormant	500	500	49	49
Fraser Nominees (Private) Limited#	Nominee Services	1	1	49	49

* Associated company under members' voluntary liquidation.

Associated companies not audited by Ernst & Young

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

15. Property And Equipment

The Group	Freehold land and building RM'000	Long leasehold land and buildings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware and software RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
COST							
At beginning of year	323,311	57,510	16,311	160,713	561,490	141,413	1,260,748
Additions	-	-	2,364	20,174	32,207	15,371	70,116
Disposals	(13,479)	(5,526)	(3,732)	-	(2,627)	(3,052)	(28,416)
Write offs	-	-	(2)	(2,793)	(4,747)	(83)	(7,625)
Reclassification / Transfer	-	-	-	(4,346)	(882)	3,232	(1,996)
Exchange Adjustments	-	-	(22)	-	(12)	(25)	(59)
At end of year	309,832	51,984	14,919	173,748	585,429	156,856	1,292,768
ACCUMULATED DEPRECIATION							
At beginning of year	35,564	5,631	12,637	113,558	452,370	105,088	724,848
Additions	5,470	1,104	1,680	10,771	35,648	13,909	68,582
Impairment loss	29,834	-	-	-	-	-	29,834
Disposals	(1,830)	(1,200)	(3,601)	-	(2,564)	(2,241)	(11,436)
Reclassification/Transfer	-	-	-	-	(70)	12	(58)
Write offs	-	-	(2)	(1,944)	(1,683)	(80)	(3,709)
Exchange Adjustments	-	-	(15)	-	(10)	(22)	(47)
At end of year	69,038	5,535	10,699	122,385	483,691	116,666	808,014
NET BOOK VALUE							
As at 31 March 2005	240,794	46,449	4,220	51,363	101,738	40,190	484,754
As at 31 March 2004	287,747	51,879	3,674	47,155	109,120	36,325	535,900
Depreciation charge for the year ended 31 March 2004	5,327	1,201	1,832	12,983	51,867	10,526	83,736
BALANCES AS AT 31 MARCH 2003							
Cost	331,173	57,510	19,067	142,505	528,203	129,115	1,207,573
Accumulated depreciation	29,950	4,717	14,727	101,866	401,750	95,864	648,874

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(a) Details of leasehold land and buildings are as follows:

The Group	Long term leasehold land and buildings RM'000	Short term leasehold land and buildings RM'000	Total RM'000
Cost	51,036	948	51,984
Accumulated Depreciation	(5,148)	(387)	(5,535)
Net book value	45,888	561	46,449

The long term leasehold properties for the Group are for lease periods of 66-999, 85-855 years and 99 years respectively and with unexpired lease periods of 54-875 years, 63-788 years and 86-91 years respectively.

The short term leasehold properties for the Group are for lease periods of 20-99 years and 20 years respectively and with unexpired lease periods of 1-34 years and 1 year respectively.

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

The Group	Freehold land and Building RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware and software RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Cost	75	6,112	82,172	406,111	73,074	567,544

The Company	Motor Vehicles RM'000	Total RM'000
COST		
At beginning of year	86	86
Additions	587	587
At end of year	673	673
ACCUMULATED DEPRECIATION		
At beginning of year	86	86
Additions	10	10
At end of year	96	96
NET BOOK VALUE		
As at 31 March 2005	577	577
As at 31 March 2004	-	-
Depreciation charge for 2004	7	7

As at 31 March 2005, a motor vehicle costing of RM86,000 in the Company is fully depreciated and still in use.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

16. Deposits From Customers

	The Group	
	2005 RM'000	2004 RM'000
Term/Investment deposits	29,556,983	28,379,509
Savings deposits	2,878,783	2,742,945
Current deposits	1,334,289	1,173,848
Negotiable instruments of deposits	677,285	720,991
	34,447,340	33,017,293
The maturity structure of deposits from customers is as follows:		
Due within six months	27,324,848	26,657,206
Six months to one year	5,472,835	5,132,970
One year to three years	933,679	831,445
Three to five years	715,978	395,672
	34,447,340	33,017,293
The deposits are sourced from the following types of customers:		
Business enterprises	11,917,916	11,840,628
Individuals	18,241,104	16,541,744
Government	2,748,974	3,359,453
Others	1,539,346	1,275,468
	34,447,340	33,017,293

17. Deposits And Placements Of Banks And Other Financial Institutions

	The Group	
	2005 RM'000	2004 RM'000
Deposits from:		
Licensed banks	2,828,564	3,603,298
Licensed merchant bank	90,265	-
Licensed finance companies	209,976	116,822
Bank Negara Malaysia	889,558	836,930
Other financial institutions	8,059,388	6,885,716
	12,077,751	11,442,766

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

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

	The Group	
	2005 RM'000	2004 RM'000
Negotiable instruments of deposits	6,255,938	6,835,334
Interbank borrowings	157,700	265,244

Included in deposits from Bank Negara Malaysia of the Group are long-term deposits placed amounting to RM315,000,000 (RM315,000,000 in 2004) bearing interest at 1.0% (1.0% in 2004) per annum and interest free loans amounting to RM493,000,000 (RM493,000,000 in 2004) with the finance subsidiary company in connection with the transfer of assets and liabilities of Abrar Finance Berhad and Kewangan Usahasama Makmur Berhad as mentioned in Note 10. Long term deposits of RM180,000,000 (RM180,000,000 in 2004) is repayable on 18 December 2008 or when the deferred assets relating to AFB as mentioned in Note 10 are fully recovered, whichever is earlier. The remaining deposits from Bank Negara Malaysia are repayable when the deferred assets relating to KUMB as mentioned in Note 10 are fully recovered.

18. Obligations On Securities Sold Under Repurchase Agreements

Securities sold under repurchase agreements pertain to subsidiary companies and represent the obligations to repurchase these securities sold as mentioned in Notes 7 and 8.

19. Bills And Acceptances Payable

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

20. Amount Due To Cagamas Berhad

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

21. Other Liabilities

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Trade payables	258,242	-	305,485	-
Other payables and accruals	1,134,669	647	976,844	1,224
Interest payable on deposits and borrowings	275,221	4,675	262,097	2,563
Lease deposits and advance rentals	56,154	-	60,179	-
Insurance funds:				
General insurance business	173,212	-	133,867	-
Life assurance business	819,112	-	635,940	-
Provision for commitments and contingencies	13,063	-	92,500	-
Bank overdrafts	37,192	-	56,317	-
Amount due to subsidiary companies	-	243	-	156
Amount due to associated companies	-	-	116	-
Profit equalization reserve	112,261	-	54,312	-
Deferred tax liabilities (Note 38)	2,207	-	305	-
Tax payable	1,331	-	8,898	-
	2,882,664	5,565	2,586,860	3,943

Trade payables mainly relate to the stock and share-broking subsidiary companies and represent amount payable in outstanding sales contracts.

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

	The Group	
	2005 RM'000	2004 RM'000
Amount due to reinsurers, reinsurers and agents	36,169	36,243
Treaty premium reserve withheld	66	1,376
Outstanding insurance claims	231,060	188,965

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

Balance at beginning of year	92,500	55,500
(Writeback of provision)/Provision during the year	(40,437)	37,000
Payment during the year	(39,000)	-
Balance at end of year	13,063	92,500

Included in the general provision for contingencies is an amount of RM13.0 million (RM52.0 million in 2004) in connection with three legal suits relating to the Highland Tower tragedy, whereby the plaintiffs had contended that AMFB Holdings ("AMFB") caused or contributed to the collapse of Block 1 and forced evacuation of Blocks 2 and 3 of the Highland Towers.

On 31 May 2004, AMFB entered into a settlement Agreement with the plaintiffs in respect of the legal suits whereby AMFB agreed to pay the plaintiffs a settlement sum of RM52.0 million in full and final settlement inclusive of costs and the plaintiffs shall, among others, release and assign to AMFB all their rights of action in the suits against Highland Properties Sdn.Bhd. (the developer of Highland Towers) as well as all their rights and title to their individual apartment units and their rights to common property, unencumbered and free from claims of end financiers.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

AMFB had made full provision in prior year of which RM39 million has been paid during the year.

The bank overdrafts pertaining to subsidiary companies are unsecured and bear interest at rates ranging from 7.0% to 8.5% (7.0% to 8.5% in 2004) per annum.

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

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

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

	The Group	
	2005 RM'000	2004 RM'000
Balance at beginning of year	54,312	6,442
Provision during the year	57,949	47,870
Balance at end of year	112,261	54,312

22. Term Loans

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Unsecured:				
Local financial institutions	1,252,500	961,000	341,000	224,000
Offshore banks	-	-	304,000	-
	1,252,500	961,000	645,000	224,000

The term loans obtained from local financial institutions bear interests at rates ranging from 3.53% to 7.95% or at 0.20% above LIBOR (5.0% to 7.95% in 2004) per annum. During the financial year, the Company obtained RM740,000,000 short term loans from local financial institutions to finance the cash portion of the consideration price of AMFB Privatisation, pending the receipt of proceeds arising from the Listing of the Group's Investment Banking Group, AmlInvestment Group Berhad. Loans amounting to RM291,500,000 (RM104,500,000 in 2004) are guaranteed by either the Company, merchant banking subsidiary or other financial institutions.

The unsecured term loans obtained from foreign offshore banks, at varying interest rates ranging from 0.6% to 1.17% above LIBOR are repayable in full within one year. The unsecured loan obtained from a foreign offshore bank at an interest rate of 0.6% above LIBOR in the amount of RM190,000,000 was fully repaid during the financial year.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

23. Subordinated Certificates Of Deposits

The Subordinated Certificates of Deposits ("SCD") issued by the merchant banking subsidiary company, AmMerchant Bank, represents RM200,000,000 nominal amount of unsecured Negotiable Subordinated Certificate of Deposit ("NSCD") issued at a discount of RM6,750,600 for a total consideration of RM193,249,400. The accretion of discount of RM6,750,600 will be applied evenly over five years. The NSCD has a coupon rate of 8.0% per annum for the first five years and are redeemable on 1 March 2006 or on each anniversary date thereafter at nominal value. Subsequently, the interest rate for year 6 is 9.00% per annum and will be increased by 0.5% per annum for years 7 to 10.

24. Subordinated Term Loan

The subordinated term loan amounting to RM680,000,000 pertaining to the indirect finance subsidiary company, AmFinance, is unsecured, subordinated to all other liabilities and obtained from Danamodal Nasional Berhad, a company incorporated for the purpose of recapitalising the local banking and financial institutions, to strengthen the capital base of AmFinance. The loan bore interest at 7.5% per annum in the prior year and interest was repayable on a monthly basis.

Pursuant to the acquisition of AmFinance by the direct finance subsidiary company, AMFB, on 20 December 2001, Danamodal Nasional Berhad has extended the loan for a further period of ten (10) years to be repaid on 20 December 2011. The loan bears interest at 6.5% per annum for the first five years and at 7.5% per annum or 1.0% above 3 months KLIBOR, whichever is higher, for the next five years. The interest is payable on a half yearly basis.

On 28 October 2003, AmFinance entered into a Supplemental Facility Agreement with Danamodal Nasional Berhad, whereby the RM680 million subordinated term loan obtained from Danamodal Nasional Berhad was novated to Astute Assets Berhad.

The terms and conditions of the loan remain the same, except for interest payable on the loan, which is charged at 6.5% per annum until 19 December 2006, 7.0% per annum from 20 December 2006 until 19 December 2007, and 7.5% per annum from 20 December 2007 until 19 December 2011.

25. Redeemable Unsecured Bonds

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

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
3.0% 5-Year Redeemable Unsecured Bank-Guaranteed Bonds 2002/2007	141,481	141,481	138,325	138,325
Redeemable Unsecured Subordinated Bonds	660,000	-	660,000	-
	801,481	141,481	798,325	138,325

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

	The Group and The Company	
	2005 RM'000	2004 RM'000
Balance at beginning and end of year	150,000	150,000
Less:		
Unamortised discount	(8,519)	(11,675)
	141,481	138,325

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

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

The salient features of the Bonds 2007 are as follows:-

- (a) The 3.0% Bonds 2007 bear interest at 3.0% per annum based on the nominal amount of the Bonds 2007, payable semi-annually in arrears and on the basis of actual number of days elapsed in a year of 365 days.
- (b) The 3.0% Bonds 2007 will be redeemed at its nominal value on maturity date together with interest accrued to the date of redemption.
- (c) The 3.0% Bonds 2007 are for a period of five calendar years maturing on 13 December 2007.

Pursuant to Deed Poll dated 29 November 2002 and on 29 January 2003, the primary subscribers jointly offered for sale the provisional rights to allotment of 125,201,248 Warrants 2003/2008 to the shareholders of the Company on a renounceable rights basis of one (1) Warrant 2003/2008 for every eight (8) existing ordinary shares of RM1.00 each held in the Company as at 5.00pm on 22 January 2003 at an offer price of 12.37 sen per Warrant 2003/2008 payable in full upon acceptance.

(b) REDEEMABLE UNSECURED SUBORDINATED BONDS

	The Group	
	2005 RM'000	2004 RM'000
Balance at beginning of year	660,000	-
Issued during the year	-	660,000
Balance at end of year	660,000	660,000

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

The salient features of the SubBonds are as follows:

- (a) The SubBonds bear interest at 7.95% per annum for the first five years and subsequently at 8.45% to 10.45% per annum. The interest is payable on a semi-annual basis.
- (b) The SubBonds are redeemable on 30 April 2008 or on each anniversary date thereafter at nominal value together with interest accrued to the date of redemption.
- (c) The SubBonds are for a period of ten years maturing on 30 April 2013. However, subject to the prior approval of Bank Negara Malaysia, the Company may redeem the SubBonds on 30 April 2008 or on each anniversary date thereafter.

Pursuant to a Trust Deed dated 23 September 2003, AmMerchant Bank issued RM460,000,000 nominal amount of Redeemable Unsecured Subordinated Bonds ("SubBonds") to be used to grant a RM460,000,000 10-year unsecured subordinated term loan to AmBank, its related licensed commercial bank for the purpose of refinancing its RM460,000,000 exchangeable subordinated capital loan to Danamodal Nasional Berhad.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

The salient features of the SubBonds are as follows:

- (a) The SubBonds bear interest at 6.5% per annum for the first five years and at 7.0% to 9.0% per annum or 3% above the yield of 5-year Malaysian Government Securities, whichever is higher. The interest is payable on a semi-annual basis.
- (b) The SubBonds are redeemable on 30 September 2008 or on each anniversary date thereafter at nominal value together with interest accrued to the date of redemption.
- (c) The SubBonds are for a period of ten years maturing on 30 September 2013. However, subject to the prior approval of Bank Negara Malaysia, the Bank may redeem the SubBonds on 30 September 2008 or on each anniversary date thereafter.

26. Share Warrants

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

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

- (a) Each Warrant 1997/2007 entitles its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise period.
- (b) The exercise price is RM6.51 per share and may be paid fully in cash, or partly in cash and partly by tender of Bonds 1997/2002 in any combination, or wholly by tender of Bonds 1997/2002 which matured in 2002, for every Warrant 1997/2007 held after one year from the date of allocation. The exercise price of the Warrants 1997/2007 are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
- (c) The Warrants 1997/2007 are for an initial period of five calendar years. This period was extended for a further period of five years to mature on 13 May 2007.

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

	No. of Ordinary Shares of RM1.00 each		
	Balance at 1.4.2004	Exercised	Balance at 31.3.2005
Number of unissued shares under warrants 1997/2007	143,534,078	-	143,534,078

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

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

- (a) Each Warrant 2003/2008 entitles its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise period.
- (b) The exercise price is RM2.19 per share and is payable fully in cash for every warrant 2003/2008 held from the date of allocation. The exercise price of the Warrants 2003/2008 are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
- (c) The Warrants 2003/2008 are for an initial period of five calendar years to mature on 20 March 2008.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

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

	No. of Ordinary Shares of RM1.00 each		
	Balance at 1.4.2004	Exercised	Balance at 31.3.2005
Number of unissued shares under warrants 2003/2008	202,018,855	69,913,710	132,105,145

27. Minority Interests

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

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

	The Group	
	2005 RM'000	2004 RM'000
Balance at beginning of year		
- As previously reported	968,558	811,841
- Prior year's adjustments (Note 53)	(37,140)	(34,531)
As restated	931,418	777,310
Share in net results of subsidiary companies		
- Current year/As previously reported	83,948	174,544
- Prior year's adjustments (Note 53)	-	(2,609)
As restated	83,948	171,935
Shares issued under the Employees' Share Option Scheme in the finance subsidiary company	574	1,156
Disposal of shares pursuant to AMFB Privatisation	(934,494)	-
Disposal of shares in AmAssurance subsidiary company	(18,794)	-
Dividends received/receivable	(16,908)	(18,983)
Disposal of shares in AmSecurities subsidiary company	(9,397)	-
Balance at end of year	36,347	931,418

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

28. Share Capital

	The Group and The Company	
	2005 RM'000	2004 RM'000
Authorised:		
Shares of RM1.00 each:		
Balance at beginning of year	5,000,000	2,000,000
Created during the year	-	3,000,000
Balance at end of year	5,000,000	5,000,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
Balance at beginning of year	1,858,806	1,001,719
Issued during the year pursuant to the:		
- exercise of share options	12,886	45,128
- exercise of Warrants 2003/2008	69,914	2,740
- AMFB Privatisation	188,928	-
- bonus issue	-	505,762
- rights issue	-	303,457
Balance at end of year	2,130,534	1,858,806

During the financial year, the issued and fully paid-up share capital of the Company was increased from 1,858,806,070 ordinary shares of RM1.00 each to 2,130,533,695 ordinary shares of RM1.00 each by the issue of:

- (i) 12,886,004 new ordinary shares of RM1.00 each at prices ranging from RM1.31 to RM3.33 per share by virtue of the exercise of share options granted pursuant to the Company's Employees' Share Option Scheme. The resulting share premium amounting to RM17,566,514 has been credited to share premium account.
- (ii) 69,913,710 new ordinary shares of RM1.00 each at price of RM2.19 per share by virtue of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM83,197,315 has been credited to share premium account.
- (iii) 188,927,911 new ordinary shares of RM1.00 each at price of RM3.30 per share, representing the portion satisfied by the new issue of the Company shares valued at RM623,462,106 for the total purchase consideration of RM1,360,280,959 for the AMFB Privatisation, in exchange for 188,927,911 ordinary shares of RM1.00 each in AMFB, on the basis of one (1) new ordinary share of RM1.00 each in the Company to be listed and quoted on the Main Board of Bursa Malaysia Securities Berhad for every one existing AMFB share held by the shareholders of AMFB, other than the Company. The resulting share premium amounting to RM434,534,195 has been credited to share premium account.

The 271,727,625 new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company except that the new ordinary shares issued pursuant to the Company's ESOS, share warrants 2003/2008 and AMFB Privatisation above are not entitled to dividends declared in respect of the financial year ended 31 March 2004.

Under the Company's Employees' Share Option Scheme ("ESOS") wherein options to subscribe for 117,853,371 new ordinary shares of RM1.00 each in the Company were made available to eligible directors and employees of the Company and its subsidiary companies, except for executive directors who represent the Government or Government institutions/agencies and Government employees who are serving in the public service schemes defined under Article 132 of the Federal Constitution and executive directors of AmSecurities Sdn Bhd who are eligible to participate under separate share schemes in their respective companies.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

Salient features of the ESOS are as follows:

- (a) Eligible persons who are confirmed employees including full-time executive directors of the Company and its subsidiary companies who have been employed for a period of not less than three years.
- (b) Total number of shares to be offered shall not exceed 10.0% of the issued and fully paid-up share capital of the Company at any point of time during the existence of the ESOS.
- (c) Subject to paragraph (d) below, no option shall be granted for less than 1,000 shares or more than 500,000 shares.
- (d) In the event of any alteration in the capital structure of the Company except for certain exemptions, adjustments will be made to the subscription price and/or the number of shares in respect of options granted but not exercised, such that the option holder will be entitled to the same proportion of the issued and paid-up share capital of the Company prior to the said alteration.
- (e) The option price for an ordinary share of RM1.00 each shall be at a discount of not more than ten percent (10.0%) from the last market transacted price at the time the option is granted or the weighted average market price of the shares of the Company as quoted and shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad for the five market days immediately preceding the offer date, or the par value of RM1.00,
- (f) The option is for a period of five calendar years and expired on 8 October 2004.
- (g) The persons to whom the options are granted under the ESOS have no right to participate in any share option scheme of any other company in the Group.

During the financial year, the Company granted options of 5,000 ordinary shares to Ms Sharyll Netto A/P George Netto at an exercise price of RM3.87 per share.

The movements in the Company's unissued number of shares under options during the financial year are as follows:

	No. of ordinary shares of RM1.00 each				Balance at 31.3.2005
	Balance at 1.4.2004	Granted	Exercised	Forfeited	
Number of unissued shares under options	26,463,533	5,000	12,886,004	13,582,529	-

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

29. Reserves

Reserves as at 31 March are analysed as follows:

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Non-distributable reserves:				
Capital reserve	-	-	125,284	-
Share premium	798,356	798,356	263,058	263,058
Statutory reserve	913,438	-	1,164,073	-
Revaluation reserve	-	532,154	-	532,154
Exchange fluctuation reserve	15,086	-	19,604	-
Total non-distributable reserves	1,726,880	1,330,510	1,572,019	795,212
Distributable reserves:				
Unappropriated profit	926,810	441,475	597,636	244,516
Total reserves	2,653,690	1,771,985	2,169,655	1,039,728

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

Capital reserve is in respect of dilution and accretion in net attributable assets of the Group arising from the shares issued under the Employees' Share Option Scheme, the conversion of Irredeemable Convertible Unsecured Loan Stocks of subsidiary companies, capitalisation for bonus issue and share exchange pursuant to AMFB Privatisation.

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

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

Revaluation reserve is used to record increase and decrease in revaluation of investments in subsidiary companies, as described in the accounting policies.

