

Financial Statements

(Expressed in Ringgit Malaysia)



AMFB Holdings Berhad

(Formerly known as Arab-Malaysian Finance Berhad) (Company No: 5493-X)
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2002 which have been prepared in accordance with the provisions of the Companies Act, 1965, the Banking and Financial Institutions Act, 1989, and the applicable approved accounting standards in Malaysia.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the carrying on of the business of a licensed finance company which also includes the provision of Islamic banking services.

The principal activities of AmFinance Berhad (formerly known as MBf Finance Berhad) ("AmFinance") and its subsidiary companies are disclosed in Note 11 to the Financial Statements.

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

FINANCIAL RESULTS

	The Group RM'000	The Company RM'000
Profit before taxation	300,195	281,237
Taxation	(76,681)	(72,222)
Profit before minority interests	223,514	209,015
Minority shareholders' interests in results of subsidiary companies	736	-
Net profit attributable to shareholders of the Company	224,250	209,015
Transfer to statutory reserve	(66,156)	(52,254)
Unappropriated profit at beginning of year	158,094	156,761
	150,190	150,190
Profit available for appropriation	308,284	306,951
Dividends	(34,040)	(34,040)
Unappropriated profit at end of year	274,244	272,911

BUSINESS PLAN AND STRATEGY

The Company's strategy is consistent with that of the Arab-Malaysian Banking Group ("AMBG"), which aspires to become a leading financial services provider. The Company aspires to strengthen its pre-eminent position in retail banking in Malaysia, providing high quality and innovative retail banking services and products to corporations and individuals.

The successful acquisition of AmFinance propels the Company to become the largest finance company in the country. In order to consolidate its position as a leading financial services provider in the retail sector, the Company is aggressively focused on expanding and deepening its strategic partnership and widening its distribution channels to build up its retail and fee-based activities.

Concurrently, the Company is also placing greater emphasis on credit control, prudent provisioning policy, cross selling of financial services and products within AMBG and operational efficiency, as reflected in the rationalisation of branches and business functions.

OUTLOOK FOR NEXT FINANCIAL YEAR

The Government's concerted efforts to promote domestic expenditure has shown positive results and the monetary policy of maintaining low interest rates and ample liquidity is expected to continue. Under the current operating environment, demand for credit is expected to sustain an uptrend this year.

In the year ahead, interest rate spreads are expected to reduce gradually due to keen competition. Despite the narrowing of interest margins, earning contributions will be derived from lending activities to small and medium scale industries and consumer financing, fee income from cross-selling and cross-servicing activities within AMBG.

The Company will accelerate the integration process between AmFinance and the Company to eliminate redundancy and capture cross-selling opportunities over a wider customer base and to secure additional market share in specific segments. As a result, the Company is confident of improving its profitability.

ITEMS OF AN UNUSUAL NATURE

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

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 financial year.

STATUS OF CORPORATE EXERCISE ACQUISITION OF AmFinance Berhad

During the financial year,

- (i) On 3 August 2001, the Company entered into a conditional Sale and Purchase Agreement with Danamodal Nasional Berhad ("Danamodal") to acquire 100% equity interest in AmFinance Berhad (formerly known as MBf Finance Berhad) ("AmFinance"), comprising:
- 2,751.5 million ordinary shares of RM0.50 each, representing 100% of the paid-up ordinary share capital of AmFinance; and
 - 2,476.0 million preference shares of RM0.50 each, representing 100% of the paid-up preference share capital of AmFinance

for a cash consideration of RM475.0 million, and a sum of up to RM450.0 million payable in cash if and to the extent excess recoveries are made over a period of five (5) years from 30 September 2001 ("Proposed Acquisition") in respect of non-performing loans and certain securities which have been marked down by AmFinance.

The Proposed Acquisition was completed on 20 December 2001 and AmFinance became a wholly owned subsidiary of the Company.

Subsequent to the acquisition, the preference shares which are irredeemable and non-cumulative, were converted to ordinary shares at par value of RM0.50 per ordinary share.

Upon acquisition, AmFinance will undertake a capital reduction exercise to cancel the portion of its paid-up capital which is lost or unrepresented by available assets. The capital reduction exercise will be implemented as follows:

- Cancellation and reduction of the authorised capital from RM6,500.0 million to RM3,886.2 million, which are divided into 2,772.5 million ordinary shares of RM0.50 each and 5,000.0 million preference shares of RM0.50 each;
- Cancellation and reduction of the issued and paid-up capital from RM2,613.7 million, comprising 5,227.5 million ordinary shares of RM0.50 each, to RM2, comprising 4 ordinary shares of RM0.50 each; and
- Consolidation of the authorised and paid-up capital of every two existing shares of RM0.50 each to one share of RM1.00 each.

Upon completion of the aforesaid capital reduction exercise, the finance company businesses of the Company and AmFinance would be merged by way of a transfer of the Company's assets and liabilities to AmFinance via a vesting order under section 50 of the Banking and Financial Institutions Act, 1989. In settlement of the consideration due in respect of the transfer of businesses, AmFinance will issue a RM250 million nominal amount of 10 year sub loan notes to the Company with the remaining value to be satisfied by the issue of new ordinary shares of RM1.00 each in AmFinance at an issue price to be determined by the Company as at the effective date of the proposed business transfer.

On 3 April 2002, MBf Finance Berhad changed its name to AmFinance Berhad.

The merger of the finance company businesses of the Company and AmFinance is expected to be completed by 15 June 2002.

- (ii) At the Company's Extraordinary General Meeting held on 28 March 2002, the shareholders of the Company approved the change of the Company's name from Arab-Malaysian Finance Berhad to AMFB Holdings Berhad.
- (iii) On 31 January 2002, the Company's wholly-owned subsidiary, AmFinance, disposed its entire 51% equity interest in MBf Unit Trust Management Berhad comprising 1,530,000 ordinary shares of RM1.00 each for a cash consideration of RM8.0 million.
- (iv) On 30 March 2002, the Company's wholly-owned subsidiary, AmFinance, disposed its entire 100% equity interest in Nation Holdings Sdn. Bhd., comprising 6,000,002 ordinary shares of RM1.00 each for a cash consideration of RM1.5 million.

DIVIDENDS

During the financial year, the Company paid a first and final dividend of 10.0% less tax, per share of RM1.00 in respect of the previous financial year totalling RM34,037,343, which amount has been dealt with in the directors' report for that financial year and paid on 17 October 2001 to shareholders whose names appear in the Register of Members and Record of Depositors on 1 October 2001.

The directors now recommend the payment of a first and final dividend of 10.0%, less tax in respect of the current financial year to be paid to shareholders registered in the Register of Members and Record of Depositors on a date to be determined by the directors.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company's issued and fully paid-up ordinary share capital was increased from RM472,740,877 to RM472,780,734 by way of:

- (a) the issue of 22,000 new ordinary shares of RM1.00 each in respect of share options exercised pursuant to the Company's Employees' Share Option Scheme ("AMFB ESOS"). The resulting share premium amounting to RM53,240 has been credited to the share premium account; and
- (b) the issue of 17,857 ordinary shares of RM1.00 each arising from the conversion of RM150,000 nominal amount of 7.5% Irredeemable Convertible Unsecured Loan Stocks 1997/2002 ("ICULS 1997/2002") on the basis of one new ordinary share in exchange for RM8.40 nominal amount of ICULS 1997/2002 (Surrender Option). The resulting share premium amounting to RM132,143 has been credited to the share premium account.

The 39,857 new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

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

SHARE OPTIONS

The movements in the Company's unissued shares under options granted pursuant to the Company's Employees' Share Option Scheme ("AMFB ESOS") during the financial year were as follows:

	No. of shares of RM1.00 each				Balance at 31.3.2002
	Balance at 1.4.2001	Granted	Exercised	Forfeited	
No. of unissued shares under options	850,000	-	22,000	22,000	806,000

The salient features of the AMFB ESOS are as follows:

- (a) Eligible persons who are confirmed employees including full-time executive directors of the Company 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 paid-up capital of the Company at any time, which shall include options exercised under the previous employees' share option scheme of the Company.
- (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 RM1.00 each in the Company as before the said alteration.
- (e) The option price for an ordinary share shall be the last market transaction price at the time the option is granted or the average of the mean market quotation of the shares of the Company as shown in the Daily Official List issued by the Kuala Lumpur Stock Exchange for the five market days immediately preceding the offer date, or the par value of RM1.00 in shares of the Company, whichever is higher.
- (f) The maximum duration of the AMFB ESOS is for a period of five years and subject to the approval from relevant authorities, is renewable for an additional five years.

BAD AND DOUBTFUL DEBTS AND FINANCING

Before the financial statements 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 provisions for doubtful debts and financing, and have satisfied themselves that all known bad debts and financing had been written off and adequate provisions had been made for doubtful debts and financing.

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets, other than debts and financing, which were unlikely to be realised 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 which 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 of the Group and of the Company 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 which has arisen since the end of the financial year which secures the liability 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 its 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.

DIRECTORS

The directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Azman Hashim
 Dato' Azlan Hashim
 Tun Mohammed Hanif Omar
 Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba
 Dato' Mohd Tahir Haji Abdul Rahim
 Mohamed Azmi Mahmood
 Cheah Tek Kuang

In accordance with Article 89 of the Company's Articles of Association, Dato' Azlan Hashim retires by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Dato' Mohd Tahir Haji Abdul Rahim retires pursuant to Section 129 of the Companies Act, 1965 at the forthcoming Annual General Meeting and offers himself for re-appointment to hold office until the conclusion of the next Annual General Meeting.