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

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

The company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividend out of all its distributable reserves as at 31 March 2005.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

30. Interest Income

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Short-term funds and deposits with financial institutions	190,408	3,855	139,603	2,050
Dealing securities	97,183	-	136,254	-
Investment securities	166,097	531	130,450	117
Loans and advances	2,633,179	-	2,921,827	-
ICULS investment	63,630	6,766	23,782	7,220
Others	96,187	-	43,688	36
Gross interest income	3,246,684	11,152	3,395,604	9,423
Amortisation of premium less accretion of discount	(16,716)	-	10,507	-
Total before interest suspension	3,229,968	11,152	3,406,111	9,423
Interest suspended	(529,162)	-	(713,890)	-
Interest recovered	277,470	-	335,777	-
Net interest suspended	(251,692)	-	(378,113)	-
Total after interest suspension	2,978,276	11,152	3,027,998	9,423

31. Interest Expense

Deposits from customers	1,033,426	-	1,105,529	-
Deposits of banks and other financial institutions	109,492	-	91,135	-
Securities sold under repurchase agreements	36,484	-	49,367	-
Amount due to Cagamas Berhad	125,332	-	158,256	-
Bank borrowings:				
Term loans	28,097	16,154	26,664	12,515
Overdrafts	1,451	-	2,830	-
Subordinated deposits and term loans	61,637	-	64,344	-
Interest on ESCL	-	-	17,297	-
Interest on Bonds	37,557	7,657	22,305	7,678
Interest on Danamodal recoveries	-	-	7,859	-
Others	126,285	3,319	83,690	3,304
	1,559,761	27,130	1,629,276	23,497

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

32. Non-Interest Income

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Fee income and other operating income:				
Fees on loans and advances	79,165	-	63,952	-
Underwriting commissions	6,881	-	8,537	-
Portfolio management	9,829	-	8,492	-
Unit trusts management	20,016	-	24,966	-
Brokerage rebates	19,632	-	17,399	-
Corporate advisory	23,867	-	21,174	-
Guarantee fees	17,376	217	21,239	283
Property trust management	1,965	-	1,951	-
Brokerage fees and commissions	50,011	-	74,067	-
Income from asset securitisation	42,838	-	-	-
Others	42,350	-	45,179	-
	313,930	217	286,956	283
Investment and trading income:				
Net income from money market securities:				
Dealing securities	73,068	-	66,701	-
Investment securities	4,025	-	(2,112)	-
Net trading gain from derivatives	7,120	-	(2,914)	-
(Loss)/gain on sale of quoted investments - net	(5,856)	-	26,449	-
Gain on redemption of unquoted investments	773	-	-	-
Gain on disposal of unquoted investments - net	5,382	-	10,385	-
Gross dividend income from:				
Subsidiary companies:				
Quoted in Malaysia	-	33,999	-	33,999
Unquoted	-	338,882	-	50,817
Quoted investments In Malaysia	21,776	-	12,953	-
Unquoted investments	40,115	-	43,646	-
	146,403	372,881	155,108	84,816
Premium income from life and general insurance business	577,223	-	445,807	-
Other income:				
Capital gain arising from				
Bursa Malaysia Berhad shares	12,727	-	-	-
Rental income	8,926	-	9,486	-
Gain on disposal of property and equipment - net	3,868	-	1,379	-
Realised foreign exchange gain	2,718	-	2,857	-
Gain on disposal of development property	382	-	-	-
Gain on disposal of leased assets - net	3	-	8	-
Others	3,219	467	6,174	-
	31,843	467	19,904	-
	1,069,399	373,565	907,775	85,099

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

33. Non-Interest Expense

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Personnel/Staff costs	458,169	2,173	411,839	2,821
Establishment costs	213,783	10	223,036	7
Marketing and communication expenses	365,854	674	309,417	589
Administration and general expenses	115,677	752	121,356	3,861
	1,153,483	3,609	1,065,648	7,278
Life and general insurance claims	251,009	-	177,863	-
Increase in life insurance funds	183,176	-	172,825	-
	1,587,668	3,609	1,416,336	7,278

Included in the above expenditure are the following statutory disclosures:

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Directors' remuneration (Note 36)	5,859	2,284	6,484	2,776
Rental of premises	36,501	-	37,237	-
Depreciation of property and equipment (Note 15)	68,582	10	83,736	7
Property and equipment written off	3,916	-	249	-
Amortisation of goodwill and premium on consolidation (Note 11 and 14)	15,719	-	14,327	-
Hire of motor vehicles and office equipment	4,780	-	3,424	-
Auditors' remuneration:				
Statutory audit	896	30	844	30
Special audit	314	-	220	14
Non audit fees	-	-	32	5
Provision for foreclosed properties	2,396	-	4,464	-
Sundry receivables written off	281	-	332	-

The total number of employees of the Group and of the Company as at 31 March 2005 were 8,973 (8,776 in 2004) and nil (1 in 2004), respectively.

Staff costs include salaries, bonuses, contributions to Employees' Provident Fund and all other staff related expenses. Contributions to Employees' Provident Fund of the Group and the Company amounted to RM51,471,938(RM45,474,380 in 2004) and RM85,500(RM342,000 in 2004) respectively.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

34. Allowance For Losses On Loans And Financing

	The Group	
	2005 RM'000	2004 RM'000
Allowance for bad and doubtful debts and financing:		
Specific allowance – net		
Allowances before the change in method of provisioning for non-performing loans of 7 years and beyond	788,218	1,066,485
Additional allowances arising from the above change	244,667	-
	1,032,885	1,066,485
General allowance	28,505	9,875
	1,061,390	1,076,360
Bad debts and financing:		
Written off	252	3,670
Recovered	(268,688)	(296,321)
	(268,436)	(292,651)
(Recoveries of allowance)/Allowance for value of impairment on amount recoverable from Danaharta	(22,479)	80,634
Loss on disposal of loan assets	-	1,245
	770,475	865,588

35. Significant Related Party Transactions And Balances

(a) Transactions and balances with subsidiary companies.

The significant transactions and outstanding balances of the Company with its subsidiary companies which are eliminated on consolidation are as follows:

	2005 RM'000	2004 RM'000
Income/(Expense)		
Interest on :		
Deposits	3,854	2,050
ICULS investments	6,766	7,220
Guarantee fees	217	283
Dividend income – gross	372,881	84,816
	383,718	94,369
Assets		
Current accounts	866	4,130
Money at call and deposits	89,816	30,616
Securities purchased under resale agreements	31,950	-
Deposits with financial institutions	26,629	99,339
Negotiable instruments of deposits	150,233	-
Amount due from subsidiary companies	214,603	7,681
	514,097	141,766

The above transactions have been entered into in the normal course of business and have been established under terms and conditions that are no less favourable than those arranged with independent third parties.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(b) Directors related transactions

The significant non-banking transactions of the Group with companies in which Tan Sri Dato' Azman Hashim is deemed to have a substantial interest, are as follows:

Company	Types of transactions	2005 RM'000	2004 RM'000
Expense			
Harpers Travel (M) Sdn Bhd	Traveling expenses	2,834	545
Restoran Seri Melayu	Food and beverage	104	-
Paragon Premiums Sdn Bhd	Advertising	-	1,580
Conquest Marketing Sdn Bhd	Advertising	-	707
AON Insurance Brokers (M) Sdn Bhd	Insurance premium	4,475	3,243
AmFirst Property Trust	Rental of premises	12,684	15,188
Dion Realities Sdn Bhd	Rental of premises	3,602	3,317
Troost Sdn Bhd	Rental of premises	309	266
Syarikat Kompleks Damai Sdn Bhd	Rental of premises	587	962
Medan Delima Sdn Bhd	Rental of premises	83	290
Melawangi Sdn Bhd	Rental of premises	680	-
Taifab Properties Sdn Bhd	Rental of premises	80	193
AMDB Realty Sdn Bhd	Rental of premises	392	234
MCM Consulting Sdn Bhd	Computer maintenance	3,210	2,218
Bluestar Infotech (M) Sdn Bhd	Computer maintenance	1,744	1,569
MCM Systems Sdn Bhd	Computer maintenance	404	-
Capital expenditure			
MCM Consulting Sdn Bhd	Purchase of computer hardware, software and related consultancy services	2,816	5,718
MCM Systems Sdn Bhd	Purchase of computer hardware, software and related consultancy services	3,668	1,113
Bluestar Infotech (M) Sdn Bhd	Purchase of computer hardware, software and related consultancy services	289	679
Melawangi Sdn Bhd	Purchase of four (4) units of office premises located at the AMCORP Trade Centre	-	7,239
	Purchase of two (2) units of office lots at the AMCORP Trade Centre	3,624	-
Modular Corp Sdn Bhd	Provide 262,500 EMV chip card replacements	1,025	2,992
	Provide EMV chip card personalization and fulfillment services	3,633	656
Taifab Properties Sdn Bhd	Purchase of three (3) units of freehold office premises located at the Arab-Malaysian Business Centre ("AMBC")	1,811	1,998
Medan Delima Sdn Bhd	Purchase of seven (7) units of freehold office premises located at AMBC	2,521	2,477

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

The significant non-banking transactions of the Group with a company in which Prof. Tan Sri Dato' Dr. Mohd. Rashdan Bin Hj. Baba is deemed to have a substantial interest, are as follows:

Company	Types of transactions	2005 RM'000	2004 RM'000
Expense			
Computer Systems Advisers (M) Sdn Bhd	Computer maintenance	2,415	2,529
Capital expenditure			
Computer Systems Advisers (M) Sdn Bhd	Purchase of computer hardware, software and related consultancy services	7,190	3,266

The significant non-banking transactions of the Group with a company in which Mr. Cheah Tek Kuang is deemed to have a substantial interest, are as follows:

Company	Types of transactions	2005 RM'000	2004 RM'000
Financial Park (L) Sdn Bhd	Rental of premises	214	174

The above transactions have been entered into in the normal course of business and have been established under terms and conditions not materially different from those arranged with independent third parties.

(c) Renounceable Rights for AmlInvestment Group Berhad Shares

	2005 RM'000	2004 RM'000
Number of shares		
Tan Sri Dato' Azman Hashim	118,954,848	-
Dato' Azlan Hashim	221,995	-
Tun Mohammed Hanif Omar	200,000	-
Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba	201,824	-
Tan Sri Datuk Dr Aris Osman @ Othman	50,000	-
Tan Sri Datuk Clifford Francis Herbert	50,000	-
Tan Sri Dato' Dr Lim Kok Wing	50,000	-
Dato' Izham Mahmud	101,070	-
Dato' Mohd Ibrahim Mohd Zain	50,000	-
Cheah Tek Kuang	2,620,075	-
Soo Kim Wai	100,000	-
Shalina Azman	100,000	-

The renounceable rights offered by the Company and AIGB pursuant to the restricted offer for sale at an issue price of RM1.40 per share, were allocated to the directors on the same terms and conditions offered to other employees and entitled shareholders of the Company. 118,800,000 renounceable rights, representing 9.0% of the enlarged issued and paid-up share capital of AIGB were allocated to Tan Sri Dato' Azman Hashim as an approved bumiputera investor.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

36. Directors' Remuneration

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

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Executive directors				
Fees	116	36	152	-
Salaries	495	-	1,800	1,800
Other remuneration	367	12	1,158	347
Gratuity payment	200	-	250	250
Bonuses	715	-	-	-
Benefits-in-kind	83	-	4	-
	1,976	48	3,364	2,397
Non-executive directors				
Fees	795	372	698	275
Salaries	-	-	660	-
Other remuneration	2,993	1,802	857	104
Bonuses	-	-	505	-
Gratuity payment	62	62	300	-
Benefits-in-kind	33	-	100	-
	3,883	2,236	3,120	379
Total directors' remuneration	5,859	2,284	6,484	2,776
Total directors' remuneration excluding benefits-in-kind	5,734	2,284	6,380	2,776

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

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

The Group	2005	2004
Executive director		
RM1,950,001 - RM2,000,000	1	-
RM3,250,001 - RM3,400,000	-	1
Non-executive director		
Below RM50,000	4	3
RM50,001 - RM100,000	1	1
RM100,001 - RM150,000	2	1
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	1	1
RM250,001 - RM350,000	1	-
RM350,001 - RM400,000	-	1
RM1,950,001 - RM2,000,000	-	1
RM2,500,001 - RM3,000,000	1	-

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

37. Taxation

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Estimated current tax payable	79,231	103,485	81,125	21,000
Share in taxation of associated companies incorporated outside Malaysia	-	-	53	-
Transfer to/(from) deferred tax assets (Note 38)	56,393	-	(140,941)	-
Transfer from/(to) deferred tax liabilities (Note 38)	1,902	-	(1,334)	-
	137,526	103,485	(61,097)	21,000
Under provision of current taxation in respect of prior years	66,281	-	16,858	-
	203,807	103,485	(44,239)	21,000

As at 31 March 2005, the Group and the Company have tax exempt income arising from tax waiver on the chargeable income earned in year 1999 amounting to approximately RM70,000,000 (RM70,000,000 in 2004) and RM29,000,000 (RM29,000,000 in 2004) respectively, which, if confirmed by the Inland Revenue Board, will enable the Group and the Company to distribute tax exempt dividend up to the same amount.

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

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Profit before taxation	489,696	353,978	342,642	63,747
Taxation at Malaysian statutory tax rate of 28% (2004 : 28%)	137,115	99,114	95,940	17,849
Effect of different tax rates in Labuan and certain subsidiaries	(2,191)	-	(4,393)	-
Interest expense on ICULS included in statement of changes in equity which is deductible for tax purposes	(2,016)	-	(2,021)	-
Income not subject to tax	(34,041)	(6,786)	(13,608)	-
Expenses not deductible for tax purposes	76,349	7,966	87,298	3,151
Deferred tax assets charged out/ (not recognised in prior years)	28,591	3,191	(207,455)	-
Tax expense/(credit) for the year	203,807	103,485	(44,239)	21,000

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

38. Deferred Taxation

Deferred taxation pertains to subsidiary companies and is as follows:

(a) Deferred tax assets

	The Group	
	2005 RM'000	2004 RM'000
Balance at beginning of year		
- As previously reported	(973,554)	(837,497)
- prior year's adjustments	(43,487)	(38,603)
As restated	(1,017,041)	(876,100)
Transfer to/(from) income statement (Note 37)	56,393	(140,941)
Reclassification from other assets	(26,429)	-
Balance at end of year	(987,077)	(1,017,041)
The deferred tax credits/(debits) are in respect of the following:		
Unutilised tax losses	(442,596)	(477,825)
Unabsorbed capital allowances	-	(34,528)
Temporary differences arising from general allowance for loans, advances and financing	(177,582)	(238,855)
Temporary differences arising from allowance for value impairment on amount recoverable from Danaharta	(93,985)	(117,338)
Allowance for diminution in value of investments	(194,192)	(156,517)
Temporary differences arising from interest suspended on non-performing loans	(7,452)	(21,442)
Temporary differences between depreciation and tax allowances on property and equipment	20,018	22,069
Leasing temporary differences	-	(18,837)
Temporary differences arising from profit equalization reserve	(31,434)	(15,207)
Temporary differences arising from allowance for diminution in value of foreclosed properties	(24,396)	(2,930)
Others	(35,458)	44,369
	(987,077)	(1,017,041)

All movement in the components of deferred tax assets are recognised in the income statement other than the reclassification from other assets which relates to deferred tax asset from allowance for diminution in value of investments.

(b) Deferred tax liabilities

	The Group	
	2005 RM'000	2004 RM'000
Balance at beginning of year	305	1,639
Transfer to/(from) income statement (Note 37)	1,902	(1,334)
Balance at end of year	2,207	305

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

As mentioned in Note 3, the effects of temporary differences and unutilised tax losses which would give rise to deferred tax assets are recognised only when it is probable that the respective subsidiary companies will generate sufficient future taxable profit available against which the deductible temporary differences and unutilised tax losses can be utilised. As at 31 March 2005, the amount of estimated deferred tax assets of the Group, pertaining to unutilised tax losses and unabsorbed capital allowances, calculated at applicable tax rate which is not recognised in the financial statements amounted to RM120,000,000 (RM120,000,000 in 2004).

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

39. Dividends

Dividends paid and proposed by the Company are as follows:

	RM'000
2005	
Proposed dividend – 4.0% less 28.0% taxation, on 2,130,533,695 ordinary shares of RM1.00 each	61,359
2004	
Proposed dividend – 4.0% less 28.0% taxation, on 1,858,806,070 ordinary shares of RM1.00 each	53,534

A first and final ordinary dividend in respect of the financial year ended 31 March 2005 of 4.0%, less 28.0% taxation, amounting to RM61,359,370, based on issued and paid-up share capital as at 31 March 2005, to be paid to shareholders whose names appear in the Register of Members and Record of Depositors on a date to be determined by the directors. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' funds as an appropriation of unappropriated profit in the next financial year ending 31 March 2006.

40. Earnings Per Share

(a) Basic earnings per share

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

	2005		2004	
	The Group RM'000/'000	The Company RM'000/'000	The Group RM'000/'000	The Company RM'000/'000
Net profit attributable to shareholders' of the Company	201,941	250,493	214,946	42,747
Number of ordinary shares at beginning of year	1,858,806	1,858,806	1,001,719	1,001,719
Effect of ordinary shares issued pursuant to:				
- Exercise of ESOS	8,135	8,135	10,432	10,432
- Exercise of Warrants 2003/2008	3,263	3,263	1,366	1,366
- AMFB Privatisation	12,940	12,940	-	-
- Bonus issue	-	-	505,762	505,762
- Rights issue	-	-	78,982	78,982
Weighted average number of ordinary shares in issue	1,883,144	1,883,144	1,598,261	1,598,261
Basic earnings per share (sen)	10.72	13.30	13.45	2.67

Notes to the Financial Statements (cont'd)

(b) Fully diluted earnings per share

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

The Company has three categories of dilutive potential ordinary shares:

- i) Employees' Share Option Scheme (expired in October 2004);
- ii) Warrants 1997/2007; and
- iii) Warrants 2003/2008

The basis for the maximum number of ordinary shares of RM1.00 each to be issued on exercise of outstanding warrants 1997/2007 and 2003/2008, the respective latest dates for exercise and their respective prices are mentioned in Notes 26 and 28.

	2005		2004	
	The Group RM'000/'000	The Company RM'000/'000	The Group RM'000/'000	The Company RM'000/'000
Net profit attributable to shareholders of the Company	201,941	250,493	214,946	42,747
Weighted average number of ordinary shares in issue (as in (a) above)	1,883,144	1,883,144	1,598,261	1,598,261
Adjusted for:				
- Exercise of Warrants 2003/2008	29,215	29,215	92,509	92,509
- ESOS	-	-	7,624	7,624
Adjusted weighted average number of ordinary shares in issue and issuable	1,912,359	1,912,359	1,698,394	1,698,394
Fully diluted earnings per share (Sen)	10.56	13.10	12.66	2.52

For the financial year ended 31 March 2005 and 2004, outstanding share warrants 1997/2007 have been excluded in the computation of fully diluted earnings per RM1.00 ordinary share for the Group, as their exercise and conversion to ordinary shares would increase earnings per share.

The Group and the Company's adjusted weighted average number of ordinary shares in issue and issuable for the financial year ended 31 March 2005 have been arrived at based on the assumption that dilutive share warrants 2003/2008 is exercised at beginning of year.

The Group and the Company's adjusted weighted average number of ordinary shares in issue and issuable for the financial year ended 31 March 2004 have been arrived at based on the assumption that dilutive share options and dilutive share warrants 2003/2008 are exercised at beginning of year.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

41. Fiduciary Duty In Respect Of Investment Portfolio Management And Trustee Services

Investment portfolio funds managed by the Group on behalf of customers as at 31 March 2005 amounted to RM7,066,876,000 (RM5,332,660,000 in 2004).

Assets held in trust for clients by the trustee subsidiary company, AmTrustee Berhad, as at 31 March 2005 amounted to RM6,536,544,000 (RM7,117,549,000 in 2004).

42. Capital Commitments

As at 31 March 2005, capital commitments pertain to subsidiary companies are as follows:

	The Group	
	2005 RM'000	2004 RM'000
Authorised and contracted but not provided for:		
Purchase of office equipment, information technology equipment and solutions	40,749	62,225
Purchase of motor vehicles	1,044	-
Purchase of leasehold improvements	-	6,805
Purchase of other investments	20,523	4,629
	62,316	73,659
Authorised but not contracted for:		
Purchase of other investments	20,100	20,000
Purchase of office equipment, information technology equipment and solutions	5	-
	20,105	20,000
	82,421	93,659

43. Lease Commitments

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

	RM'000
12 months ending 31 March	
2006	24,917
2007	19,027
2008 and thereafter	125,342
	<u>169,286</u>

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

44. Commitments And Contingencies

In the normal course of business, the merchant banking subsidiary company, AmMerchant Bank, the commercial banking subsidiary company, AmBank, the offshore banking subsidiary company in Labuan, AmInternational and the indirect finance subsidiary company, AmFinance, make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions other than those where provision had been made in the financial statements as mentioned in Note 21. The commitments and contingencies are not secured against the Group's assets.

As at 31 March 2005, the commitments and contingencies outstanding are as follows:

	The Group			
	2005		2004	
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000
Derivative Financial Instruments				
Interest rate related contracts:				
Interest rate futures	550,000	-	685,000	-
Interest rate swaps	6,306,407	124,318	3,817,928	103,413
Foreign exchange related contracts:				
Forward exchange contracts	1,745,473	19,433	343,456	4,443
Cross currency swaps	463,600	32,512	304,000	18,525
Malaysian Government securities futures	27,900	-	9,000	-
	9,093,380	176,263	5,159,384	126,381
Commitments				
Irrevocable commitments to extend credit maturing:				
within one year	6,929,341	-	7,460,004	-
more than one year	2,426,560	1,213,280	1,776,065	888,033
Sale and buy back agreements	1,797,884	1,797,884	1,451,451	1,451,451
Forward purchase commitments	113,040	113,040	363,012	363,012
	11,266,825	3,124,204	11,050,532	2,702,496
Contingent Liabilities				
Guarantees given on behalf of customers	1,305,373	1,305,373	1,022,429	1,022,429
Certain transaction-related contingent items	691,679	345,840	875,431	437,716
Underwriting liabilities	457,069	228,535	424,778	212,389
Short term self liquidating trade-related contingencies	169,913	33,983	133,052	26,610
Islamic financing sold to Cagamas Berhad	928,658	928,658	3,508	3,508
Others	32,022	250	39,537	250
	3,584,714	2,842,639	2,498,735	1,702,902
	23,944,919	6,143,106	18,708,651	4,531,779

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

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

- (a) The Company has given unsecured guarantees totalling RM523,100,000 (RM546,100,000 in 2004) to various financial institutions in respect of credit facilities extended to certain subsidiary companies.
- (b) As required, AmMerchant Bank has given a continuing guarantee to Bank Negara Malaysia on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

45. Risk Management Policy

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

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

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

MARKET RISK MANAGEMENT

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

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

The market risk of the Group's trading and non-trading portfolio is managed separately using value-at-risk approach to compute the market risk exposure of non-trading portfolio and trading portfolio. Value at risk is a statistical measure that estimates the potential changes in portfolio value that may occur brought about by daily changes in market rates over a specified holding period at a specified confidence level under normal market condition. For the Group's trading portfolio, the Group's value at risk measurement takes a more sophisticated form by taking into account the correlation effects of various instruments in the portfolio.

The Group controls its market risk exposure of its trading and non-trading activities primarily through a series of threshold limits. Stop loss, value at risk and position sensitivity limits are the primary means of control governing the trading activities of the Group while value at risk limits governs the non-trading positions.

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

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.