DIRECTORS' INTERESTS

The interests in shares, debentures and share options in the Company and in related 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 1.4.2001	Bought	Sold	Balance at 31.3.2002
Tan Sri Dato' Azman Hashim				
- held directly	2,193,412	-	-	2,193,412
- held through nominees	522,985	-	-	522,985
Dato' Azlan Hashim	90,000	-	-	90,000
Dato' Mohd Tahir Haji Abdul Rahim	13,407	-	-	13,407
Mohamed Azmi Mahmood	95,000	-	30,000	65,000
Cheah Tek Kuang	38,000	-	-	38,000

**7.5% Irredeemable Convertible
Unsecured Loan Stocks
1997/2002**

	Nominal amount of ICULS				
	Balance at 1.4.2001	Bought	Converted	Sold	Balance at 31.3.2002
Tan Sri Dato' Azman Hashim	1,260,786	-	-	-	1,260,786
Dato' Azlan Hashim	50,000	-	-	-	50,000
Dato' Mohd Tahir Haji Abdul Rahim	13,666	-	-	-	13,666

In the holding company, AMMB Holdings Berhad

Shares	No. of ordinary shares of RM1.00 each				
	Balance at 1.4.2001	Bought	Option Exercised	Sold	Balance at 31.3.2002
Tan Sri Dato' Azman Hashim	669,476	-	-	-	669,476
Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba	120,000	-	-	-	120,000
Dato' Mohd Tahir Haji Abdul Rahim	73,180	-	-	-	73,180
Cheah Tek Kuang	117,200	-	200,000	100,000	217,200
Mohamed Azmi Mahmood	-	-	200,000	-	200,000

DIRECT INTERESTS

In the holding company, AMMB Holdings Berhad

7.5% Irredeemable Convertible Unsecured Loan Stocks 1997/2002	Balance at 1.4.2001	Nominal amount of ICULS			Balance at 31.3.2002
		Bought	Converted	Sold	
Tan Sri Dato' Azman Hashim	5,786,255	-	-	-	5,786,255
Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba	60,000	-	-	-	60,000
Dato' Mohd Tahir Haji Abdul Rahim	36,590	-	-	-	36,590

5% Redeemable Unsecured Bonds 1997/2002	Balance at 1.4.2001	Nominal amount of Bonds		Balance at 31.3.2002
		Bought	Sold	
Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba	60,000	-	-	60,000
Dato' Mohd Tahir Haji Abdul Rahim	36,590	-	-	36,590

Warrants 1997/2007	Balance at 1.4.2001	No. of Warrants		Balance at 31.3.2002
		Bought	Sold	
Tan Sri Dato' Azman Hashim	2,035,964	-	-	2,035,964
Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba	12,000	-	-	12,000
Dato' Mohd Tahir Haji Abdul Rahim	7,318	-	-	7,318

Share Options	Balance at 1.4.2001	No. of ordinary shares of RM1.00 each		Balance at 31.3.2002
		Granted	Exercised	
Mohamed Azmi Mahmood	300,000	100,000	200,000	200,000
Cheah Tek Kuang	240,000	100,000	200,000	140,000

DEEMED INTERESTS

In the Company		No. of ordinary shares of RM1.00 each			
Shares	Name of Company	Balance at 1.4.2001	Bought	Sold	Balance at 31.3.2002
Tan Sri Dato' Azman Hashim	Arab-Malaysian Equipment Trading Sdn Bhd	212,000	-	-	212,000
Dato' Mohd Tahir Haji Abdul Rahim	Bitaria Sdn Bhd	45,000	-	-	45,000

DEEMED INTERESTS

In the Company

7.5% Irredeemable Convertible Unsecured Loan Stocks 1997/2002	Name of Company	Balance at 1.4.2001	Nominal amount of ICULS			Balance at 31.3.2002
			Bought	Converted	Sold	
Tan Sri Dato' Azman Hashim	Arab-Malaysian Equipment Trading Sdn Bhd	244,000	-	-	-	244,000

In the holding company, AMMB Holdings Berhad

Shares	Name of Company	Balance at 1.4.2001	No. of ordinary shares of RM1.00 each		Balance at 31.3.2002
			Bought	Sold	
Tan Sri Dato' Azman Hashim	Arab-Malaysian Corporation Berhad	322,833,398	-	-	322,833,398
	Arab-Malaysian Equipment Trading Sdn Bhd	110,000	-	-	110,000
	Azman Hashim Holdings Sdn Bhd	21,454,544	-	11,600,000	9,854,544
	Slan Sdn Bhd	385,000	-	-	385,000

7.5% Irredeemable Convertible Unsecured Loan Stocks 1997/2002	Name of Company	Balance at 1.4.2001	Nominal amount of ICULS			Balance at 31.3.2002
			Bought	Converted	Sold	
Tan Sri Dato' Azman Hashim	Arab-Malaysian Corporation Berhad	186,763,956	-	-	-	186,763,956
	Azman Hashim Holdings Sdn Bhd	5,103,272	-	-	-	5,103,272
	Slan Sdn Bhd	1,436,300	-	-	-	1,436,300

5% Redeemable Unsecured Bonds 1997/2002	Name of Company	Balance at 1.4.2001	Nominal amount of Bonds		Balance at 31.3.2002
			Bought	Sold	
Tan Sri Dato' Azman Hashim	Arab-Malaysian Corporation Berhad	19,378,498	-	-	19,378,498

DEEMED INTERESTS

In the holding company, AMMB Holdings Berhad

Warrants 1997/2007	Name of Company	Balance at 1.4.2001	No. of Warrants		Balance at 31.3.2002
			Bought	Sold	
Tan Sri Dato' Azman Hashim	Arab-Malaysian Corporation Berhad	36,305,498	-	-	36,305,498

In the related company, Arab-Malaysian Bank Berhad

Shares	Name of Company	Balance at 1.4.2001	No. of ordinary shares of RM1.00 each		Balance at 31.3.2002
			Bought	Sold	
Tan Sri Dato' Azman Hashim	Ginagini Sdn Bhd	54,484,375	-	-	54,484,375
	Azman Hashim Holdings Sdn Bhd	13,750,000	-	-	13,750,000

Interest Bearing Irredeemable Convertible Unsecured Loan Stocks 1995/2005

Name of Company	Balance at 1.4.2001	Nominal amount of ICULS			Balance at 31.3.2002	
		Bought	Converted	Sold		
Tan Sri Dato' Azman Hashim	Azman Hashim Holdings Sdn Bhd	20,000,000	-	-	-	20,000,000

Interest Bearing Irredeemable Convertible Unsecured Loan Stocks 1996/2002

Name of Company	Balance at 1.4.2001	Nominal amount of ICULS			Balance at 31.3.2002	
		Bought	Converted	Sold		
Tan Sri Dato' Azman Hashim	Azman Hashim Holdings Sdn Bhd	29,775,000	-	-	-	29,775,000

In the related company, Arab-Malaysian Assurance Berhad

Shares	Name of Company	Balance at 1.4.2001	No. of ordinary shares of RM1.00 each		Balance at 31.3.2002
			Bought	Sold	
Dato' Azlan Hashim	ABH Holdings Sdn Bhd	19,062,000	15,000,000	-	34,062,000

The share options in the holding company, which had an option period of five years were granted pursuant to AMMB Holdings Berhad Employees' Share Option Scheme II ("AHB Group ESOS") and the persons to whom the options are granted under the scheme have no right to participate in any staff share option scheme of any other company in the Group.

By virtue of the directors' shareholding in the holding company, these 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 shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for:

- (a) the lease of office space in a building owned by a property trust in which the Arab-Malaysian Development Berhad ("AMDB") Group has substantial interest. Tan Sri Dato' Azman Hashim is deemed to have an interest by virtue of his shareholding in Arab-Malaysian Corporation Berhad which has substantial interest in AMDB; and
- (b) a related company has entered into a tenancy agreement with a company in which Troost Sdn Bhd has a substantial interest. Tan Sri Dato' Azman Hashim is deemed to have an interest by virtue of his shareholding in Troost Sdn Bhd.

Neither during nor at the end of the financial year, did there subsist any arrangements to which the Company is a party whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ULTIMATE HOLDING COMPANY

The directors regard AMMB Holdings Berhad, a company incorporated in Malaysia, as both the holding company and the ultimate holding company.

RATING BY EXTERNAL AGENCY

The Company's short term rating has been upgraded from P2 to P1 and its long term rating of A3 has been reaffirmed by Rating Agency Malaysia Berhad.