2005 The Group	Up to 1 month RM'000	>1 - 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Total RM'000	Effective interest rate %
ASSETS									
Cash and short-term funds	6,548,893	-	-	-	-	-	1,238,500	7,787,393	2.79
Securities purchased under resale agreements	115,153	43,439	-	-	-	-	-	158,592	2.50
Deposits and placements with banks and other financial institutions	-	688,366	44,065	625	-	22,100	55,200	810,356	2.75
Dealing securities	79,199	73,271	48,630	461,339	1,473,864	545,260	381,854	3,063,417	4.11
Investment securities	-	50,038	182,579	356,949	1,334,955	1,764,135	1,424,260	5,112,916	3.82
Loans, advances and financing:									
- performing	12,323,610	1,154,884	1,093,474	1,777,740	8,636,151	3,208,695	6,873,632	35,068,186	7.47
- non-performing *	-	-	-	-	-	-	5,152,690	5,152,690	-
Other non-interest sensitive balances	-	-	-	-	-	-	4,731,430	4,731,430	-
TOTAL ASSETS	19,066,855	2,009,998	1,368,748	2,596,653	11,444,970	5,540,190	19,857,566	61,884,980	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	12,731,405	6,505,913	3,905,405	5,306,983	1,534,072	-	4,463,562	34,447,340	2.96
Deposits and placements of banks and other financial institutions	2,144,353	1,738,949	1,013,905	530,238	935,361	1,507,262	4,207,683	12,077,751	3.06
Obligations on securities sold under repurchase agreements	1,415,091	3,327	101	-	-	-	-	1,418,519	2.59
Bills and acceptances payable	128,234	240,408	106,842	-	-	-	43,454	518,938	4.91
Amount due to Cagamas Berhad	343,350	161,190	115,458	241,930	1,797,478	127,042	-	2,786,448	3.95
Term loans	746,500	221,000	285,000	-	-	-	-	1,252,500	4.17
Subordinated certificates of deposits	-	-	-	198,768	-	-	-	198,768	8.85
Subordinated term loan	-	-	-	-	680,000	-	-	680,000	6.66
Redeemable unsecured bonds	-	-	-	-	801,481	-	-	801,481	6.94
Other non-interest sensitive balances	-	-	-	-	-	-	2,882,664	2,882,664	-
Total Liabilities	17,508,933	8,870,787	5,426,711	6,277,919	5,748,392	1,634,304	11,597,363	57,064,409	
Minority interests	-	-	-	-	-	-	36,347	36,347	-
Shareholders' funds	-	-	-	-	-	-	4,784,224	4,784,224	-
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	17,508,933	8,870,787	5,426,711	6,277,919	5,748,392	1,634,304	16,417,934	61,884,980	
On-balance sheet interest sensitivity gap	1,557,922	(6,860,789)	(4,057,963)	(3,681,266)	5,696,578	3,905,886	3,439,632	-	
Off-balance sheet interest sensitivity gap	295,859	418,103	(43,003)	(24,654)	(912,807)	266,502	-	-	
Total interest sensitivity gap	1,853,781	(6,442,686)	(4,100,966)	(3,705,920)	4,783,771	4,172,388	3,439,632	-	
Cumulative interest rate sensitivity gap	1,853,781	(4,588,905)	(8,689,871)	(12,395,791)	(7,612,020)	(3,439,632)	-	-	

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

2004 The Group	Up to 1 month RM'000	>1 - 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Total RM'000	Effective interest rate %
ASSETS									
Cash and short-term funds	5,987,226	-	-	-	-	-	723,858	6,711,084	2.83-3.15
Securities purchased under resale agreements	64,818	-	-	-	-	-	-	64,818	2.65
Deposits and placements with banks and other financial institutions	-	36,686	22,180	218,803	-	-	30,000	307,669	2.96-3.15
Dealing securities	272,412	291,882	174,254	125,520	1,473,033	866,424	552,413	3,755,938	2.99-4.60
Investment securities	239,021	565,001	47,104	82,083	2,161,066	1,513,082	1,685,493	6,292,850	3.22-4.39
Loans, advances and financing:									
- performing	11,982,258	1,489,010	1,279,546	2,042,820	8,310,534	882,843	6,146,477	32,133,488	6.40-9.05
- non-performing *	-	-	-	-	-	-	6,411,560	6,411,560	-
Other non-interest sensitive balances	-	-	-	-	-	-	4,685,051	4,685,051	-
TOTAL ASSETS	18,545,735	2,382,579	1,523,084	2,469,226	11,944,633	3,262,349	20,234,852	60,362,458	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	14,353,158	5,295,498	3,540,630	4,857,014	1,116,374	6	3,854,613	33,017,293	2.70-3.44
Deposits and placements of banks and other financial institutions	1,261,919	962,516	1,457,913	1,743,771	1,017,715	1,607,166	3,391,766	11,442,766	2.95-3.32
Obligations on securities sold under repurchase agreements	1,693,853	2,126	339	-	-	-	-	1,696,318	2.67-2.80
Bills and acceptances payable	84,624	127,032	59,933	-	-	-	151	271,740	-
Amount due to Cagamas Berhad	58,262	117,090	220,777	887,563	2,642,303	140,864	-	4,066,859	4.27
Term loans	117,000	338,000	-	190,000	-	-	-	645,000	1.895-8.50
Subordinated certificates of deposits	-	-	-	-	197,418	-	-	197,418	8.00
Subordinated term loan	-	-	-	-	680,000	-	-	680,000	6.50
Redeemable unsecured bonds	-	-	-	-	598,325	200,000	-	798,325	3.00-7.95
Other non-interest sensitive balances	-	-	-	-	-	-	2,586,860	2,586,860	-
Total Liabilities	17,568,816	6,842,262	5,279,592	7,678,348	6,252,135	1,948,036	9,833,390	55,402,579	
Minority interests	-	-	-	-	-	-	931,418	931,418	
Shareholders' funds	-	-	-	-	-	-	4,028,461	4,028,461	
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	17,568,816	6,842,262	5,279,592	7,678,348	6,252,135	1,948,036	14,793,269	60,362,458	
On-balance sheet interest sensitivity gap	976,919	(4,459,683)	(3,756,508)	(5,209,122)	5,692,498	1,314,313	5,441,583	-	
Off-balance sheet interest sensitivity gap	(515,814)	243,816	(350,342)	(302,015)	672,866	251,489	-	-	
Total interest sensitivity gap	461,105	(4,215,867)	(4,106,850)	(5,511,137)	6,365,364	1,565,802	5,441,583	-	
Cumulative interest rate sensitivity gap	461,105	(3,754,762)	(7,861,612)	(13,372,749)	(7,007,385)	(5,441,583)	-	-	

* This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

2005 The Company	Up to 1 month RM'000	>1 - 3 months RM'000	1 - 5 years RM'000	Non- interest sensitive RM'000	Total RM'000	Effective interest rate %
ASSETS						
Cash and short-term funds	89,816	-	-	866	90,682	2.70
Securities purchased under resale agreements	31,950	-	-	-	31,950	2.50
Deposits and placements with banks and other financial institutions	-	26,629	-	-	26,629	2.85
Investment securities	150,233	-	-	-	150,233	2.70
Other non-interest sensitive balances	-	-	-	4,711,071	4,711,071	-
TOTAL ASSETS	271,999	26,629	-	4,711,937	5,010,565	
LIABILITIES AND SHAREHOLDERS' FUNDS						
Term loans	740,000	221,000	-	-	961,000	4.51
Redeemable unsecured bonds	-	-	141,481	-	141,481	3.00
Other non-interest sensitive balances	-	-	-	5,565	5,565	-
Total Liabilities	740,000	221,000	141,481	5,565	1,108,046	
Shareholders' funds	-	-	-	3,902,519	3,902,519	-
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	740,000	221,000	141,481	3,908,084	5,010,565	
On-balance sheet interest sensitivity gap	(468,001)	(194,371)	(141,481)	803,853	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	
Total interest sensitivity gap	(468,001)	(194,371)	(141,481)	803,853	-	
Cumulative interest rate sensitivity gap	(468,001)	(662,372)	(803,853)	-	-	

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

2004 The Company	Up to 1 month RM'000	>1 - 3 months RM'000	1 - 5 years RM'000	Non- interest sensitive RM'000	Total RM'000	Effective interest rate %
ASSETS						
Cash and short-term funds	30,616	-	-	4,130	34,746	2.75-2.80
Securities purchased under resale agreements	287	-	-	-	287	2.50
Deposits and placements with banks and other financial institutions	-	95,623	3,716	-	99,339	2.75-2.80
Investment securities				9,702	9,702	4.25
Other non-interest sensitive balances				3,120,728	3,120,728	-
TOTAL ASSETS	30,903	95,623	3,716	3,134,560	3,264,802	
LIABILITIES AND SHAREHOLDERS' FUNDS						
Term loans	-	224,000	-	-	224,000	4.90-8.50
Redeemable unsecured bonds	-	-	138,325	-	138,325	3.00
Other non-interest sensitive balances	-	-	-	3,943	3,943	-
Total Liabilities	-	224,000	138,325	3,943	366,268	
Shareholders' funds	-	-		2,898,534	2,898,534	-
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	-	224,000	138,325	2,902,477	3,264,802	
On-balance sheet interest sensitivity gap	30,903	(128,377)	(134,609)	232,083	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	
Total interest sensitivity gap	30,903	(128,377)	(134,609)	232,083	-	
Cumulative interest rate sensitivity gap	30,903	(97,474)	(232,083)	-	-	

LIQUIDITY RISK

Liquidity risk is the risk that the organization will not be able to fund its day-to-day operations at a reasonable cost.

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

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

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

- Management of cash-flow; an assessment of potential cash flow mismatches that may arise over a period of one-year ahead and the maintenance of adequate cash and liquefiable assets over and above the standard requirements of Bank Negara Malaysia.
- Scenario analysis; a simulation on liquidity demands of new business, changes in portfolio as well as stress scenarios based on historical experience of large withdrawals.
- Diversification and stabilisation of liabilities through management of funding sources, diversification of customer depositor base and inter-bank exposures.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

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

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

2005 The Group	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non specific maturity RM'000	Total RM'000
ASSETS								
Cash and short-term funds	7,429,837	-	-	-	-	-	357,556	7,787,393
Securities purchased under resale agreements	158,592	-	-	-	-	-	-	158,592
Deposits and placements with banks and other financial institutions	-	765,666	44,065	625	-	-	-	810,356
Dealing securities	126,678	73,271	29,631	486,926	1,518,162	655,688	173,061	3,063,417
Investment securities	21,674	50,038	125,579	551,852	1,682,846	2,241,409	439,518	5,112,916
Loans, advances and financing	6,859,623	2,892,443	2,145,401	4,194,935	14,452,221	9,401,525	274,728	40,220,876
Other assets	12,312	126,085	14,202	12,260	135,862	14,242	836,998	1,151,961
Goodwill on consolidation	-	-	-	-	-	-	523,046	523,046
Deferred tax assets	-	-	-	-	-	-	987,077	987,077
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	1,545,877	1,545,877
Investments in associated companies	-	-	-	-	-	-	38,715	38,715
Property and equipment	-	-	-	-	-	-	484,754	484,754
TOTAL ASSETS	14,608,716	3,907,503	2,358,878	5,246,598	17,789,091	12,312,864	5,661,330	61,884,980
LIABILITIES AND SHAREHOLDERS' FUNDS								
Deposits from customers	15,729,496	7,346,718	4,248,632	5,472,835	1,649,659	-	-	34,447,340
Deposits and placements of banks and other financial institutions	3,428,171	3,215,785	1,358,768	1,107,089	1,460,677	1,507,261	-	12,077,751
Obligations on securities sold under repurchase agreements	1,415,091	3,428	-	-	-	-	-	1,418,519
Bills and acceptances payable	135,047	255,421	128,470	-	-	-	-	518,938
Amount due to Cagamas Berhad	343,350	161,190	115,458	241,930	1,797,478	127,042	-	2,786,448
Other liabilities	248,474	39,713	5,308	1,618	3,475	6,991	2,577,085	2,882,664
Term loans	740,000	226,500	500	285,500	-	-	-	1,252,500
Subordinated certificates of deposits	-	-	-	-	-	198,768	-	198,768
Subordinated term loan	-	-	-	-	-	680,000	-	680,000
Redeemable unsecured bonds	-	-	-	-	141,481	660,000	-	801,481
Total Liabilities	22,039,629	11,248,755	5,857,136	7,108,972	5,052,770	3,180,062	2,577,085	57,064,409
Minority interests	-	-	-	-	-	-	36,347	36,347
Shareholders' funds	-	-	-	-	-	-	4,784,224	4,784,224
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	22,039,629	11,248,755	5,857,136	7,108,972	5,052,770	3,180,062	7,397,656	61,884,980
Net maturity mismatch	(7,430,913)	(7,341,252)	(3,498,258)	(1,862,374)	12,736,321	9,132,802	(1,736,326)	-

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

2004 The Group	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non specific maturity RM'000	Total RM'000
ASSETS								
Cash and short-term funds	6,435,381	-	-	-	-	-	275,703	6,711,084
Securities purchased under resale agreements	64,818	-	-	-	-	-	-	64,818
Deposits and placements with banks and other financial institutions	-	56,686	32,180	218,803	-	-	-	307,669
Dealing securities	365,364	288,542	146,405	135,320	1,613,882	850,625	355,800	3,755,938
Investment securities	375,607	715,652	565,184	105,980	2,456,106	1,532,972	541,349	6,292,850
Loans, advances and financing	6,634,415	2,320,562	1,973,076	4,189,054	14,656,132	8,720,570	51,239	38,545,048
Other assets	364,497	176,214	65,278	8,060	140,556	14,292	502,100	1,270,997
Goodwill on consolidation	-	-	-	-	-	-	281,715	281,715
Deferred tax assets	-	-	-	-	-	-	1,017,041	1,017,041
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	1,539,827	1,539,827
Investments in associated companies	-	-	-	-	-	-	39,571	39,571
Property and equipment	-	-	-	-	-	-	535,900	535,900
TOTAL ASSETS	14,240,082	3,557,656	2,782,123	4,657,217	18,866,676	11,118,459	5,140,245	60,362,458
LIABILITIES AND SHAREHOLDER'S FUNDS								
Deposits from customers	16,562,329	6,125,326	3,970,170	5,132,349	1,227,113	6	-	33,017,293
Deposits and placements of banks and other financial institutions	2,292,100	1,786,168	1,761,051	2,609,780	1,386,500	1,607,167	-	11,442,766
Obligations on securities sold under repurchase agreements	1,693,853	2,126	339	-	-	-	-	1,696,318
Bills and acceptances payable	84,624	127,032	60,084	-	-	-	-	271,740
Amount due to Cagamas Berhad	58,261	117,090	220,777	887,564	2,642,303	140,864	-	4,066,859
Other liabilities	245,843	41,965	3,161	7,055	7,248	7,987	2,273,601	2,586,860
Term loans	86,000	255,000	-	114,000	190,000	-	-	645,000
Subordinated certificates of deposits	-	-	-	-	-	197,418	-	197,418
Subordinated term loan	-	-	-	-	-	680,000	-	680,000
Redeemable unsecured bonds	-	-	-	-	138,325	660,000	-	798,325
Total Liabilities	21,023,010	8,454,707	6,015,582	8,750,748	5,591,489	3,293,442	2,273,601	55,402,579
Minority interests	-	-	-	-	-	-	931,418	931,418
Shareholders' funds	-	-	-	-	-	-	4,028,461	4,028,461
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	21,023,010	8,454,707	6,015,582	8,750,748	5,591,489	3,293,442	7,233,480	60,362,458
Net maturity mismatch	(6,782,928)	(4,897,051)	(3,233,459)	(4,093,531)	13,275,187	7,825,017	(2,093,235)	-

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

The Company	Up to 1 month RM'000	>1 - 3 months RM'000	1 - 5 years RM'000	Non specific maturity RM'000	Total RM'000
2005					
ASSETS					
Cash and short-term funds	89,816	-	-	866	90,682
Securities purchased under resale agreements	31,950	-	-	-	31,950
Deposits and placements with banks and other financial institutions	-	26,629	-	-	26,629
Investment securities	150,233	-	-	-	150,233
Other assets	215,990	-	-	33,256	249,246
Investments in subsidiary companies	-	-	-	4,461,248	4,461,248
Property and equipment	-	-	-	577	577
TOTAL ASSETS	487,989	26,629	-	4,495,947	5,010,565
LIABILITIES AND SHAREHOLDERS' FUNDS					
Other liabilities	4,918	-	-	647	5,565
Term loans	740,000	221,000	-	-	961,000
Redeemable unsecured bonds	-	-	141,481	-	141,481
Total Liabilities	744,918	221,000	141,481	647	1,108,046
Shareholders' funds	-	-	-	3,902,519	3,902,519
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	744,918	221,000	141,481	3,903,166	5,010,565
Net maturity mismatch	(256,929)	(194,371)	(141,481)	592,781	-
2004					
ASSETS					
Cash and short-term funds	30,616	-	-	4,130	34,746
Securities purchased under resale agreements	287	-	-	-	287
Deposits and placements with banks and other financial institutions	-	95,623	3,716	-	99,339
Investment securities	-	-	9,702	-	9,702
Other assets	-	-	-	46,380	46,380
Investments in subsidiary companies	-	-	-	3,074,348	3,074,348
TOTAL ASSETS	30,903	95,623	13,418	3,124,858	3,264,802
LIABILITIES AND SHAREHOLDERS' FUNDS					
Other liabilities	-	-	-	3,943	3,943
Term loans	-	224,000	-	-	224,000
Redeemable unsecured bonds	-	-	138,325	-	138,325
Total Liabilities	-	224,000	138,325	3,943	366,268
Shareholders' funds	-	-	-	2,898,534	2,898,534
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	-	224,000	138,325	2,902,477	3,264,802
Net maturity mismatch	30,903	(128,377)	(124,907)	222,381	-

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

CREDIT RISK MANAGEMENT

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

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

For non-retail credits, risk measurement begins with an assessment and rating of the financial standing of the borrower or counterparty using an internally developed credit rating model. The model consists of quantitative and qualitative scores which are translated into a rating grade, which ranges from "AAA" (lowest risk) to "C" (highest risk).

Credit risk is quantified based on Expected Default Frequencies and Expected Losses on default from its portfolio of loans and off-balance sheet commitments. Expected Default Frequencies are calibrated to the internal rating model while Loan Loss Estimates are based on past portfolio default experiences.

For retail credits, an in-house developed credit-scoring system to support the housing and hire purchase applications is being used to complement the credit assessment process.

The Group's lending activities are guided by internal credit policies and guidelines that are approved by the Board of Directors. Within these policies, name limits restrict total exposure allowed to corporate groups according to their level of creditworthiness, while sector limits ensure that the Group's total credit exposure to each economic sector is within prudent thresholds.

OPERATIONAL RISK MANAGEMENT

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

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

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

LEGAL AND REGULATORY RISK

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

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

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

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.

Fair value of financial derivatives

The estimated fair values of the Group's outstanding derivative financial instruments are as below. These values are stand-alone without taking into account their potential offsetting relationships with other non-derivatives exposures of the Group.

	2005		2004	
	Principal Amount RM'000	Fair Value RM'000	Principal Amount RM'000	Fair Value RM'000
Interest rate related contracts:				
Interest rate futures	550,000	448	685,000	(205)
Interest rate swaps	6,306,407	(8,601)	3,817,928	(1,604)
Foreign exchange related contracts:				
Forward exchange contracts	1,745,473	6,783	343,456	872
Cross currency swaps	463,600	(1,333)	304,000	(2,732)
Malaysian Government securities futures	27,900	(158)	9,000	(26)
	9,093,380	(2,861)	5,159,384	(3,695)

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

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

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

As at 31 March 2005, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM25,849 (RM28,650 as at 31 March 2004).

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM12,976,600 (RM6,581,591 as at 31 March 2004).

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

Credit risk 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 2005, the amount of counter party credit risk, measured in terms of the cost to replace the positive value contracts of the Group, was RM5,841,221 (RM5,733,223 as at 31 March 2004). This amount will increase or decrease over the life of the contracts, mainly as a function of movement in market rates and time.

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

46. Fair Values Of Financial Instruments

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

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

In addition, fair value information for non-financial assets and liabilities such as investments in subsidiary companies and taxation are excluded, as they do not fall within the scope of Malaysian Accounting Standards Board Standard No. 24, which requires the fair value information to be disclosed.

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

2005	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	7,787,393	7,787,393	90,682	90,682
Securities purchased under resale agreements	158,592	158,592	31,950	31,950
Deposits and placements with banks and other financial institutions ^	810,356	809,554	26,629	26,629
Dealing securities	3,063,417	3,070,100	-	-
Investment securities	5,112,916	5,351,900	150,233	150,233
Loans, advances and financing *	40,850,660	41,629,138	-	-
Amount due from Originators	132,798	139,535	-	-
Other financial assets	942,023	942,023	249,246	249,246
	<u>58,858,155</u>	<u>59,888,235</u>	<u>548,740</u>	<u>548,740</u>
Non-financial assets	3,026,825		4,461,825	
TOTAL ASSETS	<u>61,884,980</u>		<u>5,010,565</u>	
Financial Liabilities				
Deposits from customers	34,447,340	34,554,147	-	-
Deposits and placements of banks and other financial institutions	12,077,751	11,979,757	-	-
Obligations on securities sold under repurchase agreements	1,418,519	1,490,757	-	-
Bills and acceptances payable	518,938	518,938	-	-
Amount due to Cagamas Berhad	2,786,448	2,795,109	-	-
Term loans	1,252,500	1,245,958	961,000	961,000
Subordinated certificates of deposits	198,768	220,671	-	-
Subordinated term loan	680,000	657,527	-	-
Redeemable unsecured bonds	801,481	795,649	141,481	139,403
Other financial liabilities	2,753,802	2,753,802	5,565	5,565
	<u>56,935,547</u>	<u>57,012,315</u>	<u>1,108,046</u>	<u>1,105,968</u>
Non-Financial Liabilities				
Other non-financial liabilities	128,862		-	
Minority interests	36,347		-	
Shareholders' funds	4,784,224		3,902,519	
	<u>4,949,433</u>		<u>3,902,519</u>	
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	<u>61,884,980</u>		<u>5,010,565</u>	

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

2004	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	6,711,084	6,711,084	34,746	34,746
Securities purchased under resale agreements	64,818	64,818	287	287
Deposits and placements with banks and other financial institutions	307,669	315,264	99,339	99,339
Dealing securities	3,755,938	3,758,748	-	-
Investment securities	6,292,850	6,637,144	9,702	9,835
Loans, advances and financing *	39,146,327	40,959,002	-	-
Other financial assets	1,198,975	1,198,975	46,380	46,380
	57,477,661	59,645,035	190,454	190,587
Non-financial assets	2,884,797		3,074,348	
TOTAL ASSETS	60,362,458		3,264,802	
Financial Liabilities				
Deposits from customers	33,017,293	33,056,469	-	-
Deposits and placements of banks and other financial institutions	11,442,766	11,269,836	-	-
Obligations on securities sold under repurchase agreements	1,696,318	1,696,318	-	-
Acceptances payable	271,740	271,740	-	-
Amount due to Cagamas Berhad	4,066,859	4,069,733	-	-
Term loans	645,000	526,771	224,000	224,000
Subordinated certificates of deposits	197,418	243,448	-	-
Subordinated term loan	680,000	778,997	-	-
Redeemable unsecured subordinated bonds	798,325	844,790	138,325	138,825
Other financial liabilities	2,430,845	2,430,847	3,943	3,943
	55,246,564	55,188,949	366,268	366,768
Non-Financial Liabilities				
Other non-financial liabilities	156,015		-	
Minority interests	931,418		-	
Shareholders' funds	4,028,461		2,898,534	
	5,115,894		2,898,534	
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	60,362,458		3,264,802	

* The general allowance for the Group amounting to RM629,784,000 (RM601,279,000 in 2004) has been included under non-financial assets.