AUDITORS

The auditors, Messrs Deloitte KassimChan, have indicated 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
Chairman



MOHAMED AZMI MAHMOOD
Managing Director

Kuala Lumpur
20 May 2002

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accompanying balance sheets as of 31 March 2002 and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the approved standards on auditing in Malaysia. These 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 financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 with such modifications and exceptions as have been determined by Bank Negara Malaysia pursuant to Sub-section (19) of Section 169 of the Act and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of 31 March 2002 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of the subsidiary companies, of which we have not acted as auditors, as mentioned under Note 11 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies 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 as required by us for these purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

DeLoitte Kassim Chan
DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

Rosita Tan
ROSITA TAN
1874/9/02 (J)
Partner

20 May 2002

BALANCE SHEETS

AS AT 31 MARCH 2002

	Note	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
ASSETS				
Cash and short-term funds	4	2,094,179	1,498,369	968,688
Deposits and placements with financial institutions	5	511,220	102,500	254,500
Investment securities	6	2,974,945	1,375,787	1,595,563
Loans, advances and financing	7	22,909,030	15,429,050	13,548,591
Other assets	8	1,009,526	263,005	224,687
Goodwill on consolidation	9	107,814	-	-
Statutory deposit with Bank Negara Malaysia	10	889,725	542,288	477,565
Investment in subsidiary company	11	-	539,170	-
Investment in associated company	12	130	100	100
Property and equipment	13	488,188	62,966	35,696
TOTAL ASSETS		30,984,757	19,813,235	17,105,390
LIABILITIES AND SHAREHOLDERS' FUNDS				
Deposits from customers	14	19,591,827	10,234,667	7,824,358
Deposits and placements of banks and other financial institutions	15	4,514,484	3,719,464	4,403,474
Amount due to Cagamas Berhad	16	3,503,296	3,503,296	2,846,813
Other liabilities	17	989,364	665,377	515,364
Subordinated Term Loan	18	680,000	-	-
Total Liabilities		29,278,971	18,122,804	15,590,009
7.5% Irredeemable Convertible Unsecured Loan Stocks 1997/2002	19	466,671	466,671	466,821
Minority interests	20	120	-	-
Share capital	21	472,781	472,781	472,741
Reserves	22	766,214	750,979	575,819
Shareholders' Funds		1,238,995	1,223,760	1,048,560
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		30,984,757	19,813,235	17,105,390
COMMITMENTS AND CONTINGENCIES	34	3,979,381	2,871,262	2,783,902
NET TANGIBLE ASSETS PER SHARE (RM)	35	2.39	2.59	2.22

The accompanying Notes form an integral part of the Financial Statements.

INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

	Note	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Interest income	23	1,445,575	1,257,517	1,349,236
Interest expense	24	(751,450)	(653,031)	(632,804)
Net interest income		694,125	604,486	716,432
Income from Islamic Banking Scheme	41	72,250	69,107	47,481
Loan and financing loss and provisions	25	766,375 (187,800)	673,593 (126,535)	763,913 (174,586)
Non-interest income	26	578,575 96,448	547,058 26,252	589,327 20,781
Writeback/(Provision) for diminution in value of quoted investments		6,600	5,006	(5,263)
Writeback of general provision/(General provision) for contingencies	17	624	624	(25,000)
Staff costs and overheads	27	682,247 (382,097)	578,940 (297,703)	579,845 (239,240)
Profit before share in results of associated company and taxation		300,150	281,237	340,605
Share of profits in associated company		45	-	-
Profit before taxation		300,195	281,237	340,605
Taxation	30	(76,681)	(72,222)	(113,493)
Profit before minority interests		223,514	209,015	227,112
Minority shareholders' interests in results of subsidiary companies		736	-	-
Net profit attributable to shareholders of the Company		224,250	209,015	227,112
Earnings per Share (sen):	33			
- Basic		47.4	44.2	48.1
- Fully Diluted		47.1	44.2	47.6
First and Final Gross Dividend per Ordinary Share (sen)	32	10.0	10.0	10.0

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2002

The Group	Note	Non-distributable			Distributable		Total RM'000
		Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	General Reserve RM'000	Unappro- priated Profit RM'000	
Balance as of 1 April 2001		472,741	179,416	243,713	2,500	150,190	1,048,560
Arising from share options exercised	21/22	22	53	-	-	-	75
Arising from the conversion of ICULS 1997/2002	19/21/22	18	132	-	-	-	150
Profit for the year		-	-	-	-	224,250	224,250
Transfer from income statement to statutory reserve	22	-	-	66,156	-	(66,156)	-
Dividends proposed	32	-	-	-	-	(34,040)	(34,040)
Balance as of 31 March 2002		472,781	179,601	309,869	2,500	274,244	1,238,995
The Company							
Balance as of 1 April 2000		472,063	176,139	130,157	2,500	70,675	851,534
Arising from share options exercised	21/22	349	846	-	-	-	1,195
Arising from the conversion of ICULS 1997/2002	19/21/22	329	2,431	-	-	-	2,760
Profit for the year		-	-	-	-	227,112	227,112
Transfer from income statement to statutory reserve	22	-	-	113,556	-	(113,556)	-
Dividends proposed	32	-	-	-	-	(34,037)	(34,037)
Dividends underprovided in previous year	32	-	-	-	-	(4)	(4)
Balance as of 31 March 2001		472,741	179,416	243,713	2,500	150,190	1,048,560
Arising from share options exercised	21/22	22	53	-	-	-	75
Arising from the conversion of ICULS 1997/2002	19/21/22	18	132	-	-	-	150
Profit for the year		-	-	-	-	209,015	209,015
Transfer from income statement to statutory reserve	22	-	-	52,254	-	(52,254)	-
Dividends proposed	32	-	-	-	-	(34,040)	(34,040)
Balance as of 31 March 2002		472,781	179,601	295,967	2,500	272,911	1,223,760

The accompanying Notes form an integral part of the Financial Statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	300,195	281,237	340,605
Adjustments for:			
Interest/Income-in-suspense, net of recoveries	344,936	288,903	156,239
Loan and financing loss and provisions, net of recoveries	165,410	125,437	172,829
Depreciation of property and equipment	31,859	13,674	12,178
(Writeback of provision)/Provision for diminution in value of quoted securities	(6,600)	(5,006)	5,263
(Writeback of general provision)/General provision for contingencies	(624)	(624)	25,000
Provision for value impairment on amount recoverable from Danaharta	22,390	1,098	1,757
Amortisation of premium	2,835	2,810	7,387
Goodwill amortised	1,365	-	-
Property and equipment written off	57	-	3
Share of profits in associated company	(45)	-	-
(Gain)/Loss on sale of quoted investments - net	(1,453)	(238)	7,862
(Gain)/Loss on sale of investment securities - net	(51,027)	(4)	(3,254)
Gain on disposal of subsidiary companies	(10,524)	-	-
Gain on disposal of property and equipment	(287)	(7)	(61)
Operating Profit Before Working Capital Changes	798,487	707,280	725,808
(Increase)/Decrease In Operating Assets:			
Deposits and placements with financial institutions	(122,131)	152,000	(254,500)
Dealing securities	276,507	-	574,668
Loans, advances and financing	(2,009,229)	(2,294,799)	(2,094,112)
Other assets	(5,710)	31,462	34,249
Statutory deposit with Bank Negara Malaysia	(41,935)	(64,723)	(39,208)
Increase/(Decrease) In Operating Liabilities:			
Deposits from customers	2,535,505	2,410,309	890,215
Deposits and placements of banks and other financial institutions	(756,990)	(684,010)	(84,575)
Securities sold under repurchase agreements	-	-	(246,781)
Amount due to Cagamas Berhad	656,483	656,483	1,306,334
Other liabilities	129,898	45,413	(7,516)
Cash Generated From Operations	1,460,885	959,415	804,582
Taxation paid	(102,858)	(102,049)	(27,438)
Net Cash Generated From Operating Activities	1,358,027	857,366	777,144

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002**

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment	301	7	908
Proceeds from sale of quoted investments	784	784	14,394
Purchase of property and equipment	(41,137)	(40,944)	(18,502)
Sale/(Purchase) of investment securities	129,218	221,430	(69,497)
Disposal of subsidiary companies, net of cash disposed	2,531	-	-
Acquisition of subsidiary company, net of cash acquired	(290,271)	(475,000)	-
Net Cash Used In Investing Activities	(198,574)	(293,723)	(72,697)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	75	75	1,199
Dividends paid	(34,037)	(34,037)	(33,993)
Net Cash Used In Financing Activities	(33,962)	(33,962)	(32,794)
Net Increase In Cash And Cash Equivalents	1,125,491	529,681	671,653
Cash And Cash Equivalents At Beginning Of Year	968,688	968,688	297,035
Cash And Cash Equivalents At End Of Year	2,094,179	1,498,369	968,688

Note 1 : Acquisition of subsidiary company

The fair values of assets and liabilities assumed arising on the acquisition of a subsidiary company, AmFinance and its subsidiary companies, during the financial year ended 31 March 2002 were as follows:

	The Group 2002 RM'000
Net assets acquired:	
Cash and short-term funds	184,729
Deposits with financial institutions	134,629
Dealing securities	276,507
Investment securities	1,543,165
Amortisation of premium on investment securities	(577)
Provision for diminution in value of investment securities	(89,450)
Loans, advances and financing	10,329,786
General provision for bad and doubtful debts and financing	(122,163)
Specific provision for bad and doubtful debts and financing	(1,736,215)
Interest-in-suspense	(505,151)
Other assets	360,027
Provision for doubtful debts	(8,807)
Statutory deposits with Bank Negara Malaysia	370,225
Property and equipment - Cost	701,663
Property and equipment - Accumulated depreciation	(257,126)
Deposits from customers	(9,231,964)
Deposits of banks and other financial institutions	(868,000)
Term loans	(168,506)
Subordinated term loans	(680,000)
Other liabilities	(305,120)
Minority interests	(4,306)
Net liabilities	(76,654)
Fair value adjustments:	
Deferred tax benefits on unabsorbed tax losses and unutilised capital allowances	500,845
Specific provision for bad and doubtful debts and financing	(104,700)
Provision for commitments and contingencies	(56,500)
Fair value adjustments at the date of acquisition	339,645
Net assets after fair value adjustments	262,991
Goodwill on acquisition	212,009
Purchase price paid	475,000
Less: Cash and short-term funds	(184,729)
Cash flow on acquisition, net of cash acquired	290,271

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002**

Note 2 : Disposal of subsidiary companies

The fair values of assets and liabilities disposed arising on the disposal of indirect management of unit trusts subsidiary company, MBf Unit Trust Management Berhad and indirect property development subsidiary company, Nation Holdings Sdn Bhd, during the financial year ended 31 March 2002 were as follows:

	The Group 2002 RM'000
Net assets disposed:	
Cash and short-term funds	6,969
Deposits with financial institutions	40
Dealing securities	310
Other assets	121,545
Provision for doubtful debts	(431)
Property and equipment - Cost	3,837
Property and equipment - Accumulated depreciation	(2,585)
Goodwill on consolidation	102,830
Term loans	(172,034)
Other liabilities	(58,055)
Minority interests	(3,450)
	<hr/>
Net liabilities disposed as at date of disposal	(1,024)
Gain on disposal	10,524
	<hr/>
Net value on disposals	9,500
Less: Cash and short-term funds	(6,969)
	<hr/>
Cash flow on disposal, net of cash disposed	2,531

Note 3 : Cash and Cash Equivalents

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

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Cash and short term funds (Note 4)	2,094,179	1,498,369	968,688

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are the carrying on of the business of a licensed finance company which also includes the provision of Islamic banking services.

The principal activities of AmFinance Berhad (formerly known as MBf Finance Berhad) (“AmFinance”) and its subsidiary companies are disclosed in Note 11.

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

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, Bank Negara Malaysia Guidelines and the applicable approved accounting standards of the Malaysian Accounting Standards Board. The financial statements incorporate those activities relating to the Islamic Banking Business undertaken by the Group and the Company.

The Islamic Banking Business refers generally to the acceptance of deposits and granting of financing under the Syariah principles. The Islamic Banking Business transactions are accounted for on the accrual basis in compliance with the revised Garis Panduan 8 Guidelines on Presentation of Financial Statements for Financial Institutions issued by Bank Negara Malaysia. The state of affairs as at 31 March 2002 and the results for the year ended on that date of the Islamic Banking Business of the Group and of the Company are shown in Note 41.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

(b) Basis of Consolidation

The financial statements of the Group include the financial statements of the Company and all its subsidiary companies listed under Note 11 made up to the end of the financial year.

The Company adopts the acquisition method in preparing the consolidated financial statements. Under the acquisition method, 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 the acquisition is taken up as goodwill on consolidation. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiary companies acquired or disposed during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant intercompany transactions and balances have been eliminated on consolidation.

(c) Goodwill 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 on consolidation is recognised as an asset and generally amortised evenly over a period of twenty years.

When an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount.

(d) Recognition of Interest and Financing Income

Interest and financing income is recognised on an accrual basis. Interest and financing income on hire-purchase, block discounting and leasing transactions is recognised on the sum-of-digits method. Interest and financing income on housing and term loans and financing is recognised on a monthly rest basis.

Where an account is classified as non-performing, recognition of interest and financing income is suspended from the day the account is classified as non-performing until it is reclassified as performing.

Customers' accounts are classified as non-performing where repayments are in arrears for more than six months. 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.

(e) Recognition of Fees and Other Income

Loan arrangement fees and commissions are recognised as income when all conditions precedent are fulfilled.

Guarantee fees are recognised as income upon issuance and where the guarantee period is longer than one year, over the duration of the guarantee period.

Dividends from dealing and investment securities are recognised when received.

(f) Provision for Bad and Doubtful Debts and Financing

Specific provisions are made for doubtful debts and financing which have been individually reviewed and specifically identified as bad or doubtful.

In addition, a general provision based on a percentage of the loan and financing portfolio, net of interest-in-suspense and specific provision, is also made to cover possible losses which are not specifically identified.

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 the management, there is no prospect of recovery.

The provision for non-performing loans and financing is in conformity with the minimum requirements of Bank Negara Malaysia's Guideline On Classification of Non-Performing Loans and Provision for Bad and Doubtful Debts.

(g) Repurchase Agreements

Obligations on securities sold under repurchase agreements are securities which the Group had sold from its portfolio with a commitment to repurchase at a future date. Such financing transactions and the obligations to repurchase the securities are reflected as a liability in the balance sheet.

(h) Dealing Securities

Dealing securities are marketable securities that are acquired and held with the intention of resale in the short term, and are stated at the lower of cost and market value on a portfolio basis.

Transfers, if any, from dealing to investment securities are made at the lower of cost and market value.

As at 31 March 2002, the Group and Company do not have any dealing securities.

(i) Investment Securities

Investment securities are securities that are acquired and held for yield or capital growth or to meet minimum liquid assets requirement pursuant to Section 38 of the Banking and Financial Institutions Act, 1989 and are usually held to maturity.

Money market instruments are stated at cost adjusted for amortisation of premium or accretion of discount to maturity date. Quoted securities are stated at the lower of cost and market value on a portfolio basis. Unquoted securities are stated at cost and provision is made in the event of any permanent diminution in value.

Transfers, if any, from investment securities to dealing securities are made at the lower of carrying value and market value.

(j) Investment in Subsidiary Company

A subsidiary company is a company 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 statement 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.

(k) Investment in Associated Company

An associated company is a company in which the Group has a long term equity interest of between 20% to 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 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 and 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.

(l) Property and Equipment and Depreciation

Property and equipment are stated at cost or valuation less accumulated depreciation and impairment losses.

Gains or losses 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 recognised in the income statements.

Freehold land and capital work in progress are not depreciated. Short term leasehold land is amortised over the term of leases of between 5 to 49 years. Long term leasehold land is amortised over the term of leases of between 50 to 800 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:

Buildings	2% or over the short term lease of between 5 to 49 years
Leasehold improvements	10% - 20%
Office equipment	10% - 20%
Furniture and fittings	10% - 25%
Computer equipment and software	20% - 33%
Motor vehicles	20%

(m) 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 statement 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 statements 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 statements, a reversal of that impairment loss is recognised as income in the income statements.

(n) Assets Purchased Under Lease

Assets purchased under lease which in substance transfer the risks and benefits of ownership of the assets to the lessee 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.

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 which termination takes place.

As at 31 March 2002, the Group and the Company do not have any assets purchased under lease.

(o) 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.

(p) Deferred Taxation

The tax effects of transactions are recognised, using the 'liability' method, in the year such transactions enter into the determination of net income, regardless of when they are recognised for tax purposes. However, where timing differences result in deferred tax debits, the tax effects are recognised only where there is a reasonable expectation of realisation.

(q) Amount Recoverable from 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 and the Company'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. Provisions against these amounts are made to reflect the directors' assessment of the realisable value of the final consideration as at the balance sheet date.

(r) Foreclosed Properties

Foreclosed properties are stated at cost less provision for diminution in value, if any, of such properties.

(s) Interest Rate Swap Contracts

The Company uses the interest rate swaps as a hedging instrument.

Interest income or interest expense associated with interest rate swaps is recognised over the life of the swap agreement as a component of interest income or interest expense.

(t) Cash Flow Statement

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

(u) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term funds.

NOTES TO THE FINANCIAL STATEMENTS

4. CASH AND SHORT-TERM FUNDS

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Cash and balances with banks and other financial institutions	111,179	30,069	37,138
Money at call and deposit placements maturing within one month	1,983,000	1,468,300	931,550
	2,094,179	1,498,369	968,688

Included in the above are interbank lending of RM1,983,000,000 for the Group and RM1,468,300,000 (RM931,550,000 in 2001) for the Company.

As at 31 March 2002, the net interbank borrowing and lending position of the Group and of the Company are as follows:

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Interbank lending			
Cash and short term funds	1,983,000	1,468,300	931,550
Deposits with financial institutions (Note 5)	511,220	102,500	254,500
	2,494,220	1,570,800	1,186,050
Interbank borrowing (Note 15)	(250)	(43,230)	(120,000)
Net interbank lending	2,493,970	1,527,570	1,066,050

5. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Licensed banks	413,500	30,000	110,000
Licensed finance companies	35,000	35,000	14,000
Bank Negara Malaysia	37,500	37,500	60,500
Other financial institutions	25,220	-	70,000
	511,220	102,500	254,500

Included in the above are interbank lending of RM511,220,000 for the Group and RM102,500,000 (RM254,500,000 in 2001) for the Company.