^ The fair value of deposits and placements with banks and other financial institutions is below its carrying amount as a result of an increase in Klibor rates. The Group has not reduced the carrying value because uncertainties surrounding the circumstances may change and any changes in uncertainties could affect the resulting fair value estimates.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

The fair values of derivatives financial instruments are shown in Note 45.

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

The following methods and assumptions were used to estimate the fair value of assets and liabilities as at 31 March 2005:

(a) Cash And Short-Term Funds

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

(b) Securities Purchased Under Resale Agreements And Deposits With Financial

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

(c) Dealing And Investment Securities

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

(d) Loans, Advances And Financing And Subordinated Term Loans (“Loans And Financing”)

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

(e) Deposits From Customers, Deposits Of Banks And Other Financial Institutions And Securities Sold Under Repurchase Agreements

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

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

(f) Bills And Acceptances Payables

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

(g) Amount Due To Cagamas Berhad

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(h) Term Loans, Subordinated Certificates of Deposits, Subordinated Term Loans, Exchangeable Subordinated Capital Loan And Redeemable Unsecured Bonds ("Borrowings")

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

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

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

(j) Short Term Financial Assets and Financial Liabilities

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

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

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

47. Net Tangible Assets Per Share (RM)

Net tangible assets per share represent the balance sheet total assets value less total liabilities, 7.5 minority interests and goodwill arising on consolidation expressed as an amount per ordinary share.

Net tangible assets per share are calculated as follows:

	2005		2004	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Total assets	61,884,980	5,010,565	60,362,458	3,264,802
Less :				
Total liabilities	57,064,409	1,108,046	55,402,579	366,268
Minority interests	36,347	-	931,418	-
Goodwill on consolidation	523,046	-	281,715	-
	57,623,802	1,108,046	56,615,712	366,268
Net tangible assets	4,261,178	3,902,519	3,746,746	2,898,534
Issued and fully paid up ordinary shares of RM1.00 each	2,130,534	2,130,534	1,858,806	1,858,806
Net tangible assets per share (RM)	2.00	1.83	2.02	1.56

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

48. Business Segment Analysis

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

Investment banking

Investment banking encompasses merchant banking, stockbroking, futures broking, fund and property management and trustee services. The merchant banking caters to the business needs of large corporate customers and financial institutions and provides customers with, among other things, a broad range of financing options, treasury and derivative services, corporate finance services, debt capital market and private banking. Through the Company's subsidiaries, investment banking also offers stock and futures broking products and services through AmSecurities Sdn Bhd and AmFutures Sdn Bhd, investment management, management of unit trusts and customized investment solutions and property management services through AmInvestment Management Sdn Bhd, AmInvestment Services Berhad, and AmProperty Trust Management Berhad, and trustee services through AmTrustee Berhad.

Commercial and retail banking

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

Offshore banking

Through AmInternational (L) Ltd and AmMerchant Bank Labuan branch, the Group has established a presence in the international arena at the Labuan International Offshore Financial Centre. The products and services offered include corporate finance, advisory and trust services, conventional and Islamic banking and acting as Listing Sponsor for corporations seeking listing on the Labuan International Financial Exchange.

Islamic banking

Islamic banking segment relates to Islamic Banking Business activities undertaken by the Group.

Insurance

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

Others

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

The Group 2005	Investment Banking RM'000	Commercial and Retail RM'000	Offshore Banking RM'000	Islamic Banking RM'000	Insurance RM'000	Others RM'000	Elimination/ Consolidation Adjustments RM'000	Total RM'000
External revenue	766,885	2,509,947	32,252	694,795	629,847	5,678	-	4,639,405
Revenue from other segments	36,009	60,548	18,364	-	9,006	5,221	(129,149)	-
Operating revenue	802,895	2,570,496	50,617	694,795	638,853	10,899	(129,149)	4,639,405
Segment results	285,866	40,964	3,832	128,668	32,328	(11,162)	24,110	504,606
Amortisation of goodwill on consolidation	-	-	-	-	-	-	(15,719)	(15,719)
Profit from operations	285,866	40,964	3,832	128,668	32,328	(11,162)	8,391	488,887
Share in results of associated companies	-	-	-	-	-	-	809	809
Profit/(Loss) before taxation	285,866	40,964	3,832	128,668	32,328	(11,162)	9,200	489,696
Taxation	(71,513)	(90,437)	-	(34,363)	(9,642)	(143,692)	145,840	(203,807)
Minority interests	-	-	-	-	-	-	(83,948)	(83,948)
Net profit/(loss) for the year	214,353	(49,473)	3,832	94,305	22,686	(154,854)	71,092	201,941
Other information								
Segment assets	12,108,663	39,927,851	1,440,206	9,057,163	1,491,700	786,537	(3,488,902)	61,323,219
Investment in subsidiary companies	213,606	30,330	-	-	-	7,489,726	(7,733,662)	-
Investment in associated companies	21,950	200	-	-	-	100	16,465	38,715
Goodwill/(reserve) on consolidation	-	-	-	-	(1,565)	-	524,611	523,046
Total assets	12,344,219	39,958,381	1,440,206	9,057,163	1,490,135	8,276,363	(10,681,488)	61,884,980
Segment liabilities	10,992,770	37,485,596	1,114,869	8,144,997	1,347,285	1,492,961	(3,514,068)	57,064,409
Property and equipment purchases	7,291	54,504	12	57	7,657	587	8	70,116
Depreciation	14,801	48,654	104	34	4,175	953	(139)	68,582
Goodwill on consolidation	-	-	-	-	-	-	15,719	15,719

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

The Group 2004	Investment Banking RM'000	Commercial and Retail RM'000	Offshore Banking RM'000	Islamic Banking RM'000	Insurance RM'000	Others RM'000	Elimination/ Consolidation Adjustments RM'000	Total RM'000
External revenue	822,782	2,499,822	29,600	545,054	519,150	5,386	-	4,421,794
Revenue from other segments	31,421	69,111	6,452	-	8,217	2,618	(117,819)	-
Operating revenue	854,203	2,568,933	36,052	545,054	527,367	8,004	(117,819)	4,421,794
Segment results	251,637	55,462	16,638	118,750	35,332	(4,039)	(118,248)	355,532
Amortisation of goodwill on consolidation	-	-	-	-	-	-	(14,327)	(14,327)
Profit from operations	251,637	55,462	16,638	118,750	35,332	(4,039)	(132,575)	341,205
Share in results of associated companies	-	-	-	-	-	-	1,437	1,437
Profit/(Loss) before taxation	251,637	55,462	16,638	118,750	35,332	(4,039)	(131,138)	342,642
Taxation	(71,767)	149,205	-	(27,760)	(9,300)	(29,950)	33,811	44,239
Minority interests	-	-	-	-	-	-	(171,935)	(171,935)
Net profit/(loss) for the year	179,870	204,667	16,638	90,990	26,032	(33,989)	(269,262)	214,946
Other information								
Segment assets	14,311,872	38,008,607	1,356,433	8,095,129	1,202,117	459,383	(3,392,369)	60,041,172
Investment in subsidiary companies	213,606	30,330	-	-	-	4,763,438	(5,007,374)	-
Investment in associated companies	82,598	200	-	-	-	100	(43,327)	39,571
Goodwill/(reserve) on consolidation	-	-	-	-	(1,565)	-	283,280	281,715
Total assets	14,608,076	38,039,137	1,356,433	8,095,129	1,200,552	5,222,921	(8,159,790)	60,362,458
Segment liabilities	12,771,899	35,635,113	1,423,416	7,357,334	1,073,188	538,506	(3,396,877)	55,402,579
Property and equipment purchases	17,949	52,926	38	12	5,684	35	-	76,644
Depreciation	16,895	60,266	244	428	4,797	1,106	-	83,736
Goodwill on consolidation	-	-	-	-	-	-	14,327	14,327

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for Frasers International Pte. Ltd. and its subsidiary companies, PT AmCapital Indonesia and AmSecurities (HK) 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 (less than 1% over the operating revenue, profit before taxation and total assets) in relation to the Group's activities in Malaysia.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

49. Life Business Liabilities And Life Policyholders' Fund

The state of affairs as at 31 March 2005 and the results for the financial year ended 31 March 2005 under the life business liabilities and life policyholders' fund of the insurance subsidiary company, AmAssurance Berhad, and included in the Group financial statements are summarised as follows:

BALANCE SHEET

AS AT 31 MARCH 2005

	2005 RM'000	2004 RM'000
ASSETS		
Cash and short-term funds	9,291	12,577
Securities purchased under resale agreements	43,439	96,492
Deposits and placements with banks and other financial institutions	128,804	133,188
Dealing securities	-	-
Investment securities	602,337	391,193
Loans, advances and financing	121,319	78,384
Other assets	30,800	25,136
Property and equipment	4,388	3,131
TOTAL ASSETS	940,378	740,101
LIABILITIES AND POLICYHOLDERS' FUND		
Other liabilities	121,266	104,160
Life policyholders' fund	819,112	635,941
TOTAL LIABILITIES AND POLICYHOLDERS' FUND	940,378	740,101

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2005

	2005 RM'000	2004 RM'000
Revenue	334,682	289,506
Interest income	36,612	27,598
Interest expense	-	-
Net interest income	36,612	27,598
Loan and financing loss and allowances	(6)	(14)
	36,606	27,584
Non-interest income	301,809	258,347
(Allowance)/Write back of allowance for diminution in value of investments - net	(71)	8,463
Write back of allowance/(Allowance) for doubtful sundry receivables - net	397	(87)
	338,741	294,307
Non-interest expense	(338,741)	(299,307)
Transfer from shareholders' funds	-	(5,000)

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

50. Capital Adequacy Ratio

Bank Negara Malaysia's ("BNM") guideline on capital adequacy requires the merchant banking subsidiary company, AmMerchant Bank, the commercial banking subsidiary company, AmBank, and the finance subsidiary company, AmFinance, 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.

The risk-weighted capital adequacy ratios of AmMerchant Bank of 16.61% (16.12% in 2004), AmBank of 9.46% (11.86% in 2004) and AmFinance of 11.51% (11.24% in 2004), exceed the minimum requirement.

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

	The Group	
	2005 RM'000	2004 RM'000
Tier 1 capital		
Paid-up ordinary share capital	2,130,534	1,858,806
Capital reserve	-	125,284
Share premium	798,356	263,058
Statutory reserve	913,438	1,164,073
Exchange fluctuation reserve	15,086	19,604
Unappropriated profit at end of year	926,810	676,648
Minority interests	36,347	968,558
Total	4,820,571	5,076,031
Less : Goodwill	523,046	281,715
Deferred tax assets - net	984,870	973,249
Total tier 1 capital	3,312,655	3,821,067
Tier 2 capital		
Subordinated certificates of deposit	198,650	197,300
Subordinated term loan	680,000	565,243*
Redeemable Unsecured Bonds	660,000	660,000
General allowance for bad and doubtful debts	629,784	601,279
Total tier 2 capital	2,168,434	2,023,822
Capital base	5,481,089	5,844,889
Audited risk-weighted assets	47,442,814	45,846,360
Capital Ratios:		
Core capital ratio	6.98%	8.33%
Risk-weighted capital ratio	11.55%	12.75%

** The amount in the previous year comprise the subordinated term loan of RM680,000,000 from Astute Assets Berhad ("Astute") net of the Group's dealing investment of RM114,757,000 in the redeemable secured asset-backed bonds issued by Astute.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

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

	2005		2004	
	Principal RM'000	Risk- Weighted RM'000	Principal RM'000	Risk- Weighted RM'000
0%	10,448,362	-	10,199,271	-
10%	435,489	43,549	467,472	46,747
20%	6,286,028	1,257,206	5,156,392	1,031,278
50%	7,251,983	3,625,992	6,599,041	3,299,521
100%	42,516,067	42,516,067	41,468,814	41,468,814
	66,937,929	47,442,814	63,890,990	45,846,360

The capital adequacy ratio of the Group as at 31 March 2004 has not been restated for prior year adjustments effect as mentioned in Note 53 to the financial statements.

51. Significant Events

(a) On 27 February 2004 and 31 May 2004, the Company announced the following proposals:

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

The Company had also received the approval from the Securities Commission ("SC") via its letter dated 31 January 2005 for the purchase consideration for the AMFB Privatisation amounting to RM1,360,280,959 or RM7.20 per AMFB Minority Share to be satisfied as follows:-

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

On 17 March 2005, the AMFB Privatisation was completed following the listing of and quotation of the 188,927,911 Company Shares issued to the minority shareholders of AMFB, and AMFB become a wholly-owned subsidiary of the Company.

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

- (ii) The listing of the Company's investment banking group, via a newly incorporated company AIGB, on the Main Board of the Bursa Securities ("Listing Scheme"), comprising the following:
- (a) The incorporation of AIGB, completed on 23 June 2004 as a wholly-owned subsidiary company of the Company, to act as the holding company/listing vehicle of the Company's investment banking group;
 - (b) An internal reorganisation ("Internal Reorganisation") involving the transfer of the Company's 100% equity interest in AmMerchant Bank for a consideration of RM1,109,442,000 wholly satisfied through the issuance of 1,109,441,998 new ordinary shares of RM1.00 each in AIGB ("Transfer of AmMerchant Bank"), and 100% equity interest in AMSH for a consideration of RM214,400,000 to be wholly satisfied by AIGB in cash ("Transfer of AMSH"), prior to the completion of which AmMerchant Bank and AMSH had separately declared dividends to the Company amounting to RM249,840,000 in aggregate;
 - (c) The issue/offer of 646,800,000 Shares comprising 210,558,000 new Shares and 436,242,000 existing Shares, as follows:-
 - (a) 488,400,000 Shares allocated to shareholders of the Company, by way of:-
 - (i) A renounceable restricted offer for sale of 330,278,078 Shares by the Company to the entitled shareholders of the Company; and
 - (ii) A restricted issue of 158,121,922 new Shares to Tan Sri Dato' Azman Hashim and his related companies in direct proportion to their shareholdings in the Company.
 - (b) 39,600,000 Shares allocated by way of a restricted offer for sale by the Company to eligible directors and employees of AIGB and/or its Malaysian-incorporated subsidiary and associated companies, eligible directors of the Company and business associates of the Company, which includes persons who have contributed to the success of the Group; and
 - (c) 118,800,000 Shares allocated to Tan Sri Dato' Azman Hashim as an approved Bumiputera investor, by way of:-
 - (i) An offer for sale of 66,363,922 Shares by the Company; and
 - (ii) A special issue of 52,436,078 new Shares
 - (d) The listing of and quotation for the entire enlarged issued and paid-up share capital of AIGB of RM1,320,000,000, comprising 1,320,000,000 ordinary shares of RM1.00 each, on the Main Board of Bursa Securities.
- (iii) The proposed share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each held in the Company on a date to be determined after the Proposed AMFB Privatisation, into two (2) new ordinary shares of RM0.50 each ("Proposed Share Split").

The Proposed Share Split was approved by the SC on 16 December 2004. The Company had on 25 March 2004 obtained SC's approval for the Proposed Share Split to be implemented within 3 months of the completion of the Proposed AMFB Privatisation. The Company had on 29 June 2004 obtained the approval of Bursa Securities for the Proposed Share Split. The Proposed Share Split is pending implementation.

The AMFB Privatisation, Listing Scheme and Proposed Share Split were also approved by the shareholders of the Company at the Extraordinary General Meeting held on 31 January 2005.

The Company had also obtained the approval of Bank Negara Malaysia and the Minister of Finance and the SC for, inter-alia, the AMFB Privatisation and the Proposed Listing of AIGB via their letters dated 10 December 2004 and 16 December 2004, respectively.

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

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

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

52. Subsequent Events

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

(i) Proposed Acquisition By AMFB

The Proposed Acquisition by AMFB involves the acquisition by AMFB of the entire equity interest in AmBank Berhad (“AmBank”), comprising 761,718,750 ordinary shares, from the Company for a purchase consideration equivalent to the carrying value of the Company’s investment in AmBank as at the date of completion of the Proposed Acquisition by AMFB. The Purchase Consideration is proposed to be satisfied by the issuance of new Shares in AMFB to the Company at an issue price to be determined based on the unaudited net tangible assets (“NTA”) per Share of AMFB as at the completion date.

Upon completion of the Proposed Acquisition by AMFB, AmBank will become a wholly-owned subsidiary of AMFB.

(ii) Proposed AmBank Acquisition By AmFinance

Upon completion of the Proposed Acquisition by AMFB, AmFinance proposes to acquire the entire equity interest in AmBank comprising 761,718,750 Shares from AMFB for a purchase consideration equivalent to the NTA of AmBank after adjusting for certain non-transferable assets as at the date of completion of the Proposed AmBank Acquisition by AmFinance. The Purchase Consideration is proposed to be satisfied by the issuance of new Shares in AmFinance to AMFB at an issue price to be determined based on the unaudited NTA per Share of AmFinance as at the completion date.

(iii) Proposed Business Merger

Upon completion of the Proposed AmBank Acquisition by AmFinance, the finance company business of AmFinance and the commercial banking business of AmBank will be merged by way of a transfer of AmBank’s assets and liabilities (save for certain non-transferable assets) to AmFinance via a vesting order under Section 50 of the Banking and Financial Institutions Act, 1989.

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

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

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

53. Prior Year's Adjustments

During the financial year, the Group adopted the Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions dated 5 October 2004 on the accounting treatment of charging handling fees paid to motor vehicle dealers for hire purchase loans in the period that it was incurred to the income statement and the 3-month classification for non-performing loans from the previous 6-month classification. These change in accounting policies has been accounted for retrospectively and has the following impact on previous financial year results and comparative figures as follows:

The Group	As previously reported RM'000	Effect of change RM'000	As restated RM'000
Balance Sheet			
As at 31 March 2003			
Gross non-performing loans and financing	8,000,125	1,811,505	9,811,630
Interest/Income-in-suspense	1,763,808	57,414	1,821,222
Deferred tax assets	837,497	38,603	876,100
Unappropriated profit	757,677	(70,237)	687,440
Minority interests	811,841	(34,531)	777,310
As at 31 March 2004			
Gross non-performing loans and financing	7,493,282	2,792,431	10,285,713
Interest/Income-in-suspense	1,436,556	56,002	1,492,558
Deferred tax assets	973,554	43,487	1,017,041
Other assets	1,374,634	(103,637)	1,270,997
Unappropriated profit	676,648	(79,012)	597,636
Minority interests	968,558	(37,140)	931,418
Net tangible assets per share (RM)	2.06	(0.04)	2.02
Income Statement			
Financial year ended 31 March 2004			
Interest income	1,424,749	(25,977)	1,398,772
Net income from Islamic Banking business	337,155	27,438	364,593
Staff costs and overheads	1,399,143	17,193	1,416,336
Taxation	(39,841)	(4,398)	(44,239)
Net transfer to deferred taxation	137,391	4,884	142,275
Profit after taxation before minority interests	398,265	(11,384)	386,881
Minority interests	(174,544)	2,609	(171,935)
Profit attributable to shareholders	223,721	(8,775)	214,946

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

54. Islamic Banking Business

The state of affairs as at 31 March 2005 and the results for the year ended 31 March 2005 of the Islamic Banking Business of the Group and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

BALANCE SHEET AS AT 31 MARCH 2005

	Note	The Group	
		2005 RM'000	2004 RM'000
ASSETS			
Cash and short-term funds	(ii)	922,365	567,312
Deposit with financial institutions	(iii)	77,300	30,000
Dealing securities	(iv)	178,506	107,002
Investment securities	(v)	504,811	554,911
Financing activities	(vi)	7,026,806	6,516,195
Statutory deposit with Bank Negara Malaysia		245,681	213,650
Other receivables, deposits and prepayments		15,750	3,138
Deferred tax assets	(xix)	84,509	49,117
Property and equipment	(vii)	56	64
TOTAL ASSETS		9,055,784	8,041,389
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(viii)	3,579,449	3,099,575
Deposits of banks and other financial institutions	(ix)	3,879,573	3,538,933
Converted fund	(x)	301,677	328,321
Acceptances payable		43,454	151
Other liabilities	(xi)	340,843	376,140
Total Liabilities		8,144,996	7,343,120
ISLAMIC BANKING FUNDS			
Capital funds	(xii)	595,542	475,542
Unappropriated profit		315,246	222,727
Islamic Banking Funds		910,788	698,269
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		9,055,784	8,041,389
COMMITMENTS AND CONTINGENCIES	(xx)	4,221,222	2,432,369

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	Note	The Group	
		2005 RM'000	2004 RM'000
Income derived from investment of depositors' funds and others	(xiii)	597,810	473,338
Reversal of allowance/(allowance) for diminution in value of investments		738	(1,924)
Financing loss and allowances	(xiv)	(209,498)	(158,195)
Transfer to profit equalization reserve		(57,949)	(47,870)
Total attributable income		331,101	265,349
Income attributable to the depositors	(xv)	(259,052)	(183,463)
Profit attributable to the Group		72,049	81,886
Income derived from Islamic Banking Funds	(xvi)	96,247	74,718
Total net income		168,296	156,604
Operating expenditure	(xvii)	(39,629)	(64,498)
Profit before taxation		128,667	92,106
Taxation	(xviii)	(36,148)	(28,079)
Profit after taxation		92,519	64,027

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2005

Group	Note	Distributable		Total RM'000
		Capital Funds RM'000	Unappropriated Profit RM'000	
At 1 April 2003				
As previously stated		190,542	194,469	385,011
Prior year adjustments	(xxv)	-	(35,769)	(35,769)
At 1 April 2003 (restated)		190,542	158,700	349,242
Funds allocated from				
Head Office		285,000	-	285,000
Profit for the year		-	64,027	64,027
At 31 March 2004		475,542	222,727	698,269
At 1 April 2004				
As previously stated		475,542	257,882	733,424
Prior year adjustments	(xxv)	-	(35,155)	(35,155)
At 1 April 2004 (restated)		475,542	222,727	698,269
Funds allocated from				
Head Office		120,000	-	120,000
Profit for the year		-	92,519	92,519
At 31 March 2005		595,542	315,246	910,788

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	The Group	
	2005 RM'000	2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	128,667	92,106
Add/(Less) adjustments for:		
Specific allowance for bad and doubtful financing	202,379	114,240
Transfer to profit equalization reserve	57,949	47,870
Net income suspended	33,107	24,959
General allowance for bad and doubtful financing	20,107	47,781
Depreciation of property and equipment	65	53
(Reversal of allowance)/Allowance for diminution in value of investments	(738)	1,924
Property and equipment written off	-	3
Operating profit before working capital changes	441,536	328,936
(Increase)/Decrease in operating assets		
Deposits with financial institutions	(47,300)	(30,000)
Dealing securities	(70,766)	101,995
Financing activities	(766,204)	(3,269,798)
Other receivables, deposits and prepayments	(12,612)	(24,332)
Statutory deposits with Bank Negara Malaysia	(32,031)	(114,492)
Increase/(Decrease) in operating liabilities		
Deposits from customers	479,874	1,477,914
Deposits of banks and other financial institutions	340,640	1,549,438
Converted fund	(26,644)	23,301
Acceptances payable	43,303	60
Other liabilities	(159,471)	135,780
Net cash generated from operating activities	190,325	178,802
Taxation paid	(5,315)	-
Net cash generated from operating activities	185,010	178,802
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	50,100	(213,520)
Purchase of property and equipment	(57)	(12)
Net cash generated from/(used in) investing activities	50,043	(213,532)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from increase in capital funds	120,000	285,000
Net cash generated from financing activity	120,000	285,000
Net increase in cash and cash equivalents	355,053	250,270
Cash and cash equivalents at beginning of year	567,312	317,042
Cash and cash equivalents at end of year	922,365	567,312

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS

(i) ISLAMIC BANKING BUSINESS

Disclosure of Shariah Advisor

The Group's Islamic banking activities are subject to conformity with Shariah requirements and confirmation by the Shariah Advisor, Professor Madya Dato' Hj Md. Hashim bin Yahya, Dato' Sheikh Ghazali bin Hj Abdul Rahman and Professor Dr Mohd Daud Bakar. The role and authority of the Shariah Advisor are as follows:

- (a) Advise and provide guidance on all matters pertaining to Shariah principles including product development, marketing and implementation activities.
- (b) Assist in the setting up of business and operational procedures with respect to compliance with Shariah principles.