6. INVESTMENT SECURITIES

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Money Market Securities			
Malaysian Government Securities	279,103	279,103	83,053
Malaysian Government Investment Certificates	126,636	63,295	163,563
Treasury bills	342,567	163,843	184,565
BNM bills	1,059,890	288,873	-
Cagamas notes	268,610	-	44,768
Cagamas bonds	20,560	20,560	359,716
Bankers acceptances	205,662	146,168	436,438
Islamic acceptance bills	-	-	25,047
Danamodal bonds	71,521	71,521	25,054
Danaharta bonds	10,279	10,279	7,667
Islamic Khazanah bonds	49,573	49,573	-
	2,434,401	1,093,215	1,329,871
Quoted Securities in Malaysia			
Shares	113,394	29,767	20,011
Warrants	71	71	71
	113,465	29,838	20,082
Debt Equity Conversion Quoted in Malaysia			
Shares	39,332	39,116	41,620
Shares - with options	41,520	41,520	41,520
Loan stocks - collateralised	362,704	227,010	179,010
Corporate bonds	29,966	1,026	1,026
Warrants	42	42	42
	473,564	308,714	263,218
Unquoted Securities In Malaysia			
Shares	38,138	14,016	14,016
Corporate bonds	209	209	209
	38,347	14,225	14,225
Unquoted Debt Equity Conversion In Malaysia			
Loan stocks	1,295	-	1,633
Corporate bonds - secured	81,682	9,549	9,549
	82,977	9,549	11,182
Total	3,142,754	1,455,541	1,638,578
Less:			
Provision for diminution in value of quoted securities	(164,764)	(76,709)	(33,682)
Amortisation of premium less accretion of discount	(3,045)	(3,045)	(9,333)
Net	2,974,945	1,375,787	1,595,563

NOTES TO THE FINANCIAL STATEMENTS

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Market value:			
Money Market Securities			
Malaysian Government Securities	273,038	273,038	78,308
Malaysian Government Investment Certificates	126,710	63,328	163,563
Treasury bills	342,216	163,493	184,564
BNM bills	1,059,865	288,848	-
Cagamas notes	268,610	-	44,764
Cagamas bonds	20,540	20,540	353,398
Danamodal bonds	71,876	71,876	25,250
Danaharta bonds	10,626	10,626	7,973
Islamic Khazanah bonds	49,704	49,704	-
Quoted Securities in Malaysia			
Shares	69,457	32,054	14,980
Warrants	310	310	95
Debt Equity Conversion Quoted In Malaysia			
Shares	15,171	14,909	16,661
Shares - with options	23,305	23,305	17,278
Loan stocks - collateralised	304,521	174,465	88,034
Corporate bonds	7,444	298	553
Warrants	713	713	18
The maturity structure of money market instruments held for investment is as follows:			
Maturing within one year	1,981,652	703,807	1,201,809
One year to two years	247,529	247,529	61,859
Two years to three years	85,115	21,774	58,333
Three years to five years	25,734	25,734	7,667
Over five years	94,371	94,371	203
	2,434,401	1,093,215	1,329,871

7. LOANS, ADVANCES AND FINANCING

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Revolving credit facilities	1,338,265	1,265,303	1,287,591
Housing loans	3,855,185	1,835,241	1,469,389
Hire-purchase	14,619,283	10,782,711	8,613,216
Lease receivables/Industrial hire-purchase	2,224,868	1,235,427	1,325,779
Block discounting	94,282	84,997	105,760
Staff loans (of which to Directors: Nil)	55,291	55,291	51,695
Line of credit	1,215,050	-	-
Term loan	5,308,249	2,791,002	2,639,657
Other loans	1,066,721	1,003,419	1,005,831
	29,777,194	19,053,391	16,498,918
Less:			
Unearned interest and unearned income	(3,004,452)	(2,309,098)	(1,934,348)
	26,772,742	16,744,293	14,564,570
Gross loans, advances and financing			
Less:			
Provision for bad and doubtful debts and financing:			
- Specific	(2,333,248)	(455,758)	(385,892)
- General	(351,393)	(236,290)	(262,631)
Interest/Income-in-suspense	(1,179,071)	(623,195)	(367,456)
	22,909,030	15,429,050	13,548,591
(i) The maturity structure of loans, advances and financing is as follows:			
Maturing within one year	10,564,240	6,379,865	6,152,180
One year to three years	5,510,072	4,730,011	4,243,746
Three years to five years	4,288,031	2,914,884	2,268,338
Over five years	6,410,399	2,719,533	1,900,306
	26,772,742	16,744,293	14,564,570

NOTES TO THE FINANCIAL STATEMENTS

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
(ii) Loans, advances and financing analysed by their economic purposes are as follows:			
Agriculture	289,009	177,349	158,903
Mining and quarrying	85,762	50,440	60,793
Manufacturing	1,111,932	716,237	703,131
Electricity, gas and water	10,351	4,966	4,566
Construction	2,726,528	2,305,494	2,140,609
Real estate	726,040	200,639	85,959
Purchase of landed property			
Residential	3,951,246	1,930,752	1,523,159
Non-residential	1,628,833	908,606	1,000,380
General commerce	1,051,326	418,033	399,181
Transport, storage and communication	1,030,823	602,241	567,882
Finance, insurance and business services	585,783	328,335	387,596
Purchase of securities	1,241,565	715,874	799,544
Purchase of transport vehicles	10,521,687	8,103,986	6,390,616
Consumption credit	1,372,234	3,433	4,844
Others	439,623	277,908	337,407
Gross loans, advances and financing	26,772,742	16,744,293	14,564,570
(iii) Movements in the non-performing loans and financing (including interest and income receivables) are as follows:			
Gross			
Balance at beginning of year	1,952,329	1,952,329	1,830,096
Non-performing during the year	1,420,433	1,029,535	968,184
Reclassification to performing loan	(435,319)	(364,943)	(54,308)
Amount recovered	(187,787)	(138,145)	(301,892)
Amount arising from acquisition of AmFinance	3,485,934	-	-
Debt equity conversion	(34)	(34)	(73,163)
Amount written off	(165,228)	(165,228)	(416,588)
Balance at end of year	6,070,328	2,313,514	1,952,329
Less:			
Specific provision	(2,333,248)	(455,758)	(385,892)
Interest/Income-in-suspense	(1,179,071)	(623,195)	(367,456)
	(3,512,319)	(1,078,953)	(753,348)
Non-performing loans and financing (net)	2,558,009	1,234,561	1,198,981
Ratio of net non-performing loans to loans, advances and financing	11.00%	7.88%	8.68%

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
(iv) Movements in the provision for bad and doubtful debts and financing and interest/income-in-suspense accounts are as follows:			
General Provision			
Balance at beginning of year	262,631	262,631	209,481
Provision made during the year	30,699	37,759	53,150
Amount arising from acquisition of AmFinance	122,163	-	-
Transfer to specific provision	(64,100)	(64,100)	-
Balance at end of year	351,393	236,290	262,631
% of total loans less specific provision and interest/income-in-suspense	1.51%	1.51%	1.90%
Specific Provision			
Balance at beginning of year	385,892	385,892	558,386
Provision made during the year	282,218	222,313	392,422
Amount written back in respect of recoveries	(95,502)	(82,163)	(204,895)
Net charge to income statements	186,716	140,150	187,527
Amount arising from acquisition of AmFinance	1,840,915	-	-
Debt equity conversion	(34)	(34)	(7,419)
Danamodal recoveries	(9,991)	-	-
Amount written off/Adjustment to Asset Deficiency Account	(134,350)	(134,350)	(352,602)
Transfer from general provision	64,100	64,100	-
Balance at end of year	2,333,248	455,758	385,892
Interest/Income-in-Suspense			
Balance at beginning of year	367,456	367,456	285,386
Provision made during the year	409,666	344,885	253,236
Amount written back in respect of recoveries	(64,729)	(55,982)	(96,997)
Net charge to income statements	344,937	288,903	156,239
Amount arising from acquisition of AmFinance	505,151	-	-
Debt equity conversion	-	-	(6,992)
Danamodal recoveries	(5,309)	-	-
Amount written off/Adjustment to Asset Deficiency Account	(33,164)	(33,164)	(67,177)
Balance at end of year	1,179,071	623,195	367,456

8. OTHER ASSETS

		The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Deferred assets	(i)	83,619	22,434	34,272
Other receivables, deposits and prepayments	(ii)	75,220	47,848	67,472
Foreclosed properties net of provision for diminution in value of RM6,000,000 (RM6,000,000 in 2001)		6,607	6,607	6,607
Deferred taxation (Note 31)		685,131	184,286	113,408
Amount recoverable from Danaharta	(iii)	158,949	1,830	2,928
		1,009,526	263,005	224,687
 (i) Deferred Assets				
Arising from takeover of Abrar Finance Berhad		22,434	22,434	34,272
Arising from takeover of Kewangan Usahasama Makmur Berhad		61,185	-	-
Balance at end of year		83,619	22,434	34,272

The Company 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 the Company 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 assets, and is reduced progressively by net income derived from the utilisation of the deposit placed by BNM, as mentioned in Note 15, and net recoveries of defaulted loans of AFB computed based on a formula determined by BNM.

In 1988, the subsidiary, 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-operatives. The tax benefit is a fixed monetary sum and is not dependent 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 assessment 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.

- (ii) Included under other receivables, deposits and prepayments of the Group and of the Company are outstanding balances totalling RM2,398,000 (Nil in 2001) and RM2,398,000 (RM331,000 in 2001) respectively owing by other related companies.