(ii) CASH AND SHORT TERM FUNDS

	The Group	
	2005 RM'000	2004 RM'000
Cash and bank balances	9,167	9,012
Money on call and deposits maturing within one month:		
Licensed banks	580,950	492,000
Licensed finance companies	154,048	40,000
Other financial institutions	178,200	26,300
	922,365	567,312
(iii) DEPOSITS WITH FINANCIAL INSTITUTIONS		
Licensed banks	77,300	30,000

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(iv) DEALING SECURITIES

	The Group	
	2005 RM'000	2004 RM'000
Money Market Securities:		
Cagamas Mudharabah Bearer Bonds	60,022	53,500
Malaysian Government Investment Certificates	668	927
Negotiable Islamic debt certificates	11,991	-
Khazanah Bonds	139	-
	72,820	54,427
Unquoted Private Debt Securities of Companies Incorporated In Malaysia:		
Corporate bonds	51,290	51,290
Islamic corporate bonds	56,677	3,704
Islamic corporate notes	-	486
	107,967	55,480
	180,787	109,907
Allowance for diminution in value of investments	(2,281)	(2,905)
Total/Net	178,506	107,002
Market indicative value:		
Money Market Securities:		
Cagamas Mudharabah Bearer Bonds	60,363	53,500
Malaysian Government Investment Certificates	671	932
Negotiable Islamic debt certificates	12,174	-
Khazanah Bonds	138	-
Unquoted Private Debt Securities of Companies Incorporated In Malaysia:		
Islamic corporate bonds	56,557	3,664
Islamic corporate notes	-	487

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(v) INVESTMENT SECURITIES

	The Group	
	2005 RM'000	2004 RM'000
Money Market Securities:		
Negotiable Islamic debt certificate	224,005	237,658
Malaysian Government Investment Certificates	145,055	190,482
Khazanah bonds	105,999	82,491
Bankers acceptances	-	4,472
Islamic acceptance bills	-	2,979
	475,059	518,082
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	21,031	21,031
Unquoted Debt Equity Converted Securities Of Companies Incorporated In Malaysia	10,381	10,494
Total	506,471	549,607
Amortisation of premium less accretion of discount	8,721	15,798
Allowance for diminution in value of investments in Malaysia	(10,381)	(10,494)
Net	504,811	554,911
Market indicatice value:		
Money Market Securities:		
Negotiable Islamic debt certificate	235,000	255,000
Malaysian Government Investment Certificates	150,785	202,530
Khazanah bonds	110,171	87,231
Bankers acceptances	-	4,472
Islamic acceptance bills	-	2,997
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	20,790	20,990
The maturity structure of money market securities held for investment is as follows:		
Maturing within one year	181,382	251,123
One year to two years	167,399	186,899
Two years to three years	126,278	80,060
	475,059	518,082

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(vi) FINANCING ACTIVITIES

	The Group	
	2005 RM'000	2004 RM'000
Term financing/Revolving credit financing	1,249,096	1,490,015
Islamic hire purchase, net of unearned income	4,128,835	4,136,315
Credit card receivables	212,024	74,752
Trust receipts	13,629	1,646
Bills receivables	164,023	39,383
Other financing	1,779,585	1,143,721
Gross financing	7,547,192	6,885,832
Less:		
Allowance for bad and doubtful financing		
General	121,150	101,043
Specific	221,416	91,255
	342,566	192,298
Income-in-suspense	177,820	177,339
	520,386	369,637
Net financing	7,026,806	6,516,195
Financing analysed by concepts are as follows:		
Al-Ijarah	4,747,879	4,566,874
Al-Bai' Bithaman Ajil	2,074,669	1,741,717
Al-Musyarakah	274,434	399,187
Al-Murabahah	217,980	86,387
Al-Bai In'nah	211,899	73,533
Al-Wujud	16,499	17,012
Al-Istina	3,832	1,122
	7,547,192	6,885,832
The maturity structure of financing are as follows:		
Maturing within one year	3,316,022	2,582,630
One year to three years	1,807,294	1,800,270
Three to five years	1,394,043	1,451,240
Over five years	1,029,833	1,051,692
	7,547,192	6,885,832

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

Financing analysed by their economic purposes are as follows:

	The Group			
	2005		2004	
	RM'000	%	RM'000	%
Purchase of transport vehicles	4,030,324	53.4	3,962,298	57.5
Consumption credit	931,868	12.3	443,091	6.4
Purchase of landed property of which:				
(a) Residential	409,617	5.4	350,846	5.1
(b) Non-residential	103,294	1.4	222,635	3.2
Manufacturing	344,364	4.6	190,577	2.8
Investment holding	325,719	4.3	325,314	4.7
Finance, insurance and business services	278,960	3.7	263,796	3.8
Construction	240,205	3.2	221,454	3.2
Agriculture	231,301	3.1	401,490	5.8
Real estate	161,632	2.1	157,955	2.3
Transport, storage and communication	145,119	1.9	156,670	2.3
Electricity, gas and water	139,140	1.8	2,539	0.1
General commerce	113,729	1.5	97,630	1.4
Purchase of securities	32,569	0.4	32,569	0.5
Mining and quarrying	6,812	0.1	7,706	0.1
Others	52,539	0.7	49,262	0.8
	7,547,192	100.0	6,885,832	100.0

Gross financing analysed by type of customers are as follows:

	The Group	
	2005 RM'000	2004 RM'000
Individuals	5,424,619	4,806,415
Small medium industries	1,177,970	1,081,764
Business enterprises	692,424	680,234
Government	40,376	40,423
Other domestic entities	208,060	271,348
Foreign entities	3,051	4,936
Non-bank financial institutions	692	712
	7,547,192	6,885,832

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

Movements in non-performing financing are as follows:

	The Group	
	2005 RM'000	2004 RM'000
Gross		
Balance at beginning of year		
As previously stated	450,909	407,545
Prior year's adjustments (Note xxv)	683,272	65,088
	1,134,181	472,633
Non-performing during the year	202,452	798,414
Reclassification to performing financing	(413,091)	(59,013)
Recoveries	(88,067)	(14,296)
Amount written off	(80,604)	(60,819)
Debt equity conversion	(2,178)	-
Transfer to conventional business	-	(2,738)
Balance at end of year	752,693	1,134,181
Less:		
Specific allowance	221,416	91,255
Income-in-suspense	177,820	177,339
	399,236	268,594
Non-performing financing - net	353,457	865,587
Ratio of non-performing financing to total financing - Net	4.94%	13.08%

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

	The Group	
	2005 RM'000	2004 RM'000
General Allowance		
Balance at beginning of year	101,043	53,262
Allowance made during the year	20,107	47,781
Balance at end of year	121,150	101,043
Specific Allowance		
Balance at beginning of year	91,255	56,034
Allowance made during the year	270,782	136,132
Amount written back in respect of recoveries	(68,403)	(21,892)
Net charge to income statement	202,379	114,240
Reclassifications	29	247
Amount written off/Adjustment to Asset Deficiency Account	(72,247)	(79,266)
Balance at end of year	221,416	91,255

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

	The Group	
	2005 RM'000	2004 RM'000
Income-in-suspense		
Balance at beginning of year		
As previously reported	172,097	136,558
Prior year's adjustments (Note xxv)	5,242	32,680
	177,339	169,238
Income suspended during the year	51,826	41,175
Amount written back in respect of recoveries	(18,719)	(16,216)
Net charge to income statement	33,107	24,959
Amount written off/Adjustment to Asset Deficiency Account	(31,339)	(16,858)
Reclassifications to conventional	(1,287)	-
Balance at end of year	177,820	177,339

(vii) PROPERTY AND EQUIPMENT

The Group	Leasehold improvements RM'000	Computer hardware and software RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
COST				
At beginning and end of year	417	248	392	1,057
Addition	36	19	2	57
	453	267	394	1,114
ACCUMULATED DEPRECIATION				
At beginning of year	415	220	358	993
Addition	37	12	16	65
At end of year	452	232	374	1,058
NET BOOK VALUE				
As at 31 March 2005	1	35	20	56
As at 31 March 2004	2	28	34	64
Depreciation charge for the year ended 31 March 2004	1	24	28	53

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(viii) DEPOSITS FROM CUSTOMERS

	The Group	
	2005 RM'000	2004 RM'000
Mudarabah Fund		
Special Investment deposits	311,881	119,730
General Investment deposits	2,729,158	2,496,256
Non-Mudarabah Fund		
Demand deposits	103,869	70,396
Savings deposits	395,691	270,661
Negotiable Islamic debt certificates	38,850	142,532
	3,579,449	3,099,575

The maturity structure of deposits from customers is as follows:

Due within six months	3,298,011	2,713,502
Six months to one year	165,852	256,150
One year to three years	108,285	108,236
Three years to five years	7,301	21,687
	3,579,449	3,099,575

The deposits are sourced from the following types of customers:

Government and statutory bodies	711,804	743,527
Business enterprises	1,544,440	1,568,040
Individuals	1,168,862	690,593
Others	154,343	97,415
	3,579,449	3,099,575

(ix) DEPOSITS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

Mudarabah Fund		
Licensed banks	99,614	25,576
Other financial institutions	1,285,183	1,359,273
Non-Mudarabah Fund		
Licensed banks	1,293,660	865,780
Licensed finance companies	95,060	179,661
Licensed merchant banks	147,153	146,439
Other financial institutions	958,903	962,204
	3,879,573	3,538,933

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(x) CONVERTED FUND

This represent funds transferred from Non Islamic Banking Business to Islamic Banking Business for funding purposes at commercial terms.

(xi) OTHER LIABILITIES

	The Group	
	2005 RM'000	2004 RM'000
Other payables and accruals	153,586	94,251
Amount owing to head office	18,615	177,122
Profit equalisation reserve	112,261	54,312
Lease deposits and advance rentals	17,050	11,124
Taxation and zakat payable	39,331	39,331
	340,843	376,140

The movements in profit equalisation reserve are as follows:

Balance at beginning of year	54,312	6,442
Provision during the year	62,540	51,865
Amount written back	(4,591)	(3,995)
Balance at end of year	112,261	54,312

(xii) CAPITAL FUNDS

Allocated :

Balance at beginning of year	610,542	240,542
Increase during the year	-	370,000
Balance at end of year	610,542	610,542

Utilised :

Balance at beginning of year	475,542	190,542
Increase during the year	120,000	285,000
Balance at end of year	595,542	475,542

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(xiii) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	The Group	
	2005 RM'000	2004 RM'000
Income derived from investment of:		
(i) general investment deposits	320,130	306,614
(ii) specific investment deposits	7,757	15,510
(iii) others	269,923	151,214
	597,810	473,338
(i) Income derived from investment of general investment deposits		
Finance income and hibah :		
Financing activities	301,564	287,713
Dealing securities	3,165	4,829
Investment securities	195	307
Money at call and deposits with financial institutions	10,868	5,924
	315,792	298,773
Income-in-suspense	(4,675)	(1,647)
Accretion of discount	5,149	4,747
	316,266	301,873
Net gain from sale of dealing securities	3	212
Net gain from sale of investment securities	48	427
	51	639
Fee and commission income:		
Commission	307	1,068
Other fee income	3,506	3,034
	3,813	4,102
Total	320,130	306,614
(ii) Income derived from investment of specific investment deposits		
Finance income and hibah :		
Financing activities	7,757	15,510

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(iii) Income derived from investment of other deposits

	The Group	
	2005 RM'000	2004 RM'000
Finance income and hibah :		
Financing activities	265,246	145,860
Dealing securities	5,158	9,645
Investment securities	882	971
Money at call and deposits with financial institutions	5,292	5,538
	276,578	162,014
Income-in-suspense	(27,691)	(23,465)
Accretion of discount	11,645	5,907
	260,532	144,456
Net gain from sale of dealing securities	15	704
Net gain from sale of investment securities	216	1,418
	231	2,122
Fee and commission income:		
Commission	529	658
Other fee income	8,631	3,978
	9,160	4,636
Total	269,923	151,214
(xiv) FINANCING LOSS AND ALLOWANCES		
Allowance for bad and doubtful financing:		
- general allowance	20,107	47,781
- specific allowance (net)	202,379	114,240
	222,486	162,021
Bad debts recovered	(12,988)	(3,826)
	209,498	158,195
(xv) INCOME ATTRIBUTABLE TO DEPOSITORS		
Deposits from customers		
- Mudarabah Fund	87,075	95,684
- Non-Mudarabah Fund	9,890	44,083
Deposits and placements of banks and other financial institutions		
- Mudarabah Fund	36,150	2,215
- Non-Mudarabah Fund	103,303	17,797
Converted funds	22,634	23,684
	259,052	183,463

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(xvi) INCOME DERIVED FROM ISLAMIC BANKING FUNDS

	The Group	
	2005 RM'000	2004 RM'000
Finance income and hibah :		
Financing activities	56,448	42,005
Dealing securities	926	721
Investment securities	84	102
Money at call and deposits with financial institutions	2,581	1,465
	60,039	44,293
Income-in-suspense	(741)	153
Accretion of discount	1,431	907
	60,729	45,353
Net gain from sale of dealing securities	26,583	22,453
Net gain from sale of investment securities	21	440
	26,604	22,893
Fee and commission income		
Guarantee fees	3,274	155
Other fee income	5,640	6,317
	8,914	6,472
Total	96,247	74,718
(xvii) OPERATING EXPENDITURE		
Personnel costs	1,489	5,174
Establishment costs	98	1,755
Marketing and communication expenses	34,845	53,465
Administration and general expenses	3,197	4,104
	39,629	64,498
(xviii) TAXATION		
Estimated current tax payable	71,540	62,205
Transfer to deferred tax assets (Note xix)	(35,392)	(34,126)
Total	36,148	28,079

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(xix) DEFERRED TAX ASSETS

	The Group	
	2005 RM'000	2004 RM'000
Balance at beginning of year		
As previously stated	48,979	14,913
Prior year's adjustments (Note xxv)	138	78
	49,117	14,991
Net transfer from income statement (Note xviii)	35,392	34,126
Balance at end of year	84,509	49,117
The deferred taxation is in respect of the following:		
General allowance for financing activities	33,923	28,291
Profit equalisation reserve	31,433	15,208
Unabsorbed tax losses	18,059	6,300
Allowance for diminution in value of investment	3,545	3,742
Accretion of discounts on investments	(2,442)	(4,424)
Temporary difference between depreciation and tax allowance	(9)	
	84,509	49,117

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(xx) COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Islamic Banking Business of the Group make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's assets.

As at 31 March 2005, the commitments and contingencies outstanding are as follows:

The Group	2005			2004		
	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
Commitments						
Irrevocable commitments to extend credit maturing:						
Within one year	810,084	-	-	537,814	-	-
More than one year	36,959	18,479	18,479	97,553	48,777	48,777
Direct credit substitutes	30,000	30,000	6,000	-	-	-
Sale and buy back agreements	1,797,882	1,797,882	965,427	1,451,451	1,451,451	759,285
	2,674,925	1,846,361	989,906	2,086,818	1,500,228	808,062
Contingent Liabilities						
Islamic revolving underwriting facilities	294,000	147,000	126,600	216,400	108,200	108,200
Certain transaction-related contingent items	24,671	12,336	12,336	23,499	11,750	11,750
Financing sold to Cagamas Bhd	928,658	928,658	927,011	3,508	3,508	1,754
Short-term self liquidating trade-related contingencies	19,660	3,932	3,828	6,936	1,387	1,387
Al-Kafalah guarantees	279,264	279,264	161,915	95,208	95,208	66,667
Others	44	-	-	-	-	-
	1,546,297	1,371,190	1,231,690	345,551	220,053	189,758
	4,221,222	3,217,551	2,221,596	2,432,369	1,720,281	997,820

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(xxi) YIELD/PROFIT RATE RISK

The following table shows the effective profit rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier.

The Group	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non- yield/profit sensitive	Total	Effective profit rate
2005	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	916,453	-	-	-	-	-	5,912	922,365	2.73
Deposits with financial institutions	-	77,300	-	-	-	-	-	77,300	2.80
Dealing securities	17,193	-	15,865	25,250	111,920	8,278	-	178,506	4.19
Investment securities	-	-	-	189,668	313,774	1,369	-	504,811	3.40
Financing activities									
- performing	435,449	766,240	399,436	779,153	3,739,313	674,908	-	6,794,499	7.97
- non-performing*	-	-	-	-	-	-	232,307	232,307	-
Other non-profit sensitive balances	-	-	-	-	-	-	345,996	345,996	-
TOTAL ASSETS	1,369,095	843,540	415,301	994,071	4,165,007	684,555	584,215	9,055,784	
LIABILITIES AND ISLAMIC BANKING FUNDS									
Deposits from customers	1,871,225	950,306	363,075	165,852	125,123	-	103,868	3,579,449	2.81
Deposits of banks and other financial institutions	940,990	1,457,278	344,863	576,851	548,411	-	11,180	3,879,573	3.18
Converted funds	5,704	152,741	5,370	1,073	-	-	136,789	301,677	3.24
Acceptances payable	6,813	15,013	21,628	-	-	-	-	43,454	
Other non-profit sensitive balances	-	-	-	-	-	-	340,843	340,843	-
Total Liabilities	2,824,732	2,575,338	734,936	743,776	673,534	-	592,680	8,144,996	
Islamic Banking Funds	-	-	-	-	-	-	910,788	910,788	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	2,824,732	2,575,338	734,936	743,776	673,534	-	1,503,468	9,055,784	
On-balance sheet yield/profit rate sensitivity gap	(1,455,637)	(1,731,798)	(319,635)	250,295	3,491,473	684,555	(919,253)	-	
Off-balance sheet yield/profit rate sensitivity gap	(696,772)	(764,617)	(240,651)	410,362	1,048,074	243,604	-	-	
Total yield/profit rate sensitivity gap	(2,152,409)	(2,496,415)	(560,286)	660,657	4,539,547	928,159	(919,253)	-	
Cumulative yield/profit rate sensitivity gap	(2,152,409)	(4,648,824)	(5,209,110)	(4,548,453)	(8,906)	919,253	-		

* This is arrived at after deducting the general allowance, specific allowance and income-in-suspense from gross non-performing financing outstanding.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

The Group	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non- yield/profit sensitive	Total	Effective profit rate
2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	558,300	-	-	-	-	-	9,012	567,312	2.70-2.80
Deposits with financial institutions	-	20,000	10,000	-	-	-	-	30,000	2.96
Dealing securities	-	851	100	486	72,877	32,688	-	107,002	3.50-3.97
Investment securities	17,453	188,651	58,081	-	288,952	1,774	-	554,911	3.05-3.50
Financing activities									
- performing	687,822	222,132	16,602	956,016	2,683,897	1,185,182	-	5,751,651	5.40-8.61
- non-performing*	-	-	-	-	-	-	764,544	764,544	-
Other non-profit sensitive balances	-	-	-	-	-	-	265,969	265,969	-
TOTAL ASSETS	1,263,575	431,634	84,783	956,502	3,045,726	1,219,644	1,039,525	8,041,389	
LIABILITIES AND ISLAMIC BANKING FUNDS									
Deposits from customers	1,383,738	829,827	429,541	256,150	129,922	-	70,397	3,099,575	2.68
Deposits of banks and other financial institutions	1,038,390	808,836	323,021	798,146	553,157	16,455	928	3,538,933	4.50
Converted funds	-	-	328,321	-	-	-	-	328,321	3.22
Acceptances payable	-	-	151	-	-	-	-	151	3.00
Other non-profit sensitive balances	-	-	-	-	-	-	376,140	376,140	-
Total Liabilities	2,422,128	1,638,663	1,081,034	1,054,296	683,079	16,455	447,465	7,343,120	
Islamic Banking Funds	-	-	-	-	-	-	698,269	698,269	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	2,422,128	1,638,663	1,081,034	1,054,296	683,079	16,455	1,145,734	8,041,389	
On-balance sheet yield/profit rate sensitivity gap	(1,158,553)	(1,207,029)	(996,251)	(97,794)	2,362,647	1,203,189	(106,209)	-	
Off-balance sheet yield/profit rate sensitivity gap	(755,944)	(311,481)	(182,294)	108,127	895,103	246,489	-	-	
Total yield/profit rate sensitivity gap	(1,914,497)	(1,518,510)	(1,178,545)	10,333	3,257,750	1,449,678	(106,209)	-	
Cumulative yield/profit rate sensitivity gap	(1,914,497)	(3,433,007)	(4,611,552)	(4,601,219)	(1,343,469)	106,209	-		