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
(iii) Amount recoverable from Danaharta			
Balance at beginning of year	2,928	2,928	6,261
Provision made during the year	(22,968)	(1,098)	(1,757)
Amount arising from acquisition of AmFinance	178,989	-	-
Amount recovered	-	-	(1,576)
Balance at end of year	158,949	1,830	2,928

9. GOODWILL ON CONSOLIDATION

The movements in goodwill on consolidation are as follows:

	The Group 2002 RM'000
Cost	
At beginning of year	-
Arising on acquisition of AmFinance	212,009
Disposal of subsidiary companies	(102,830)
At end of year	109,179
Accumulated amortisation	
At beginning of year	-
Amortisation for the year (Note 27)	1,365
At end of year	1,365
Net book value	107,814

10. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

The statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958, the amounts of which are determined as a set percentage of total eligible liabilities.

NOTES TO THE FINANCIAL STATEMENTS

11. INVESTMENT IN SUBSIDIARY COMPANY

	The Company	
	2002 RM'000	2001 RM'000
Unquoted shares, at cost		
Cash paid	475,000	-
Amount payable to Danamodal on loan recoveries (Note 17)	64,170	-
	539,170	-

The subsidiary companies are all incorporated in Malaysia and the financial statements of these companies which were examined by auditors other than the auditors of the Company, are as follows:

Name of Company	Principal Activity	Effective Equity Interest 2002 %
<u>Direct Subsidiary Company</u>		
MBf Finance Berhad	Finance company	100.0
<u>Indirect Subsidiary Companies</u>		
MBf Nominees (Tempatan) Sdn. Bhd.	Nominee company	100.0
MBf Information Services Sdn. Bhd.	Rental of computer equipment and the provision of related support services	100.0
MBf Property Holdings Sdn. Bhd.	Property investment	100.0
MBf Equity Partners Sdn. Bhd.	Venture capital	100.0
MBf Trustees Berhad	Trustee services	60.0
Bougainvillaea Development Sdn. Bhd.	Property holding	100.0
Natprop Sdn. Bhd.	Investment holding	100.0
Teras Oak Pembangunan Sdn. Bhd.	Dormant	100.0
Komuda Credit & Leasing Sdn. Bhd.	Dormant	100.0
MBf Property Trust Management Berhad	Dormant	100.0
Everflow Credit & Leasing Corporation Sdn. Bhd.	Dormant	100.0
Komewah Credit & Leasing Sdn. Bhd.	Dormant	100.0
Li & Ho Sdn. Bhd.	Dormant	100.0
Malco Properties Sdn. Bhd.	Dormant	51.0
Annling Sdn. Bhd.	Dormant	100.0
Horizon View Sdn. Bhd.	Dormant	100.0
MBf Venture Partners Bhd.	Dormant	100.0
MBf Nominees (Asing) Sdn. Bhd.	Dormant	100.0
Lekir Development Sdn. Bhd.	Ceased operations	100.0
Crystal Land Sdn. Bhd.	Ceased operations	80.0
MBf Unit Trust Management Berhad	Management of unit trusts	Disposed in Jan 2002
Nation Holdings Sdn. Bhd.	Property development	Disposed in Mar 2002

During the financial year,

- (i) On 3 August 2001, the Company entered into a conditional Sale and Purchase Agreement with Danamodal Nasional Berhad (“Danamodal”) to acquire 100% equity interest in AmFinance Berhad (formerly known as MBf Finance Berhad) (“AmFinance”), comprising:

- 2,751.5 million ordinary shares of RM0.50 each, representing 100% of the paid-up ordinary share capital of AmFinance; and
- 2,476.0 million preference shares of RM0.50 each, representing 100% of the paid-up preference share capital of AmFinance

for a cash consideration of RM475.0 million, and a sum of up to RM450.0 million payable in cash if and to the extent excess recoveries are made over a period of five (5) years from 30 September 2001 (“Proposed Acquisition”) in respect of non-performing loans and certain securities which have been marked down by AmFinance.

The Proposed Acquisition was completed on 20 December 2001 and AmFinance became a wholly owned subsidiary of the Company.

Subsequent to the acquisition, the preference shares which are irredeemable and non-cumulative, were converted to ordinary shares at par value of RM0.50 per ordinary share.

Upon acquisition, AmFinance will undertake a capital reduction exercise to cancel the portion of its paid-up capital which is lost or unrepresented by available assets. The capital reduction exercise will be implemented as follows:

- Cancellation and reduction of the authorised capital from RM6,500.0 million to RM3,886.2 million, which are divided into 2,772.5 million ordinary shares of RM0.50 each and 5,000.0 million preference shares of RM0.50 each;
- Cancellation and reduction of the issued and paid-up capital from RM2,613.7 million, comprising 5,227.5 million ordinary shares of RM0.50 each, to RM2, comprising 4 ordinary shares of RM0.50 each; and
- Consolidation of the authorised and paid-up capital of every two existing shares of RM0.50 each to one share of RM1.00 each.

Upon completion of the aforesaid capital reduction exercise, the finance company businesses of the Company and AmFinance would be merged by way of a transfer of the Company’s assets and liabilities to AmFinance via a vesting order under section 50 of the Banking and Financial Institutions Act, 1989. In settlement of the consideration due in respect of the transfer of businesses, AmFinance will issue a RM250 million nominal amount of 10 year sub loan notes to the Company with the remaining value to be satisfied by the issue of new ordinary shares of RM1.00 each in AmFinance at a issue price to be determined by the Company as at the effective date of the proposed business transfer.

On 3 April 2002, MBf Finance Berhad changed its name to AmFinance Berhad.

The merger of the finance company businesses of the Company and AmFinance is expected to be completed by 15 June 2002.

- (ii) At the Company’s Extraordinary General Meeting held on 28 March 2002, the shareholders of the Company approved the change of the Company’s name from Arab-Malaysian Finance Berhad to AMFB Holdings Berhad.
- (iii) On 31 January 2002, the Company’s wholly-owned subsidiary, AmFinance, disposed its entire 51% equity interest in MBf Unit Trust Management Berhad comprising 1,530,000 ordinary shares of RM1.00 each for a cash consideration of RM8.0 million.

NOTES TO THE FINANCIAL STATEMENTS

- (iv) On 30 March 2002, the Company's wholly-owned subsidiary, AmFinance, disposed its entire 100% equity interest in Nation Holdings Sdn. Bhd., comprising 6,000,002 ordinary shares of RM1.00 each for a cash consideration of RM1.5 million.

During the financial year, the Company acquired 100% equity interest in AmFinance and the effect of this acquisition on the financial results of the Group for the year is as follows:

	From date of acquisition to 31 March 2002 RM'000
Net income	190,741
Non-interest expense	(83,030)
Profit before taxation	107,711
Taxation	(4,444)
Profit before minority interests	103,267
Minority interests	736
Increase in Group profit attributable to shareholders	104,003

Subsequent to the acquisition of AmFinance, the Group disposed two subsidiary companies namely MBf Unit Trust Management Berhad ("MBfUT") and Nation Holdings Sdn Bhd ("NH"). The effect of the disposals on the Group's financial results during the financial year is as follows:

	Date of acquisition to date of disposal 2002 RM'000
Net income	44,474
Non-interest expense	(1,727)
Profit before taxation	42,747
Taxation	(1,391)
Profit before minority interests	41,356
Minority interests	737
Increase in Group profit attributable to shareholders	42,093

The effects on the financial position of the Group of the acquisition of AmFinance and its subsidiary companies and the disposal of MBfUT and NH for the financial year are disclosed in Notes 1 and 2 to the cash flow statements.

12. INVESTMENT IN ASSOCIATED COMPANY

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Unquoted shares, at cost	100	100	100
Share of post-acquisition results, net of tax	30	-	-
	130	100	100

The associated company, which is incorporated in Malaysia, is:

	Principal Activity	Effective Equity Interest 2002	2001
Arab-Malaysian Trustee Berhad	Trustee Services	20%	20%

As at 31 March 2002, the carrying values of the investments in associated company are represented by:

	The Company 2002 RM'000	2001 RM'000
Group's share of aggregate net tangible assets	452	357

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY AND EQUIPMENT

The Group	Freehold land and building RM'000	Leasehold land and building RM'000	Leasehold improvements RM'000	Office equipment, furniture and fittings RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Total RM'000
COST							
At beginning of year	69	-	22,954	29,555	57,172	4,543	114,293
Additions	-	-	1,448	3,772	18,328	-	23,548
Arising from acquisition of AmFinance	321,486	27,894	78,301	34,664	235,835	3,483	701,663
Arising from disposal of subsidiary companies	-	-	-	(1,856)	(1,981)	-	(3,837)
Disposals	-	-	-	(145)	(468)	(889)	(1,502)
Write offs	-	-	-	(259)	(3,135)	-	(3,394)
Reclassification/Transfer	-	-	-	(11)	-	88	77
At end of year	321,555	27,894	102,703	65,720	305,751	7,225	830,848
ACCUMULATED DEPRECIATION							
At beginning of year	10	-	19,834	22,797	33,020	2,936	78,597
Current depreciation	1,315	139	3,216	4,102	22,415	672	31,859
Arising from acquisition of AmFinance	21,899	3,064	51,448	22,416	155,319	2,980	257,126
Arising from disposal of subsidiary companies	-	-	-	(1,012)	(1,573)	-	(2,585)
Disposals	-	-	-	(144)	(468)	(876)	(1,488)
Write offs	-	-	(1)	(202)	(3,134)	-	(3,337)
Reclassification/Transfer	-	-	-	30	-	52	82
At end of year	23,224	3,203	74,497	47,987	205,579	5,764	360,254
NET BOOK VALUE							
As at 31 March 2002	298,331	24,691	28,206	17,733	100,172	1,461	470,594
Capital Work In Progress	-	-	-	-	17,594	-	17,594
Grand Total	298,331	24,691	28,206	17,733	117,766	1,461	488,188