* This is arrived at after deducting the general allowance, specific allowance and income-in-suspense from gross non-performing financing outstanding.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(xxii) FAIR VALUE OF ISLAMIC BANKING OPERATIONS FINANCIAL INSTRUMENTS

The estimated fair values of the Group Islamic Banking Business financial instruments are as follows:

The Group	2005		2004	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	922,365	922,365	567,312	567,312
Deposits with financial institutions	77,300	77,300	30,000	30,000
Dealing securities	178,506	178,912	107,002	107,002
Investment securities	504,811	506,693	554,911	557,589
Financing activities*	7,147,956	7,458,367	6,617,238	7,250,697
Other financial assets	15,750	15,750	3,138	3,138
	8,846,688	9,159,387	7,879,601	8,515,738
Non-financial assets	209,096		161,788	
TOTAL ASSETS	9,055,784		8,041,389	
Financial Liabilities				
Deposits from customers	3,579,449	3,589,364	3,099,575	3,100,413
Deposits of banks and other financial institutions	3,879,573	3,885,932	3,538,933	3,546,687
Converted funds	301,677	301,677	328,321	340,697
Acceptances payable	43,454	43,454	151	151
Other financial liabilities	189,251	189,251	282,497	282,497
	7,993,404	8,009,678	7,249,477	7,270,445
Non-financial liabilities				
Other non-financial liabilities	151,592		93,643	
Islamic Banking Funds	910,788		698,269	
	1,062,380		791,912	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	9,055,784		8,041,389	

* The general allowance for the Group amounting to RM121,150,000 (RM101,043,000 as at 31 March 2004) has been included under non-financial assets.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(xxiii) NET INCOME FROM ISLAMIC BANKING BUSINESS

For consolidation with the conventional operations, net income from Islamic Banking Business comprises the following items:

	The Group	
	2005 RM'000	2004 RM'000
Income derived from investment of depositors' funds and others	597,810	473,338
Less : Income attributable to depositors	(259,052)	(183,463)
Income attributable to the Group	338,758	289,875
Income derived from Islamic Banking Funds	96,247	74,718
	435,005	364,593

(xxiv) CAPITAL ADEQUACY RATIO

(i) 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 of the Islamic Banking Business are as follows:

	2005 RM'000	2004 RM'000
Tier 1 capital		
Capital funds	595,542	475,542
Unappropriated profit at end of year	315,246	226,530
Total tier 1 capital	910,788	702,072
Less: Deferred tax assets - net	(84,509)	(48,979)
	826,279	653,093
Tier 2 capital		
General allowance for bad and doubtful financing	121,150	101,043
Capital base	947,429	754,136
Capital Ratios:		
Core capital ratio	8.73%	8.49%
Risk-weighted capital ratio	10.01%	9.80%

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

	2005		2004	
	Principal RM'000	Risk- Weighted RM'000	Principal RM'000	Risk- Weighted RM'000
0%	1,416,097	-	827,147	-
10%	54,433	5,443	54,336	5,434
20%	1,467,968	293,594	1,369,380	273,876
50%	573,396	286,698	395,308	197,654
100%	8,877,003	8,877,003	7,216,710	7,216,710
	12,388,897	9,462,738	9,862,881	7,693,674

The capital adequacy ratio of the Group as at 31 March 2004 has not been restated for prior year adjustments effect as mentioned in Note xxv below.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2005

(xxv) PRIOR YEAR'S ADJUSTMENTS

The prior year's adjustments relate to the change in accounting policy on handling fees on hire purchase loans and the 3-month classification for non-performing loans from the previous 6-month classification.

The accounting policy change has been accounted for retrospectively and the effects on prior years have been taken up as a prior year adjustments in the financial statements.

Accordingly, the following accounts in prior years have been restated to reflect the effects of the accounting change.

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Group			
As at 31 March 2003			
Non-performing loans	407,545	65,088	472,633
Income-in-suspense	(136,558)	(32,680)	(169,238)
Deferred tax assets	14,913	78	14,991
Unappropriated profit at end of the year	(194,469)	35,769	(158,700)
For the financial year ended 31 March 2004			
Income suspended	52,398	(27,439)	24,959
Operating expenditure	37,855	26,643	64,498
Taxation	27,899	180	28,079
As at 31 March 2004			
Non-performing loans	450,909	683,272	1,134,181
Income-in-suspense	(172,097)	(5,242)	(177,339)
Deferred tax assets	48,979	138	49,117
Other assets	46,682	(43,544)	3,138
Other liabilities	(389,633)	13,493	(376,140)
Unappropriated profit at end of the year	(257,882)	35,155	(222,727)

55. Comparatives

The comparative figures in respect of financial year ended 31 March 2004 have been audited by a firm of chartered accountants other than Ernst & Young.

56. Currency

All amounts are in Ringgit Malaysia.

List of Landed Properties

As At 31 March 2005

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq.Ft)	Date of Acquisition
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The properties owned by the subsidiary companies are as follows:

Perlis Indera Kayangan

13, Jalan Jubli Perak 01000 Kangar Perlis Indera Kayangan	One unit of double storey shoplot for branch premises	21 years	Freehold	123,085	2,800	4 Nov 1991
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Perak Darul Ridzuan

5, Main Road 32300 Pulau Pangkor Perak Darul Ridzuan	One unit of two-storey shophouse for branch premises	32 years	Freehold	56,133	2,720	31 Dec 1990
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27, Jalan Trump Kuala Sepetang 34650 Taiping Perak Darul Ridzuan	One unit of double storey shoplot for branch premises	22 years	Freehold	44,801	2,702	4 Nov 1991
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23 & 24, Jalan Raja Omar 32000 Sitiawan Perak Darul Ridzuan	Two units of three-storey shoplots for branch premises	23 years	Freehold	262,123	7,040	1 Nov 1991
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107, Jalan Tokong Datoh 33300 Grik Perak Darul Ridzuan	One unit of two-storey shoplot for branch premises	20 years	Leasehold Term: 99 years Expiry: 30 Oct 2084	183,899	5,695	29 Dec 1990
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2 & 4, Jalan Temenggong Pusat Bandar 34200 Parit Buntar Perak Darul Ridzuan	Two units of two-storey shoplots for branch premises	16 years	Leasehold Term: 99 years Expiry: Oct 2088	303,848	6,722	23 Dec 1993
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Pulau Pinang

1 & 3, Lorong Murni 6 Taman Desa Murni, Sungai Dua 13800 Butterworth Pulau Pinang	Two units of double storey shoplots for branch premises	13 years	Freehold	608,389	7,200	28 Nov 1996
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35 & 36 - Phase 1 Prai Business Point Prai Perdana 12000 Seberang Prai Pulau Pinang	Two units of vacant three-storey shop office	5 years	Freehold	1,560,422	10,307	28 Nov 1998
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1311, Jalan Besar 14200 Sungai Bakap Province Wellesley Pulau Pinang	One unit of two-storey shoplot for branch premises	15 years	Freehold	208,816	3,894	7 Dec 1992
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4194, Jalan Bagan Luar 12000 Butterworth Pulau Pinang	Two units of two-storey shoplots for branch premises	20 years	Freehold	238,620	7,200	16 Sep 1992
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List of Landed Properties

As At 31 March 2005 (cont'd)

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq.Ft)	Date of Acquisition
Wilayah Persekutuan – Kuala Lumpur						
Bangunan AmBank 8, Jalan Yap Kwan Seng 50450 Kuala Lumpur	46-storey office building for operations and rental	7 years	Freehold	197,711,298	927,070	13 Mar 1990
Wisma AmBank 113, Jalan Pudu 55100 Kuala Lumpur	One unit 12-storey office building for operations and branch premises	19 years	Freehold	16,066,299	55,700	4 Nov 1991
Warisan MBf Jalan Tun H. S. Lee 50050 Kuala Lumpur	Four-storey pre-war shoplot used for branch premises	62 years	Freehold	4,500,000	16,114	24 Apr 1991
2 & 4, Jalan 12/5 Taman Melati, Setapak 53100 Kuala Lumpur	Two units of two-storey shoplots for storage purposes	14 years	Freehold	361,341	5,600	17 July 1992
2 & 4, Jalan 23/70A Desa Sri Hartamas 55048 Kuala Lumpur	Two units of four-storey shoplots for rental purposes	6 years	Freehold	3,346,750	13,504	23 Apr 1998
85, 87, 89, 107, 109 & 111 Jalan 3/93, Taman Miharja 55200 Kuala Lumpur	Six units of three-storey shoplots for rental purposes	15 years	Leasehold Term: 99 years Expiry: 11 Aug 2086	2,641,037	30,528	9 Mar 1992
45, Jalan 45/26 Taman Sri Rampai, Setapak 53300 Kuala Lumpur	One unit of three-storey shophouse for storage purposes	19 years	Freehold	200,925	1,399	20 Feb 1991
8th & 9th Floors Bangunan AMDB 1, Jalan Lumut 50400 Kuala Lumpur	Two floors of office space for operations	12 years	Freehold	7,738,320	25,488	18 May 1994
Wilayah Persekutuan – Labuan						
A (03-6) & E (03-1) Kerupang II 87000 Federal Territory of Labuan	Two units of three-room walk-up apartment for residential purposes	10 years	Leasehold Term: 99 years Expiry: 25 Apr 2058	401,586	1,016	30 June 1996
Alpha Park Tower Condo Labuan, 10th Floor Financial Park Complex 87000 Federal Territory of Labuan	Condominium for residential purposes	9 years	Leasehold Term: 99 years Expiry: 31 Dec 2090	462,756	1,679	1 July 1996

List of Landed Properties

As At 31 March 2005 (cont'd)

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq.Ft)	Date of Acquisition
Selangor Darul Ehsan						
11, Jalan Taman Off Jalan Melayu, 41300 Klang Selangor Darul Ehsan	One unit of four-storey shoplot under joint venture for rental	20 years	Leasehold Term: 20 years Expiry: July 2006	35,062	6,200	4 Nov 1991
7 & 9, Jalan Perusahaan 2 Off Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan	Two units of two-storey commercial complex for branch premises	19 years	Leasehold Term: 40 years Expiry: May 2017	525,733	8,000	25 Nov 1995
Damansara Fairway 3 6C, Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	One unit of 13-storey office building	14 years	Leasehold Term: 99 years Expiry: 25 Oct 2090	18,499,855	76,120	13 Oct 2000
Pahang Darul Makmur						
Lot 8, Sec 7, Jalan Besar Gambang, 25000 Kuantan Pahang Darul Makmur	One piece of vacant land	N/A	Freehold	27,000	1,600	4 Nov 1991
Lot 4, Sec 1, Pekan Mengkuang Mukim of Triang District of Temerloh Pahang Darul Makmur	One piece of vacant land	N/A	Freehold	61,000	410,009	4 Nov 1991
533, Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur	One unit of apartment	21 years	Leasehold Term: 85 years Expiry: Aug 2067	166,006	980	30 Nov 1985
Melaka						
Lot 43 & 44, Sec 7 Jalan Hang Tuah Town Area XXI, Melaka Tengah Melaka	Two pieces of vacant land for rental purposes	N/A	Freehold	3,492,416	26,789	4 Nov 1991
Negeri Sembilan Darul Khusus						
226, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus	One unit of abandoned four-storey shophouse	21 years	Freehold	143,684	5,200	4 Nov 1991
Lot 14, Rompin, Jempol Negeri Sembilan Darul Khusus	One piece of vacant land	N/A	Freehold	50,000	219,412	4 Nov 1991
22 & 23, Jalan Dato' Lee Fong Yee 70000 Seremban Negeri Sembilan Darul Khusus	Two units of four-storey shoplots for branch premises	20 years	Freehold	1,142,930	22,000	15 Mar 1990

List of Landed Properties

As At 31 March 2005 (cont'd)

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq.Ft)	Date of Acquisition
Johor Darul Takzim						
S142, Bt 22, Jalan Mersing Kahang New Village 86700 Kahang Johor Darul Takzim	One unit of double storey shoplot for branch premises	22 years	Freehold	75,773	2,300	4 Nov 1991
33 & 35, Jalan Permatang 12 Taman Desa Jaya 81100 Johor Bahru Johor Darul Takzim	Two units of two-storey shoplots for storage purposes	15 years	Freehold	415,142	5,800	8 July 1990
31-7, Jalan Raya Kulai Besar 81000 Kulai Johor Darul Takzim	One unit of shoplot for branch premises	17 years	Freehold	407,590	6,930	19 May 1992
14 & 15, Jalan Abdullah 85000 Segamat Johor Darul Takzim	Two units of four-storey shoplots for branch premises	65 years	Freehold	393,021	5,832	12 June 1985
100, Jalan Besar 83700 Yong Peng Johor Darul Takzim	One unit of shoplot for branch premises	67 years	Freehold	231,261	3,120	12 June 1985
PTD No.3700, 3702, 3887, 4338 and 4339 H.S.(D) 9062, 9064, 9249, 9695, 9696, 10101 and 10128 Mukim Paloh, Daerah Kluang Johor Darul Takzim	Five pieces of bungalow land	N/A	Freehold	271,224	33,903	29 Dec 1999
PT 4758, 4759, 4760, 4761, 4762, 4763, 4764, and 4765 H.S.(D) 10114, 10115, 10116 10117, 10118, 10119, 10120 and 10121 Mukim Paloh, Daerah Kluang Johor Darul Takzim	Eight pieces of semi-detached land	N/A	Freehold	239,616	29,952	29 Dec 1999
Kelantan Darul Naim						
707, Jalan Masjid Lama 17000 Pasir Mas Kelantan Darul Naim	One unit of two-storey shoplot for branch premises	27 years	Leasehold Term: 66 years Expiry: Jan 2061	343,827	3,024	25 June 1993
Terengganu Darul Iman						
50, Jalan Lim Teck Wan 23000 Dungun Terengganu Darul Iman	One unit of double storey shoplot for branch premises	22 years	Freehold	164,803	3,600	4 Nov 1991
Sabah and Sarawak						
TL017533238, Likas District of Kota Kinabalu Sabah	Vacant commercial land	N/A	Leasehold Term: 99 years Expiry: Dec 2075	8,094,538	216,232	24 May 2001
257, Jalan Haji Taha 93400 Kuching Sarawak	Seven-storey office building for branch premises and rental	6 years	Leasehold Term: 855 years Expiry: July 2792	14,877,089	51,906	31 Dec 1994

Shareholding and Warrant Holding Structures

As At 26 July 2005

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM5,000,000,000
Paid-up Share Capital	:	RM2,130,533,695
Class of Share	:	Ordinary share of RM1.00 each
Voting Rights	:	1 vote per shareholder on a show of hands 1 vote per ordinary share on a poll

	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Size of Shareholdings				
Less than 100	981	2.24	41,548	0.00
100 - 1,000	10,749	24.58	8,623,027	0.40
1,001 - 10,000	24,724	56.54	102,678,816	4.82
10,001 - 100,000	6,451	14.75	175,558,030	8.24
100,001 - less than 5.0% of issued shares	822	1.88	1,067,489,219	50.11
5.0% and above of issued shares	3	0.01	776,143,055	36.43
Total	43,730	100.00	2,130,533,695	100.00

	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Location of Shareholders				
Malaysia	41,805	95.60	1,691,368,451	79.39
Singapore	499	1.14	8,218,376	0.38
Hong Kong	11	0.02	786,124	0.04
Australia	41	0.09	633,774	0.03
Japan	3	0.01	22,000	0.00
United States	17	0.04	222,558	0.01
Other Countries	1,354	3.10	429,282,412	20.15
Total	43,730	100.00	2,130,533,695	100.00

	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Types of Shareholders (By Nationality)				
Malaysian				
- Individual	35,842	81.96	242,106,318	11.36
- Nominee companies	5,307	12.14	935,105,032	43.89
- Other companies	656	1.50	514,157,101	24.14
Singaporean	499	1.14	8,218,376	0.38
Hong Kong Nationals	11	0.02	786,124	0.04
Australian	41	0.09	633,774	0.03
Japanese	3	0.01	22,000	0.00
American	17	0.04	222,558	0.01
Other Nationalities	1,354	3.10	429,282,412	20.15
Total	43,730	100.00	2,130,533,695	100.00

Shareholding and Warrant Holding Structures

As At 26 July 2005 (cont'd)

30 LARGEST SHAREHOLDERS

		No. of Shares	%
1	UOBM Nominees (Tempatan) Sdn Bhd Arab - Malaysian Corporation Berhad	479,126,825	22.49
2	Employees Provident Fund Board	271,915,634	12.76
3	Arab-Malaysian Corporation Berhad	115,100,596	5.40
4	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Arab-Malaysian Corporation Berhad	62,500,000	2.93
5	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government Of Singapore	42,183,499	1.98
6	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for The Great Eastern Life Assurance Co Ltd	38,684,200	1.82
7	Malaysia Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad	27,127,500	1.27
8	Valuecap Sdn Bhd	26,515,900	1.24
9	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore	21,001,100	0.99
10	Cartaban Nominees (Tempatan) Sdn Bhd Amanah SSCM Nominees (Tempatan) Sdn Bhd for Employees Provident Fund Board	18,408,080	0.86
11	Regal Genius Sdn Bhd	17,090,000	0.80
12	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	13,750,000	0.65
13	Pertubuhan Keselamatan Sosial	12,999,940	0.61
14	CIMB Nominees (Tempatan) Sdn Bhd Regal Genius Sdn Bhd	12,400,000	0.58
15	RHB Nominees (Tempatan) Sdn Bhd RHB Asset Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja	11,741,080	0.55
16	Citicorp Nominees (Tempatan) Sdn Bhd CMS Dresdner Asset Management Sdn Bhd for Employees Provident Fund	10,900,000	0.51
17	Kenanga Nominees (Tempatan) Sdn Bhd Irama Hasrat Sdn Bhd	10,459,130	0.49
18	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Malaysia	10,437,120	0.49
19	Amanah Raya Nominees (Tempatan) Sdn Bhd Sekim Amanah Saham Nasional	10,110,500	0.47

Shareholding and Warrant Holding Structures

As At 26 July 2005 (cont'd)

30 LARGEST SHAREHOLDERS

		No. of Shares	%
20	HSBC Nominees (Asing) Sdn Bhd MSCOIL for Boyer Allan Pacific Partners LP	10,000,000	0.47
21	Citicorp Nominees (Tempatan) Sdn Bhd ING Insurance Berhad	9,877,973	0.46
22	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Berhad For CMS Premier Fund	9,800,000	0.46
23	HSBC Nominees (Asing) Sdn Bhd Saudi Arabian Monetary Agency	9,191,600	0.43
24	Cartaban Nominees (Asing) Sdn Bhd Investors Bank and Trust Company for Ishares, Inc.	9,000,900	0.42
25	HSBC Nominees (Asing) Sdn Bhd BBH (LUX) SCA for Fidelity Funds Malaysia	8,800,000	0.41
26	HSBC Nominees (Asing) Sdn Bhd Abu Dhabi Investment Authority	8,747,905	0.41
27	HLG Nominee (Tempatan) Sdn Bhd PB Trustee Services Berhad for HLG Growth Fund	8,531,860	0.40
28	HSBC Nominees (Asing) Sdn Bhd BBH (LUX) SCA for Fidelity Funds Asean	8,500,000	0.40
29	Citicorp Nominees (Asing) Sdn Bhd American International Assurance Company Ltd	8,381,800	0.39
30	AMSEC Nominees (Tempatan) Sdn Bhd Fulcrum Asset Management Sdn Bhd for Arab-Malaysian Corporation Bhd	8,000,000	0.38
Total		1,311,283,142	61.52

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest	No. of Shares		%
		%	Deemed Interest	
Tan Sri Dato' Azman Hashim Slan Sdn Bhd	675,490	0.03	697,095,373 ⁽¹⁾	32.72
Ginagini Sdn Bhd	-	-	696,181,468 ⁽²⁾	32.68
Arab-Malaysian Corporation Bhd	666,252,421	31.27	29,929,047 ⁽⁴⁾	1.40
Employees Provident Fund Board	343,143,914	16.11	-	-

Notes:

- (1) Deemed interested by virtue of his interests in Arab-Malaysian Corporation Bhd and Azman Hashim Holdings Sdn Bhd.
- (2) Deemed interested by virtue of its interest in Arab-Malaysian Corporation Bhd and Ginagini Sdn Bhd.
- (3) Deemed interested by virtue of its interest in Arab-Malaysian Corporation Bhd.
- (4) Deemed interested through the shares held by its subsidiary company and an associated company.