The Company

	Freehold land and building RM'000	Leasehold improvements RM'000	Office equipment, furniture and fittings RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Total RM'000
COST						
At beginning of year	69	22,954	29,555	57,172	4,543	114,293
Additions	-	1,421	3,738	18,231	-	23,390
Disposals	-	-	(139)	-	-	(139)
Write offs	-	(1)	(202)	(79)	-	(282)
Reclassification/Transfer	-	-	(11)	-	-	(11)
At end of year	69	24,374	32,941	75,324	4,543	137,251
ACCUMULATED DEPRECIATION						
At beginning of year	10	19,834	22,797	33,020	2,936	78,597
Current depreciation	-	1,426	3,324	8,368	556	13,674
Disposals	-	-	(139)	-	-	(139)
Write offs	-	(1)	(202)	(79)	-	(282)
Reclassification/Transfer	-	-	29	-	-	29
At end of year	10	21,259	25,809	41,309	3,492	91,879
NET BOOK VALUE						
As at 31 March 2002	59	3,115	7,132	34,015	1,051	45,372
Capital Work In Progress	-	-	-	17,594	-	17,594
Grand Total	59	3,115	7,132	51,609	1,051	62,966
As at 31 March 2001	59	3,120	6,758	24,152	1,607	35,696
Depreciation charge for the year ended 31 March 2001	-	1,600	2,906	7,133	539	12,178

NOTES TO THE FINANCIAL STATEMENTS

(a) Details of leasehold land and buildings are as follows:

The Group 2002	Long term leasehold land and buildings RM'000	Short term leasehold land and buildings RM'000	Total RM'000
Cost	26,946	948	27,894
Accumulated Depreciation	(2,896)	(307)	(3,203)
Net Book Value	24,050	641	24,691

(b) Details of fully depreciated property and equipment which are still in use are as follows:

The Group 2002	Freehold land and building RM'000	Leasehold improvements RM'000	Office equipment, furniture and fittings RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Total RM'000
Cost	-	18,129	20,813	21,989	2,150	63,081

The Company 2002	Freehold land and building RM'000	Leasehold improvements RM'000	Office equipment, furniture and fittings RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Total RM'000
Cost	-	16,015	17,148	21,989	1,738	56,890

14. DEPOSITS FROM CUSTOMERS

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Savings deposits	2,262,898	984,847	887,662
Fixed/Investment deposits	17,328,929	9,249,820	6,876,696
Negotiable certificates of deposits	-	-	60,000
	19,591,827	10,234,667	7,824,358

(i) The maturity structure of deposits from customers is as follows:

Due within six months	14,418,313	7,711,250	6,291,972
Six months to one year	3,306,666	1,625,196	1,122,443
One year to three years	1,621,561	698,030	409,127
Three years to five years	245,287	200,191	816
	19,591,827	10,234,667	7,824,358

(ii) The deposits are sourced from the following types of customers:

Business enterprises	3,689,350	2,496,063	1,513,310
Individuals	13,438,982	5,955,985	5,093,460
Others	2,463,495	1,782,619	1,217,588
	19,591,827	10,234,667	7,824,358

15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Licensed banks	1,393,355	1,183,355	1,196,119
Licensed finance companies	85,000	127,980	174,877
Non-banking institutions	2,228,129	2,228,129	2,852,478
Bank Negara Malaysia ("BNM")	808,000	180,000	180,000
	4,514,484	3,719,464	4,403,474

Included under deposits and placements and other financial institutions of the Group and of the Company are the following:

Negotiable instruments of deposits	1,753,765	1,543,766	1,194,708
Interbank borrowing (Note 4)	250	43,230	120,000
	1,754,015	1,586,996	1,314,708

NOTES TO THE FINANCIAL STATEMENTS

Deposits from BNM represent long-term deposits and interest-free loans placed with the Company and the Group in connection with the transfer of certain assets and liabilities of Abrar Finance Berhad and Kewangan Usahasama Makmur Berhad to the Company and to AmFinance respectively as mentioned in Note 8.

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Soft deposit	180,000	180,000	180,000
Amount arising from acquisition of AmFinance			
Soft deposit	135,000	-	-
Soft loan	333,000	-	-
Commercial loan	160,000	-	-
	808,000	180,000	180,000

16. AMOUNT DUE TO CAGAMAS BERHAD

Amount due to Cagamas Berhad represents the proceeds received from loans (excluding Islamic financing) sold directly and indirectly to Cagamas Berhad with recourse to the Company. Under this arrangement, the Company undertakes to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on prudential criteria.

17. OTHER LIABILITIES

		The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Proposed dividend	(i)	34,040	34,040	34,037
Provision for taxation and zakat		178,909	168,539	127,488
Lease deposits and advance rentals		51,525	50,219	44,713
Interest payable		115,406	101,523	110,888
Amount payable to Danamodal	(ii)	64,170	64,170	-
Provision for merger integration costs	(iii)	25,000	-	-
Other creditors and accruals	(iv)	448,814	231,886	173,238
General provision for commitment and contingencies	(v)	71,500	15,000	25,000
		989,364	665,377	515,364

(i) Proposed dividends

The proposed dividend represents the first and final dividend of 10.0% (10.0% in 2001) less tax, in respect of the current financial year.

(ii) Amount payable to Danamodal

Pursuant to the Sale and Purchase Agreement entered into between the Company and Danamodal Nasional Berhad ("Danamodal") dated 3 August 2001 for the acquisition of AmFinance, a contingent sum of up to RM450.0 million is payable to Danamodal as part of the consideration. The contingent cash payment of up to RM450.0 million shall be payable if and only if AmFinance recovers in cash over a five year period from 30 September 2001, any amount in excess of the net book value of all non-performing loans ("NPLs"), NPLs sold to Danaharta and NPLs written off in the books of AmFinance, as at 30 September 2001 on an account by account basis; and all investments, security, collateralised debts, other assets, liabilities or contingent items in respect of amounts which have been written down or an adjustment/provision made. As at 31 March 2002, a contingent sum of RM64,170,000 has been recovered and is payable to Danamodal at the end of the fifth year.

(iii) Provision for merger integration costs

Provision for merger integration cost pertaining to AmFinance represent amounts provided for the merger of the finance company businesses of the Company and AmFinance by way of a transfer of the Company's assets and liabilities to AmFinance via a vesting order under Section 50 of the Banking and Financial Institutions Act, 1989. As at 31 March 2002, RM25,000,000 have been provided for the staff voluntary separation scheme of AmFinance.

(iv) Other creditors and accruals

Included under other creditors and accruals of the Group and of the Company are outstanding balances totalling RM31,419,000 (Nil in 2001) and RM31,502,000 (RM7,302,000 in 2001) respectively owing to other related companies.

(v) General provision for commitment and contingencies

The movements in general provision for commitment and contingencies are as follows:

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Balance at beginning of year	25,000	25,000	-
Provisions made during the year	-	-	25,000
Amount arising from the acquisition of AmFinance	56,500	-	-
Payment made	(9,376)	(9,376)	-
Overprovision written back	(624)	(624)	-
Balance at end of year	71,500	15,000	25,000

18. SUBORDINATED TERM LOAN

The subordinated term loan pertaining to a 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 Company 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.

**19. 7.5% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS
1997/2002 (“ICULS 1997/2002”)**

	The Group and the Company	
	2002	2001
	RM'000	RM'000
Balance at beginning of year	466,821	469,577
Converted to ordinary shares	(150)	(2,756)
Balance at end of year	466,671	466,821

The salient features of the ICULS 1997/2002 are as follows:

- (a) The ICULS 1997/2002 bears a fixed coupon rate of 7.5% per annum on the nominal amount of the ICULS 1997/2002 and the interest is payable semi-annually on 30 June and 31 December of each year during the five years they remain outstanding. The first interest payment was made on 30 June 1997. The last payment of interest shall be made on the maturity date of the ICULS 1997/2002 calculated for the year commencing from the day following the previous interest payment date to the maturity date of the ICULS 1997/2002 (both dates inclusive).
- (b) The ICULS 1997/2002 are convertible into new ordinary shares commencing from 26 May 1998 during the months of January, April, July and October on the following bases:
 - (i) one new ordinary share in exchange for RM8.40 nominal amount of ICULS 1997/2002 (Surrender Option); or
 - (ii) one new ordinary share in exchange for RM8.00 nominal amount of ICULS 1997/2002 and a cash payment of RM0.40 (Surrender-cum-cash Option).

On 25 May 2002 (the maturity date), any unconverted ICULS 1997/2002 will be converted mandatorily by the Company using the Surrender Option. No ICULS 1997/2002 converted at any time shall be entitled to allotment of a fraction of an ordinary share. Any fraction of an ordinary share shall be disregarded and shall be dealt with by the directors as they deem fit.