Shareholding and Warrant Holding Structures

As At 26 July 2005 (cont'd)

ANALYSIS OF WARRANT 1997/2007 HOLDINGS

No. of Warrants in Issue	:	143,534,078
Exercise Price of Warrants	:	RM6.51
Exercise Period of Warrants	:	14 May 1998 – 13 May 2007 (Only in the months of January, April, July and October)
Exercise Rights	:	Each warrant entitles the holder to subscribe for one new ordinary share of RM1.00 each in the Company.
Voting Rights at meetings of warrant holders	:	1 vote per warrant holder on a show of hands 1 vote per warrant on a poll

	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Size of Warrant Holdings				
Less than 100	1,048	13.12	68,526	0.05
100 - 1,000	999	12.50	552,493	0.38
1,001 - 10,000	3,838	48.04	19,375,738	13.50
10,001 - 100,000	1,906	23.86	58,904,508	41.04
100,001 - less than 5.0% of issued warrants	198	2.48	64,632,813	45.03
5.0% and above of issued warrants	-	0.00	-	0.00
Total	7,989	100.00	143,534,078	100.00

	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Location of Warrant Holders				
Malaysia	7,795	97.58	128,642,826	89.63
Singapore	58	0.72	828,567	0.58
Australia	1	0.01	1,649	0.00
United States	3	0.04	32,095	0.02
Other Countries	132	1.65	14,028,941	9.77
Total	7,989	100.00	143,534,078	100.00

	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Types of Warrant Holders (By Nationality)				
Malaysian				
- Individual	6,697	83.83	93,132,684	64.89
- Nominee companies	1,039	13.01	32,090,908	22.36
- Other companies	59	0.74	3,419,234	2.38
Singaporean	58	0.72	828,567	0.58
Australian	1	0.01	1,649	0.00
American	3	0.04	32,095	0.02
Other Nationalities	132	1.65	14,028,941	9.77
Total	7,989	100.00	143,534,078	100.00

Shareholding and Warrant Holding Structures

As At 26 July 2005 (cont'd)

30 LARGEST WARRANT HOLDERS

		No. of Warrants	%
1	Citicorp Nominees (Asing) Sdn Bhd Goldman Sachs International	5,211,700	3.63
2	Citicorp Nominees (Asing) Sdn Bhd GSI for DKR Soundshore Oasis Holdings Fund Ltd	2,500,000	1.74
3	AMSEC Nominees (Tempatan) Sdn Bhd G K Goh Stockbrokers Pte Ltd for Omar Bin Malek Ali Merican	1,960,000	1.37
4	Citicorp Nominees (Asing) Sdn Bhd Merill Lynch International	1,955,129	1.36
5	Alliancegroup Nominees (Tempatan) Sdn Bhd Chan Chee Kit	1,758,848	1.23
6	Citicorp Nominees (Tempatan) Sdn Bhd Janaki @ Mallika a/p Palaniappan	1,662,400	1.16
7	Tan Boon Har	1,394,916	0.97
8	IOI Corporation Berhad	1,319,696	0.92
9	SBB Nominees (Tempatan) Sdn Bhd Pertubuhan Keselamatan Sosial	1,250,411	0.87
10	Mayban Nominees (Tempatan) Sdn Bhd Kek Lian Lye	1,222,633	0.85
11	Tan Soon Lai	1,128,340	0.79
12	Chew Ee Suan	1,089,837	0.76
13	Sai Ko Tin	1,000,000	0.70
14	HSBC Nominees (Asing) Sdn Bhd HPBS SG for Tenacious Hold Limited	948,953	0.66
15	Lew Tin Yang @ Leu Ting Yeang	910,101	0.63
16	Ang Choon Kiat	844,000	0.59
17	JF Apex Nominees (Tempatan) Sdn Bhd See Kooi Lum @ Chui Sue Lim	800,000	0.56
18	Affin Nominees (Tempatan) Sdn Bhd Tan Boon Har	753,876	0.53
19	RHB Nominees (Tempatan) Sdn Bhd Tan Boon Keong	700,000	0.49
20	Kumpulan Kseena Sdn Bhd	691,006	0.48
21	Ee Cheng Tak	650,000	0.45
22	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd For Ang Theng Ho	626,000	0.44

Shareholding and Warrant Holding Structures

As At 26 July 2005 (cont'd)

30 LARGEST WARRANT HOLDERS

		No. of Warrants	%
23	Poh Keng @ Bok Keng Tin	601,300	0.42
24	Chu Mee King	600,000	0.42
25	Mayban Nominees (Tempatan) Sdn Bhd Tan Lee Kuang	549,374	0.38
26	Public Nominees (Tempatan) Sdn Bhd Teh Yoke Wan @ Tee Yoke Wan	469,490	0.33
27	Leong Chee Yee (Liang Juyi)	469,000	0.33
28	Foo Chong Chin	460,000	0.32
29	RHB Capital Nominees (Tempatan) Sdn Bhd Tai Sooi Chin	450,000	0.31
30	Lee Meng Yong	445,397	0.31
Total		34,422,407	24.00

Shareholding and Warrant Holding Structures

As At 26 July 2005 (cont'd)

ANALYSIS OF WARRANT 2003/2008 HOLDINGS

No. of Warrants in Issue	:	132,105,145
Exercise Price of Warrants	:	RM2.19
Exercise Period of Warrants	:	20 March 2003 – 19 March 2008
Exercise Rights	:	Each warrant entitles the holder to subscribe for one new ordinary share of RM1.00 each in the Company.
Voting Rights at meetings of warrant holders	:	1 vote per warrant holder on a show of hands 1 vote per warrant on a poll

	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Size of Warrant Holdings				
Less than 100	1,284	17.27	63,351	0.05
100 - 1,000	1,076	14.47	558,523	0.42
1,001 - 10,000	4,246	57.12	13,674,677	10.36
10,001 - 100,000	729	9.81	21,492,700	16.27
100,001 - less than 5.0% of issued warrants	96	1.29	57,736,456	43.70
5.0% and above of issued warrants	3	0.04	38,579,438	29.20
Total	7,434	100.00	132,105,145	100.00

	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Location of Warrant Holders				
Malaysia	7,218	97.09	118,619,683	89.80
Singapore	76	1.02	736,027	0.55
Australia	4	0.05	33,563	0.03
United States	5	0.07	21,051	0.02
Other Countries	131	1.77	12,694,821	9.60
Total	7,434	100.00	132,105,145	100.00

	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Types of Warrant Holders (By Nationality)				
Malaysian				
- Individual	5,957	80.13	30,334,844	22.96
- Nominee companies	1,121	15.08	42,169,649	31.92
- Other companies	140	1.88	46,115,190	34.92
Singaporean	76	1.02	736,027	0.55
Australian	4	0.05	33,563	0.03
American	5	0.07	21,051	0.02
Other Nationalities	131	1.77	12,694,821	9.60
Total	7,434	100.00	132,105,145	100.00

Shareholding and Warrant Holding Structures

As At 26 July 2005 (cont'd)

30 LARGEST WARRANT HOLDERS

		No. of Warrants	%
1	Corporateview Sdn Bhd	20,983,203	15.88
2	A. A. Assets Nominees (Tempatan) Sdn Bhd Fulcrum Asset Management Sdn Bhd for Corporateview Sdn Bhd	10,675,535	8.08
3	Employees Provident Fund Board	6,920,700	5.24
4	Arab-Malaysian Corporation Berhad	5,954,097	4.51
5	HSBC Nominees (Asing) Sdn Bhd MSCO NY for Liberty Square Offshore Partners Ltd	4,957,500	3.75
6	Citicorp Nominees (Tempatan) Sdn Bhd CMS Dresdner Asset Management Sdn Bhd for Employees Provident Fund	3,800,000	2.88
7	BHLB Trustee Berhad Prugrowth Fund	3,730,700	2.82
8	Regal Genius Sdn Bhd	2,989,936	2.26
9	HSBC Nominees (Asing) Sdn Bhd MSCO NY for Liberty Square Partners LP	2,542,500	1.92
10	Citicorp Nominees (Tempatan) Sdn Bhd CMS Dresdner Asset Management Sdn Bhd for Malaysian Assurance Alliance Bhd	2,000,000	1.51
11	HLG Nominee (Tempatan) Sdn Bhd PB Trustee Services Bhd for HLG Growth Fund	1,934,989	1.46
12	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Bhd for Amanah Saham Sarawak	1,826,000	1.38
13	HSBC Nominees (Asing) Sdn Bhd MSCO NY for Liberty Square Strategic Partners IV (Asia) Offshore, L.P.	1,575,000	1.19
14	Ng Leong Huat	1,440,000	1.09
15	Universal Trustee (Malaysia) Berhad HLG Balanced Fund	1,234,752	0.93
16	SBB Nominees (Tempatan) Sdn Bhd Tahan Insurance Malaysia Bhd	1,222,700	0.93
17	Amanah Raya Berhad SBB Double Growth Fund	1,100,000	0.83
18	Mayban Nominees (Tempatan) Sdn Bhd Eng Lai Sim	982,500	0.74
19	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Tahan Insurance Malaysia Berhad	950,100	0.72
20	Manulife Insurance (Malaysia) Berhad	840,501	0.64
21	Citicorp Nominees (Tempatan) Sdn Bhd CMS Dresdner Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan	816,300	0.62

Shareholding and Warrant Holding Structures

As At 26 July 2005 (cont'd)

30 LARGEST WARRANT HOLDERS

		No. of Warrants	%
22	HLG Nominees (Tempatan) Sdn Bhd Goh Gek Ying @ Goh Sai Ying	727,100	0.55
23	Citicorp Nominees (Asing) Sdn Bhd Merrill Lynch International	580,000	0.44
24	Citicorp Nominees (Tempatan) Sdn Bhd CMS Dresdner Asset Management Sdn Bhd for CIMB Securities Sdn Bhd	560,000	0.42
25	Lee San Ming @ Lee Lay Eng	500,000	0.38
26	Low Chee Kein	435,000	0.33
27	Yong Poh Kon	400,000	0.30
28	AMMB Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan	400,000	0.30
29	DB (Malaysia) Nominee (Tempatan) Sdn Bhd Kumpulan Sentiasa Cemerlang Sdn Bhd for Malaysian Assurance Alliance Bhd	400,000	0.30
30	Tan Swee Hing	383,720	0.29
Total		82,862,833	62.69

DIRECTORS' INTEREST IN COMPANY AND ITS RELATED CORPORATIONS

The Company – AMMB Holdings Bhd

	Direct Interest	No. of Shares		%
		%	Deemed Interest	
Tan Sri Dato' Azman Hashim	675,490	0.03	697,095,373 ⁽¹⁾	32.72
Dato' Azlan Hashim	95,952	*	-	-
Prof Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba	226,071	0.01	-	-
Dato' Izham Mahmud	4,670	*	-	-
Cheah Tek Kuang	23,800	*	-	-

	Direct Interest	No. of Warrants 1997/2007		%
		%	Deemed Interest	
Prof Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba	19,795	0.01	-	-

	Direct Interest	No. of Warrants 2003/2008		%
		%	Deemed Interest	
Tan Sri Dato' Azman Hashim	-	-	40,625,453 ⁽²⁾	30.75
Cheah Tek Kuang	46,189	0.03	-	-

Shareholding and Warrant Holding Structures

As At 26 July 2005 (cont'd)

Subsidiary Company – AmInvestment Group Bhd

	Direct Interest	No. of Shares		%
		%	Deemed Interest	
Tan Sri Dato' Azman Hashim	111,654,848	8.46	831,167,074 ⁽³⁾	62.97
Dato'Azlan Hashim	223,331	0.02	-	-
Tun Mohammed Hanif bin Omar	200,000	0.02	-	-
Prof Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba	201,824	0.02	-	-
Tan Sri Datuk Dr Aris Othman	50,000	*	-	-
Tan Sri Datuk Clifford Francis Herbert	50,000	*	-	-
Tan Sri Dato' Dr Lim Kok Wing	50,000	*	-	-
Tan Sri Dato' Mohd Ibrahim Mohd Zain	50,000	*	-	-
Dato' Izham Mahmud	101,070	0.01	-	-
Cheah Tek Kuang	2,620,100	0.20	-	-
Soo Kim Wai	100,000	0.01	-	-
Shalina Azman	100,000	0.01	-	-

Subsidiary Company – AmMerchant Bank Bhd

	Redeemable Unsecured Subordinated Bonds			
	Direct Interest	%	Deemed Interest	%
Dato' Izham Mahmud	250,000	0.05	-	-

Subsidiary Company - AmAssurance Bhd

	Direct Interest	No. of Shares		%
		%	Deemed Interest	
Dato'Azlan Hashim	-	-	20,000,000 ⁽⁴⁾	20.00

Tan Sri Dato' Azman Hashim, by virtue of his interest in the shares and warrants of AMMB Holdings Bhd (AHB), he is also deemed to have an interest in the shares of the subsidiaries of AHB to the extent that AHB has an interest.

Other than stated above, none of the other directors of the Company had any direct and deemed interest in the Company or its related corporations.

Notes:

- (1) Deemed interested by virtue of his interests in Arab-Malaysian Corporation Bhd and Azman Hashim Holdings Sdn Bhd.
 - (2) Deemed interested by virtue of his interest in Arab-Malaysian Corporation Bhd.
 - (3) Deemed interested by virtue of his interest in AMMB Holdings Bhd, Arab-Malaysian Corporation Bhd and Azman Hashim Holdings Sdn Bhd.
 - (4) Deemed interested by virtue of his interest in ABH Holdings Sdn Bhd.
- * Negligible

Group Directory

AMMB Holdings Berhad

22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur

Correspondence Address:

P.O. Box 10233, 50708 Kuala Lumpur

Tel: 03-2078 2633, 2078 2644, 2078 2655

Fax: 03-2078 2842 (General), 03-2078 2398 (Corporate Services)

Telex: MA34124

Cable Address: ARABMAL

Website: www.ambg.com.my

24-hour AmDirect Call Centre: 03-2612 6888

AmMerchant Bank Berhad

Head Office:

22nd Floor
Bangunan AmBank Group
55 Jalan Raja Chulan
P.O. Box 10233
50708 Kuala Lumpur
Tel: 03-2078 2633/2644/2655
Fax: 03-2078 2842
Telex: MA34124

Branch Offices:

PULAU PINANG

Tel: 04-226 1818
Fax: 04-229 7634
Telex: MA 43009

JOHOR DARUL TAKZIM

Johor Bahru
Tel: 07-334 8766
Fax: 07-334 8799
Telex: MA 69551

SABAH

Kota Kinabalu
Tel: 088-221 728, 213 488,
213 498
Fax: 088-221 050
Telex: MA 86015

SARAWAK

Kuching
Tel: 082-243 194, 244 791,
243 506
Fax: 082-414 944
Telex: MA 75154

AmBank (M) Berhad

Business Banking Head Office:

Level 18, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Fax: 03-2026 6855
Telex: MA030424
Website: www.ambg.com.my
Cable Address: AMBANK MAL
24 hour Call Centre:
03-2612 6888

Branch Offices:

WILAYAH PERSEKUTUAN KUALA LUMPUR

Jalan Sultan Ismail
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Fax: 03-2026 6048
Telex: MA030424

Medan Pasar
Tel: 03-2026 3833
Fax: 03-2071 9148
Telex: MA030644

PULAU PINANG

Menara Liang Court
Tel: 04-226 3939
Fax: 04-226 1313
Telex: MA40679

Seberang Jaya

Tel: 04-397 9569
Fax: 04-397 9564
Telex: MA047068

MELAKA

Taman Melaka Raya
Tel: 06-282 5785
Fax: 06-282 5979
Telex: MA62643

JOHOR DARUL TAKZIM

Batu Pahat
Tel: 07-432 4208
Fax: 07-431 8961
Telex: MA60318

Johor Bahru
Tel: 07-335 0600
Fax: 07-335 0469
Telex: MA60462

Kluang
Tel: 07-772 3178
Fax: 07-772 3198
Telex: MA060507

Muar
Tel: 06-954 0069
Fax: 06-954 0076
Telex: MA060327

NEGERI SEMBILAN DARUL KHUSUS

Seremban
Tel: 06-765 1461, 765 1460
Fax: 06-762 2994

SABAH

Kota Kinabalu
Tel: 088-265 643
Fax: 088-265 654
Telex: MA81371

SARAWAK

Kuching
Tel: 082-256 036, 244 608
Fax: 082-232 023

Sibu
Tel: 084-348 746
Fax: 084-429 015
Telex: MA72095

Miri
Tel: 085-437 908
Fax: 085-437 915
Telex: MA074068

AmBank (M) Berhad

Retail Banking Head Office:

Level 48, Menara AmBank
No. 8, Jalan Yap Kwan Seng
50400 Kuala Lumpur
Tel: 03-2167 3000, 2167 3200
Fax: 03-2166 5593
Telex: MA032355
Cable Address: AMBANK MAL
Website: www.ambg.com.my
24-hour AmDirect Call Centre:
03- 2612 6888

Regional Offices:

REGION 1

PULAU PINANG
Menara Liang Court
Tel: 04-226 3939
Fax: 04-227 3305

REGION 2

PERAK DARUL RIDZUAN
Jalan Yang Kalsom, Ipoh
Tel: 05-249 8518
Fax: 05-255 1061

REGION 3

MELAKA
Jalan Munshi Abdullah
Tel: 06-283 9433, 283 9569
Fax: 06-281 6911

REGION 4

JOHOR DARUL TAKZIM
Metropolis Tower
Tel: 07-334 1000
Fax: 07-335 3319

REGION 5

PAHANG DARUL MAKMUR
Kuantan
Tel: 09-512 1245, 517 8858
Fax: 09-555 5931

REGION 6**SARAWAK****Kuching**

Tel: 082-238 171, 238 963
Fax: 082-230 342

REGION 7**SABAH**

Luyang Commercial Centre
Tel: 088-280114, 280115
Fax: 088-242 739

REGION 8**SELANGOR DARUL EHSAN****PJ SS2/61**

Tel: 03-7874 0023
Fax: 03-7874 3348

Branch Offices:**WILAYAH PERSEKUTUAN KUALA LUMPUR****Bangsar Baru**

Tel: 03-2282 8739, 2282 8740
Fax: 03-2282 8741

Cheras – Taman Connaught

Tel: 03-9132 6231, 9132 6235
Fax: 03-9132 6237

Cheras – Taman Maluri

Tel: 03-9282 2917, 9285 5266
Fax: 03-9282 6261

Cheras – Taman Segar

Tel: 03-9132 9437, 9133 3177
Fax: 03-9133 1088

Damansara Heights

Tel: 03-2095 7060, 2095 7061
Fax: 03-2094 1937

Jalan Ipoh

Tel: 03-4042 7192, 4042 3577
Fax: 03-4042 0237

Jalan Raja Chulan

Tel: 03-2078 2100, 2078 2166
Fax: 03-2032 3935

Jalan Yap Kwan Seng

Tel: 03-2167 3000
Fax: 03-2162 1606

Kepong

Tel: 03-6251 3322, 6251 3355
Fax: 03-6259 2870

KL Sentral

Tel: 03-2272 1964, 2272 1967
Fax: 03-2272 1970

Overseas Union Garden

Tel: 03-7784 7035, 7784 7036
Fax: 03-7784 7041

Pudu – Jalan Pasar

Tel: 03-2141 3617, 2141 3635
Fax: 03-2144 0313

Pudu – Jalan Pudu

Tel: 03-2072 3322, 2072 8888
Fax: 03-2072 9198

Pudu – Jalan Besar

Tel: 03-7981 7641, 7980 9179,
7984 3694
Fax: 03-7981 1478

Selayang

Tel: 03-6136 8560, 6136 8561
Fax: 03-6136 8559

Sentul

Tel: 03-4041 5190, 4042 5666
Fax: 03-4042 5777

Setapak

Tel: 03-4023 6381
Fax: 03-4023 6551

Sri Petaling

Tel: 03-4149 5207, 9059 4168
Fax: 03-9056 2512

Wangsa Maju

Tel: 03-4149 5207, 4149 5213
Fax: 03-4149 5242

WILAYAH PERSEKUTUAN PUTRAJAYA**Alamanda**

Tel: 03-8888 3898
Fax: 03-8888 9352

SELANGOR DARUL EHSAN**AmCorp Mall**

Tel: 03-7954 1327, 7954 4401
Fax: 03-7955 2575

Ampang

Tel: 03-4252 2630, 4252 2636
Fax: 03-4252 4160

Balakong

Tel: 03-9074 4013, 9074 4078
Fax: 03-9074 4148

Bandar Baru Ampang

Tel: 03-4296 4521, 4296 4520
Fax: 03-4296 4533

Bandar Baru Bangi

Tel: 03-8925 1124, 8925 3313
Fax: 03-8925 2005

Bandar Baru Sungai Buloh

Tel: 03-6157 2249, 6157 2242
Fax: 03-6156 6000

Banting

Tel: 03-3187 7462, 3187 1330
Fax: 03-3187 0190

Batang Berjuntai

Tel: 03-3271 0378, 3271 0379
Fax: 03-3271 0376

Damansara Utama

Tel: 03-7726 3660, 7726 3662
Fax: 03-7726 3658

Kajang

Tel: 03-8736 0468, 8737 6272
Fax: 03-8736 7333

Kelana Jaya

Tel: 03-7803 4574, 7804 3508,
7804 3509
Fax: 03-7803 4781

Klang

Tel: 03-3342 6010, 3342 0690
Fax: 03-3344 3744

PJ New Town – Jalan 52/4

Tel: 03-7956 9077, 7956 9103
Fax: 03-7956 3146

PJ SS2

Tel: 03-7874 0042, 7874 0477
Fax: 03-7874 2517

Port Klang – Persiaran Raja**Muda Musa**

Tel: 03-3167 5442, 3167 0131
Fax: 03-3168 4664

Port Klang – Wisma Palmbase

Tel: 03-3371 7672, 3371 7698
Fax: 03-3371 8749

Puchong

Tel: 03-8075 4461, 8075 4680,
8075 2478

Fax: 03-8070 3336

Rawang Country Homes

Tel: 03-6092 5732, 6092 5731
Fax: 03-6092 5735

Bandar Baru Rawang

Tel: 03-6091 6835, 6091 6837
Fax: 03-6091 8612

Semenyih

Tel: 03-8723 9609, 8723 9897
Fax: 03-8723 9571

Sepang

Tel: 03-3142 2171, 3142 2250
Fax: 03-3142 2170

Shah Alam – Section 9

Tel: 03-5519 5645, 5519 5691
Fax: 03-5510 2416

Shah Alam – Section 15B

Tel: 03-5510 6960, 5910 6991
Fax: 03-5510 6968

Sri Kembangan

Tel: 03-8942 5364, 8942 2093
Fax: 03-8942 5373

Subang Jaya

Tel: 03-5635 0093, 56364434
Fax: 03-5634 5088

Subang New Village

Tel: 03-7846 7052, 7846 7053
Fax: 03-7846 7364

Sungai Besar

Tel: 03-3224 1203, 3224 2128
Fax: 03-3224 2177

Tanjung Karang

Tel: 03-3269 5429, 3269 5727
Fax: 03-3269 8997

USJ Taipan

Tel: 03-5631 0878, 5636 8699
Fax: 03-5637 2899

PERAK DARUL RIDZUAN**Ayer Tawar**

Tel: 05-672 2201, 672 2203
Fax: 05-672 2205

Bagan Serai

Tel: 05-721 1808, 721 5805
Fax: 05-721 1392

Batu Gajah

Tel: 05-366 1372, 366 1442
Fax: 05-366 5009

Bercham

Tel: 05-545 9695, 545 9697
Fax: 05-545 9702

Ipoh Garden

Tel: 05-542 5100, 542 5102
Fax: 05-546 1833

Ipoh Main – Jalan Yang Kalsom

Tel: 05-241 2795, 255 6826
Fax: 05-255 7539

Kampar

Tel: 05-465 1694, 466 1067
Fax: 05-465 1534

Kuala Kangsar

Tel: 05-776 1186, 776 1955
Fax: 05-776 4008

Kuala Sepetang

Tel: 05-858 1773
Fax: 05-858 1996

Langkap

Tel: 05-659 1227, 659 2735
Fax: 05-659 2888

Menglembu

Tel: 05-281 0402, 281 0403
Fax: 05-281 0408

Pulau Pangkor

Tel: 05-685 1051, 685 2776
Fax: 05-685 2161

Parit Buntar

Tel: 05-716 2366, 716 1732
Fax: 05-716 4287

Silibin

Tel: 05-527 7715, 527 7716
Fax: 05-527 7719

Sitiawan

Tel: 05-691 3842, 691 6933
Fax: 05-691 6935

Sungai Siput

Tel: 05-597 2357, 597 2388
Fax: 05-597 2359

Taiping

Tel: 05-808 3108, 806 0613
Fax: 05-807 2108

Tanjung Malim

Tel: 05-459 0825, 459 6649
Fax: 05-459 6371

Teluk Intan

Tel: 05-621 1008, 621 7175
Fax: 05-621 2120

PULAU PINANG**Ayer Itam**

Tel: 04-826 3015, 828 8566
Fax: 04-829 1414

Balik Pulau

Tel: 04-866 0863, 866 8633
Fax: 04-866 8430

Bagan Ajam

Tel: 04-331 9020
Fax: 04-331 9024

Bandar Baru Ayer Itam

Tel: 04-828 1745, 828 2850
Fax: 04-828 1985

Bayan Baru

Tel: 04-644 8142, 644 8149
Fax: 04-644 8163

Bukit Mertajam

Tel: 04-530 2392, 530 2393
Fax: 04-530 2395

Butterworth
Tel: 04-332 2901, 332 2902
Fax: 04-332 4619

Gelugor
Tel: 04-657 1284, 657 2148
Fax: 04-657 2004

Jelutong – Jalan Jelutong
Tel: 04-657 2339, 659 2410
Fax: 04-657 1644

MBf Tower
Tel: 04-229 0917, 229 0972
Fax: 04-229 0943

Penang Main – Leboh Bishop
Tel: 04-263 2520, 263 2523
Fax: 04-263 1468

Pulau Tikus
Tel: 04-229 8942, 229 8943
Fax: 04-229 8945

Sungai Bakap
Tel: 04-582 2368, 582 4579
Fax: 04-582 5827

Sungai Dua
Tel: 04-356 7691, 356 1328
Fax: 04-356 1159

Tanjung Bungah
Tel: 04-890 4502, 890 4628
Fax: 04-890 4690

KEDAH DARUL AMAN

Alor Setar
Tel: 04-730 1905, 731 6811
Fax: 04-731 3901

Jitra
Tel: 04-917 2903, 917 5555
Fax: 04-917 2911

Kulim
Tel: 04-491 3666, 491 3667
Fax: 04-490 0162

Langkawi
Tel: 04-966 3130, 966 3133
Fax: 04-966 3129

Sungai Petani
Tel: 04-422 7980, 422 7987
Fax: 04-422 8191

PERLIS INDERA KAYANGAN

Arau
Tel: 04-986 2220, 986 2705
Fax: 04-986 2221

Kangar
Tel: 04-976 9177, 976 9190
Fax: 04-976 4217

KELANTAN DARUL NA'IM

Kota Bharu
Tel: 09-741 9508, 741 9506
Fax: 09-747 9340

Pasir Mas
Tel: 09-790 0701, 790 0702
Fax: 09-790 0703

TERENGGANU DARUL IMAN

Dungun
Tel: 09-848 5220, 848 5221
Fax: 09-845 6220

Jerteh
Tel: 09-697 2511, 697 2512
Fax: 09-697 2513

Kemaman
Tel: 09-859 2534, 859 5486
Fax: 09-858 5410

Kuala Terengganu
– Jalan Sultan Ismail
Tel: 09-624 9957, 624 9958,
624 9959, 624 9960
Fax: 09-624 9916

Marang
Tel: 09-618 2787, 618 2788,
618 5493
Fax: 09-618 1390

PAHANG DARUL MAKMUR

Bentong
Tel: 09-222 6850, 222 3888
Fax: 09-222 4622

Jerantut
Tel: 09-266 3005, 266 5005
Fax: 09-266 5046

Kuantan – Jalan Beserah
Tel: 09-560 1818, 560 1830
Fax: 09-567 0695

Kuantan – Jalan Haji Abdul Aziz
Tel: 09-516 4389, 516 2607
Fax: 09-555 3782

Mentakab
Tel: 09-277 1196, 277 3028
Fax: 09-277 5427

Raub
Tel: 09-356 1850, 355 3166
Fax: 09-356 1852

Tanah Rata
Tel: 05-491 1088, 491 1089
Fax: 05-491 1087

Temerloh
Tel: 09-290 1113, 290 1128
Fax: 09-296 5889

Triang
Tel: 09-255 3124, 255 3304
Fax: 09-255 3198

NEGERI SEMBILAN DARUL KHUSUS

Bahau
Tel: 06-455 3001, 455 3002
Fax: 06-454 3998

Mantin
Tel: 06-758 3630, 758 3631
Fax: 06-758 2251

Nilai
Tel: 06-850 0648, 850 0649
Fax: 06-850 0647

Port Dickson
Tel: 06-646 1011, 646 1012
Fax: 06-647 4033

Rasah Jaya
Tel: 06-632 8462, 632 8420
Fax: 06-632 8382

Seremban
– Jalan Dato' Lee Fong Yee
Tel: 06-762 4463, 763 6988
Fax: 06-763 5905

MELAKA

Ayer Keroh
Tel: 06-232 3146, 232 3866
Fax: 06-232 3466

Jasin
Tel: 06-529 4361, 529 4362
Fax: 06-529 4363

Masjid Tanah
Tel: 06-384 3977, 384 3978
Fax: 06-384 3979

Melaka – Jalan Munshi Abdullah
Tel: 06-282 8114, 286 6530,
286 2870, 286 2871
Fax: 06-283 6926

Tampin
Tel: 06-441 1330, 441 3301
Fax: 06-441 4735

JOHOR DARUL TAKZIM

Batu Pahat – Jalan Rugayah
Tel: 07-433 8431, 434 8550
Fax: 07-431 6214

Johor Bahru
– Jalan Wong Ah Fook
Tel: 07-228 2200, 276 3355
Fax: 07-221 0663

Johor Bahru – Melodies Garden
Tel: 07-334 1061, 334 1054
Fax: 07-334 1063

Johor Jaya
Tel: 07-354 7033, 355 7759
Fax: 07-356 2624

Kluang
– Jalan Dato' Teoh Siew Khor
Tel: 07-776 2801
Fax: 07-771 9408

Kota Tinggi
Tel: 07-883 4978, 883 3232
Fax: 07-883 4507

Kulai – Lorong Dua
Tel: 07-663 4830, 663 1567
Fax: 07-663 1155

Mersing
Tel: 07-799 4394, 799 4397
Fax: 07-799 1336

Pasir Gudang
Tel: 07-251 0861, 251 2916
Fax: 07-251 8908

Permas Jaya
Tel: 07-387 8977, 386 9842
Fax: 07-387 7748

Pontian
Tel: 07-687 3171, 687 6388
Fax: 07-687 3067

Segamat
Tel: 07-931 9515, 931 9941
Fax: 07-931 6159

Simpang Renggam
Tel: 07-755 6416, 755 0733
Fax: 07-755 6417

Skudai
Tel: 07-556 8031, 556 7259
Fax: 07-558 1927

Sungai Rengit
Tel: 07-826 3011, 826 3013
Fax: 07-826 3359

Tampoi
Tel: 07-234 1216, 234 1217
Fax: 07-234 1131

Tangkak
Tel: 07-867 1331, 978 9519
Fax: 07-978 2144

Ulu Tiram
Tel: 07-867 1004, 867 1002
Fax: 07-867 1006

Yong Peng
Tel: 07-467 2499, 467 3546
Fax: 07-467 2668

SABAH

Bandar Sibuga Jaya
Tel: 089-671 228, 671 229
Fax: 089-671 226

Inanam
Tel: 088-421 534, 427 704
Fax: 088-428 830

Keningau
Tel: 087-333 745, 331 088
Fax: 087-331 818

Kota Kinabalu – Jalan Sagunting
Tel: 088-243 725, 246 112
Fax: 088-248 967

Kota Kinabalu – Luyang
Commercial Centre
Tel: 088-280 164, 280 160
Fax: 088-242 241

Kudat
Tel: 088-612 301, 613 255
Fax: 088-612 253

Lahad Datu
Tel: 089-881 561, 884 992
Fax: 089-881 778

Sandakan
Tel: 089-212 627, 215 322
Fax: 089-273 666

Tawau
Tel: 089-764 932, 764 905,
770 430
Fax: 089-764 971

Tuaran
Tel: 088-792 900, 792 901
Fax: 088-792 902

SARAWAK

Bau
Tel: 082-762 319, 762 325
Fax: 082-762 320

Bintulu
Tel: 086-334 152, 334 153
Fax: 086-332 400

Kuching – Jalan Haji Taha
Tel: 082-256 594, 256 595,
422 992
Fax: 082-256 600

Lawas
Tel: 085-285 594, 285 637
Fax: 085-285 699

Marudi
Tel: 085-755 297, 755 721
Fax: 085-755 788

Miri – Beautiful Jade Centre
Tel: 085-411 257, 414 988
Fax: 085-419 676

Sarikei
Tel: 084-655 776, 655 777
Fax: 084-655 775

Serian
Tel: 082-875 157, 875 158
Fax: 082-875 155

Sibu – Blacksmith Road
Tel: 084-322 766, 313 639
Fax: 084-318 786

Sibu – Jalan Pedada
Tel: 084-337 791, 339 105
Fax: 084-337 736

WILAYAH PERSEKUTUAN LABUAN

Labuan
Tel: 087-417 891, 417 898
Fax: 087-418 090

Arab-Malaysian Credit Berhad

Head Office:

22nd Floor
Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2078 2633
Fax: 03-2031 6453

AmSecurities Sdn Bhd

Head Office:

15th Floor
Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
P.O. Box 11106
50736 Kuala Lumpur
Tel: 03-2078 2788, 2078 2799
(General)
03-2072 1866, 2072 1899
(Dealing)
Fax: 03-2078 3162, 2070 3175,
2031 7612, 2032 3246
(General)
03-2072 8358 (Settlement
& CDS)
03-2078 5396 (Operations)
03-2031 7218 (Research)
03-2026 3946 (Nominees)

Damansara Utama
AmSecurities Sdn Bhd
4th Floor
Plaza Damansara Utama
2, Jalan SS21/60
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7710 6613
Fax: 03-7710 7708

JOHOR DARUL TAKZIM

Batu Pahat
AmSecurities Sdn Bhd
3rd Floor
Penggaram Complex
1, Jalan Abdul Rahman
83000 Batu Pahat
Johor, Malaysia
Tel: 07-434 2282 (Admin)
07-431 7033 (Dealing)
Fax: 07-432 7982 (Admin)
07-431 6755 (Dealing)

AmAssurance Berhad

Head Office:

9th Floor, Bangunan AMDB
No. 1, Jalan Lumut
50400 Kuala Lumpur
Tel: 03-4047 8000
Fax: 03-4043 8680

Life Division Branch Offices:

WILAYAH PERSEKUTUAN KUALA LUMPUR

KL Main Branch
Tel: 03-4045 3561
Fax: 03-4045 4682

Brickfields
Tel: 03-2274 9344
Fax: 03-2273 9605

SELANGOR DARUL EHSAN

Klang
Tel: 03-3344 8100
Fax: 03-3344 7524

PERAK DARUL RIDZUAN

Ipoh
Tel: 05-254 0589, 255 8193
Fax: 05-241 3570

PULAU PINANG

Jalan Anson
Tel: 04-229 3611
Fax: 04-228 4412

KEDAH DARUL AMAN

Sungai Petani
Tel: 04-422 8819, 04-422 3168
Fax: 04-421 3528

KELANTAN DARUL NA'IM

Kota Bharu
Tel: 09-747 0571, 747 0569
Fax: 09-744 2342

TERENGGANU DARUL IMAN

Kuala Terengganu
Tel: 09-624 2388, 624 2361
Fax: 09-624 2364

PAHANG DARUL MAKMUR

Kuantan
Tel: 09-566 2011
Fax: 09-567 9792

NEGERI SEMBILAN DARUL KHUSUS

Seremban
Tel: 06-767 2280, 767 2281
Fax: 06-767 2282

MELAKA

Taman Melaka Raya
Tel: 06-281 3590, 281 3591
Fax: 06-281 3580

JOHOR DARUL TAKZIM

Batu Pahat
Tel: 07-434 2985, 434 2986
Fax: 07-434 3102

Johor Bahru
Tel: 07-333 2688
Fax: 07-334 4776

Kluang (General)
Tel: 07-776 6717, 776 6816
Fax: 07-776 5814

SABAH

Kota Kinabalu
Tel: 088-234 488
Fax: 088-241 686

SARAWAK

Kuching
Tel: 082-415 067
Fax: 082-236 418

Sibu
Tel: 084-313 901, 313 902
Fax: 084-344 875

Miri
Tel: 085-415 526
Fax: 085-416 995

Agency Offices:

WILAYAH PERSEKUTUAN

Setapak (Life Branch)
Tel: 03-4148 1071

Pandan Indah (Life Branch)
Tel: 03-4280 2790
Fax: 03-4280 2790

Taman Cheras, Ampang
(Life Branch)
Tel: 03-4297 4118

Bandar Sri Damansara
(Life Branch)
Tel: 03-6277 5424, 6275 5676

SELANGOR DARUL EHSAN

Klang (Life Branch)
Tel: 03-3372 0981
Fax: 03-3373 9834

Taman Baya Perdana, Klang
(Life Branch)
Tel/Fax: 03-3324 0877

Sg. Buloh (Life Branch)
Tel: 03-6156 6007, 6156 1008
Fax: 03-6156 6007

Shah Alam (Life Branch)
Tel: 03-5510 5737
Fax: 03-5513 7726

Taman Seraya, Ampang
(Life Branch)
Tel: 03-4297 8400
Fax: 03-4296 6043

Kajang (Life Branch)
Tel: 03-9076 4315

Batang Berjuntai (Life Branch)
Tel: 03-3271 9685

Bandar Baru Bangi (Life Branch)
Tel: 03-8926 1920

PERAK DARUL RIDZUAN

Ipoh (Life Branch)
Tel/Fax: 05-253 1625

Teluk Intan (Life Branch)
Tel/Fax: 05-621 3214

Batu Gajah (Life Branch)
Tel/Fax: 05-366 4923

KEDAH DARUL AMAN

Taman Bandar Baru
Sg. Petani (Life Branch)
Tel/Fax: 04-441 6841

Jalan Kg. Baru, Sg. Petani
Tel: 04-425 7271
Fax: 04-425 7273

Jalan Bakar Arang
Sg. Petani (Life Branch)
Tel/Fax: 04-421 2934

NEGERI SEMBILAN DARUL KHUSUS

Senawang (Life Branch)
Tel: 06-763 2624
Fax: 06-763 2624

Seremban (Life Branch)
Tel/Fax: 06-764 7763

JOHOR DARUL TAKZIM

Kota Tinggi (Life Branch)
Tel: 07-883 0477
Fax: 07-883 3661

Muar (Life Branch)
Tel: 06-951 8999, 952 8999
Fax: 06-952 4588

Johor Bahru (Life Branch)
Tel/Fax: 07-227 1570

KELANTAN DARUL NAIM

Kota Bharu
Tel/Fax: 09- 741 9137

SABAH

Tawau (Life Branch)
Tel: 087-341 763
Fax: 087-341 763

General Division Branch Offices:

SELANGOR DARUL EHSAN

Klang
Tel: 03-3344 7430
Fax: 03-3343 6331

PERAK DARUL RIDZUAN

Ipoh
Tel: 05-253 3493, 255 7509
Fax: 05-253 1650

PULAU PINANG

Jalan Anson
Tel: 04-226 3618, 228 9963
Fax: 04-227 3886

KEDAH DARUL AMAN

Alor Setar
Tel: 04-733 7898
Fax: 04-732 4606

Sungai Petani
Tel: 04-421 7177, 421 7188
Fax: 04-423 8528

KELANTAN DARUL NA'IM
Kota Bharu
Tel: 09-747 0042, 747 0043
Fax: 09-747 0046

TERENGGANU DARUL IMAN
Kuala Terengganu
Tel: 09-624 2388, 624 2361
Fax: 09-624 2364

PAHANG DARUL MAKMUR
Kuantan
Tel: 09-566 3012
Fax: 09-567 9792

NEGERI SEMBILAN DARUL KHUSUS
Seremban
Tel: 06-767 1180, 767 1181
Fax: 06-767 1171

MELAKA
Taman Melaka Raya
Tel: 06-283 4323, 283 4324
Fax: 06-282 2122

JOHOR DARUL TAKZIM
Batu Pahat
Tel: 07-432 7219
Fax: 07-432 7224

Johor Bahru
Tel: 07-334 2618
Fax: 07-334 7620

SABAH
Kota Kinabalu
Tel: 088-240 480
Fax: 088-240 4841

Tawau
Life & General Division
Tel: 089-760 151/760 152
Fax: 089-760 153

SARAWAK
Kuching
Tel: 082-415 296
Fax: 082-428 537

Sibu
Tel: 084-310 930, 318 289
Fax: 084-317 302

Miri
Tel: 085-422 275, 423 395
Fax: 085-416 995

AmInvestment Services Berhad

9th Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2032 2888
Fax: 03-2031 5210
Telex: MA 31167 &
31169 ABMAL

Correspondence Address:

P.O. Box 10233
50708 Kuala Lumpur

Branch Offices:

WILAYAH PERSEKUTUAN KUALA LUMPUR

Tel: 03-2282 8263
Fax: 03-2282 8036

PERAK DARUL RIDZUAN

Ipoh
Tel: 05-545 7633, 545 8733
Fax: 05-545 9633

PULAU PINANG

Cantonment Road
Tel: 04-229 7318, 229 7319
Fax: 04-229 7314

KEDAH DARUL AMAN

Alor Setar
Tel: 04-734 1077
Fax: 04-734 1079

NEGERI SEMBILAN DARUL KHUSUS

Seremban
Tel: 06-764 4031, 764 4331
Fax: 06-764 4030

MELAKA

Taman Melaka Raya
Tel: 06-281 1770, 282 1770
Fax: 06-281 8770

SABAH

Kota Kinabalu
Tel: 088-266 350, 266 351,
266 350
Fax: 088-266 352

SARAWAK

Kuching
Tel: 082-238 633, 258 677
Fax: 082-238 644

Miri
Tel: 085-428 356
Fax: 085-428 351

AmInvestment Management Sdn Bhd

10th Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2078 2633, 2078 2644,
2078 2655
Fax: 03-2078 9358

AmFutures Sdn Bhd

15th Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur.
Tel: 03-2034 1120/1121
Fax: 03-2034 1162

AmInternational (L) Ltd

Head Office:

Level 12(B), Block 4 Office Tower
Financial Park Labuan Complex
Jalan Merdeka
87000 Federal Territory of Labuan
Tel: 087-413 133/439 399
Fax: 087-425 211, 439 395
Telex: MA 85075 AMMB

Kuala Lumpur Marketing Office:

14th Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2031 7899
Fax: 03-2031 7909

AmProperty Trust Management Berhad

17th Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2078 2633
Fax: 03-2732 0644
Telex: MA 31167 &
31169 ABMAL

AMMB Consultant Sdn Bhd

9th Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2078 2633, 2078 2644,
2078 2655
Fax: 03-2078 8933
Direct Line Tel: 03-2072 1272,
2072 1930

AmTrustee Berhad

Registered Office:

22nd Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur

Operations:

17th Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2078 2633, 2078 2644,
2078 2655
Fax: 03-2031 3070

PT Arab-Malaysian Capital Indonesia

Gedung BRI II, Suite 805-806
Jalan Jen. Sudirman Kav. 44-46
Jakarta 10220, Indonesia
Tel: (62) (21) 574 2310
Fax: (62) (21) 571 3706

Fraser Securities Pte Ltd

10, Collyer Quay
#27-01, Ocean Building
Singapore 0104
Tel: 02-6535 9455
Fax: 02-6534 4826

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- AmAssurance Berhad [2]
- AmInvestment Services Berhad [1]

Wilayah Persekutuan Labuan

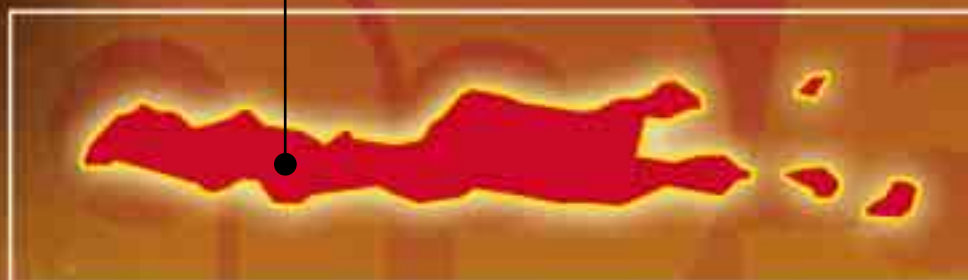
- AmBank (M) Berhad [1]
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Proxy Form

I/We _____
of _____
being a member of the above Company, hereby appoint _____
of _____

or failing him/her, THE CHAIRMAN OF THE MEETING, as my/our proxy to vote for me/us and on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held on Monday, 26 September 2005 and at any adjournment thereof, as indicated below: -

No.	Resolution	For	Against
1.	Receive the Audited Accounts for the year ended 31 March 2005 and the Reports of the Directors and Auditors thereon.		
2.	Declare a first and final dividend of 4.0% less tax for the year ended 31 March 2005.		
3.	Approve Directors' fees.		
4.	Re-elect Y Bhg Dato' Azlan Hashim as Director under Article 89.		
5.	Re-elect Y A Bhg Tun Mohammed Hanif bin Omar as Director under Article 89.		
6.	Re-elect Y Bhg Prof Tan Sri Dato' Dr Mohd Rashdan bin Haji Baba as Director under Article 89.		
7.	Re-elect Mr Soo Kim Wai as Director under Article 89.		
8.	Re-elect Y Bhg Tan Sri Dato' Dr Lim Kok Wing as Director under Article 97.		
9.	Re-appoint Messrs Ernst & Young, the retiring Auditors, and to authorise the Directors to determine their remuneration.		
10.	SPECIAL BUSINESS Authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		

Please indicate with an "X" or a "✓" in the spaces above how you wish your vote to be cast. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Dated this _____ day of _____ 2005

Signature of Shareholder

Number of shares held

Notes:-

- (1) A shareholder of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy or an attorney need not be a shareholder of the Company. Under Section 149(1) of the Companies Act, 1965, if a proxy is not a shareholder, he must be an advocate, an approved company auditor or a person approved by the Registrar of Companies in a particular case.
- (2) An Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one proxy in respect of each securities account held with ordinary shares of the Company standing to the credit of the securities account. The proxy so appointed shall be the beneficial owner of the shares in the said securities account or a person as provided under Section 149(1) of the Companies Act, 1965.
- (3) The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
- (4) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 22nd Floor, Bangunan AmBank Group, 55 Jalan Raja Chulan, 50200 Kuala Lumpur **not less than 48 hours** before the time appointed for holding the Meeting.

Please fold here to seal

STAMP

The Registered Office
AMMB HOLDINGS BERHAD
22nd Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

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AmBank Group

The background of the page features a large, semi-transparent watermark of the AMMB Holdings Berhad logo. The logo consists of the letters 'AMMB' in a bold, sans-serif font, with a stylized 'A' that has a vertical line through it. The watermark is centered and spans most of the page's width and height.

AMMB Holdings Berhad

(223035-V) (Incorporated in Malaysia)
22nd Floor, Bangunan Ambank Group
55 Jalan Raja Chulan
52000 Kuala Lumpur, Malaysia.
Tel: 603-2078 2663/44/55
Fax: 603-2078 2842

www.ambg.com.my