- (c) All new ordinary shares to be issued upon conversion of the ICULS 1997/2002 will rank pari passu in all respects with the then existing ordinary shares of the Company except that the new ordinary shares will not rank for any dividend declared in respect of any particular year ending before the relevant Conversion Date irrespective of the date when such dividends are declared, made or paid nor will the new ordinary shares rank for any rights, allotment or other distributions if the Conversion Date is after the Entitlement Date for such rights, allotment or other distributions.
- (d) ICULS 1997/2002 is an unsecured obligation of the Company and rank pari passu in all respects without priority amongst itself but is subordinated to all other present and future unsecured and unsubordinated obligations of the Company from time to time outstanding including obligations and liabilities which are preferred solely by the Laws of Malaysia.

20. 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 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 2002 RM'000
Balance at beginning of year	-
Share in net results of subsidiary companies	(736)
Arising on acquisition of AmFinance	4,306
Disposal of shares in indirect subsidiary company	(3,450)
Balance at end of year	120

21. SHARE CAPITAL

	The Group and the Company 2002 2001 RM'000 RM'000	
Authorised		
Ordinary shares of RM1.00 each	2,000,000	2,000,000
Issued and fully paid		
Ordinary shares of RM1.00 each:		
Balance at beginning of year	472,741	472,063
Issued pursuant to the Employees' Share Option Scheme ("AMFB ESOS")	22	349
Issued pursuant to the conversion of ICULS 1997/2002	18	329
Balance at end of year	472,781	472,741

During the financial year, the Company's issued and fully paid-up ordinary share capital was increased from RM472,740,877 to RM472,780,734 by way of:

- (a) the issue of 22,000 new ordinary shares of RM1.00 each in respect of share options exercised pursuant to the Company's Employees' Share Option Scheme ("AMFB ESOS"). The resulting share premium amounting to RM53,240 has been credited to the share premium account; and
- (b) the issue of 17,857 ordinary shares of RM1.00 each arising from the conversion of RM150,000 nominal amount of 7.5% Irredeemable Convertible Unsecured Loan Stocks 1997/2002 ("ICULS 1997/2002") on the basis of one new ordinary share in exchange for RM8.40 nominal amount of ICULS 1997/2002 (Surrender Option). The resulting share premium amounting to RM132,143 has been credited to the share premium account.

The 39,857 new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

In 2001, the Company implemented the following amendments to the Bye Laws of the Company's ESOS:

- (a) to modify the AMFB ESOS whereby option holders of AMFB ESOS were given a choice of either substituting all or part of the unexercised AMFB ESOS options held with an equivalent number of options of the holding company, AMMB Holdings Berhad ESOS ("AHB Group ESOS"), or retain all the remaining existing unexercised AMFB ESOS options until expiry.
- (b) to revise the terms of the AMFB ESOS scheme relating to eligibility and offer of share options.

On the substitution date on 27 September 2000, a total of 6,578,000 AMFB ESOS options were substituted with the same number of AHB Group ESOS options. Subsequent to the substitution date, eligible employees of the Company will only be granted options under the AHB Group ESOS.

The movements in the Company's unissued shares under options granted pursuant to the AMFB ESOS during the financial year were as follows:

	No. of shares of RM1.00 each				Balance at 31.03.2002
	Balance at 01.04.2001	Granted	Exercised	Forfeited	
No. of unissued shares under options	850,000	-	22,000	22,000	806,000

The salient features of the AMFB ESOS are as follows:

- (a) Eligible persons who are confirmed employees including full-time executive directors of the Company 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 paid-up capital of the Company at any time, which shall include options exercised under the previous employees' share option scheme of the Company.
- (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 capital of RM1.00 each in the Company as before the said alteration.
- (e) The option price for an ordinary share shall be the last market transaction price at the time the option is granted or the average of the mean market quotation of the shares of the Company as shown in the Daily Official List issued by the Kuala Lumpur Stock Exchange for the five market days immediately preceding the offer date, or the par value of RM1.00 in shares of the Company, whichever is higher.
- (f) The maximum duration of the AMFB ESOS is for a period of five years and subject to the approval from relevant authorities, is renewable for an additional five years.

22. RESERVES

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Non-distributable Reserves:			
Share premium:			
Balance at beginning of year	179,416	179,416	176,139
Arising from share options exercised (Note 21)	53	53	846
Arising from the conversion of ICULS 1997/2002 (Note 19)	132	132	2,431
Balance at end of year	179,601	179,601	179,416
Statutory reserve:			
Balance at beginning of year	243,713	243,713	130,157
Transfer from income statement	66,156	52,254	113,556
Balance at end of year	309,869	295,967	243,713
Total non-distributable reserves	489,470	475,568	423,129
Distributable Reserves:			
General reserve	2,500	2,500	2,500
Unappropriated profit	274,244	272,911	150,190
Total distributable reserves	276,744	275,411	152,690
Total reserves	766,214	750,979	575,819

Movements in reserves are shown in the statements of changes in equity.

Share premium is used to record premium arising from new shares issued in the Company.

The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and is not distributable as cash dividends.

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 dividends out of all its distributable reserves as at 31 March 2002.

NOTES TO THE FINANCIAL STATEMENTS

23. INTEREST INCOME

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Loans and advances	1,674,856	1,447,183	1,398,173
Money at call, deposits and placements with financial institutions	41,961	37,414	21,041
Investment securities	46,752	35,007	58,939
Others	20,565	20,565	18,737
	1,784,134	1,540,169	1,496,890
Net interest suspended	(335,724)	(279,842)	(140,267)
Amortisation of premium less accretion of discounts	(2,835)	(2,810)	(7,387)
	1,445,575	1,257,517	1,349,236

24. INTEREST EXPENSE

Deposits and placements	528,535	442,906	416,085
Securities sold under repurchase agreement	44	44	2,895
Amounts due to Cagamas Berhad	138,499	138,499	121,008
7.5% Irredeemable Convertible Unsecured Loan Stocks	35,009	35,009	34,940
Others	49,363	36,573	57,876
	751,450	653,031	632,804

25. LOAN AND FINANCING LOSS AND PROVISIONS

Provision for bad and doubtful debts and financing:			
- specific provision (net)	186,716	140,150	187,527
- general provision	30,699	37,759	53,150
Bad debts and financing recovered	(52,005)	(52,472)	(67,848)
	165,410	125,437	172,829
Provision for value impairment on amount recoverable from Danaharta	22,390	1,098	1,757
	187,800	126,535	174,586

26. NON-INTEREST INCOME

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Fee Income:			
Commissions	7,697	6,863	5,373
Guarantee fees	1,430	1,430	4,339
Other fee income	8,871	8,053	6,202
	17,998	16,346	15,914
Investment and Trading Income:			
Net gain from disposal of investment securities	51,027	4	3,524
Gain/(Loss) from sale of shares quoted in Malaysia	1,453	238	(7,862)
Gain from disposal of subsidiary companies	10,524	-	-
Gross dividends from investment securities:			
Shares quoted in Malaysia	9,085	8,994	8,759
Unquoted shares	670	646	359
	72,759	9,882	4,780
Other Income:			
Gain on disposal of leased assets	17	17	23
Rental income	4,119	-	3
Gain on disposal of property and equipment	287	7	61
Other non-operating income	1,268	-	-
	5,691	24	87
	96,448	26,252	20,781

NOTES TO THE FINANCIAL STATEMENTS

27. STAFF COSTS AND OVERHEADS

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Personnel/ Staff costs	107,563	87,743	77,087
Establishment costs	86,413	58,773	52,689
Marketing expenses	115,355	109,478	76,481
Administration and general expenses	72,766	41,709	32,983
	382,097	297,703	239,240

The above expenditure includes the following statutory disclosure:

Directors' remuneration (Note 29)	1,620	1,620	714
Rental of premises	18,333	14,330	13,219
Depreciation of property and equipment (Note 13)	31,859	13,674	12,178
Property and equipment written off	57	-	-
Amortisation of goodwill on consolidation (Note 9)	1,365	-	-
Auditors' remuneration:			
Statutory audit	161	115	115
Special audit	238	81	81
Hire of equipment	843	843	2,385

The total number of employees of the Group and of the Company as at 31 March 2002 were 5,580 and 2,732 (2,450 in 2001), respectively.

28. HOLDING COMPANY AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

The Company is a subsidiary of AMMB Holdings Berhad, a company incorporated in Malaysia, which is also the ultimate holding company.

During the financial year, the significant related party transactions and balances are as follows:

- (a) The significant transactions and balances of the Company with its holding company and related companies are as follows:

	The Company	
	2002	2001
	RM'000	RM'000
Income		
<u>Related companies</u>		
Interest on fixed deposits		
Arab-Malaysian Merchant Bank Berhad	1,991	27
Arab-Malaysian Bank Berhad	74	185
	2,065	212
Interest on loans and advances		
Arab-Malaysian Merchant Bank Berhad	81	366
Arab-Malaysian Credit Berhad	880	1,818
Nation Holdings Berhad	1,358	-
	2,319	2,184
Other interest income		
Arab-Malaysian Merchant Bank Berhad	17,295	18,737
Other income		
Arab-Malaysian Bank Berhad	120	119
Arab-Malaysian Credit Berhad	601	807
Arab-Malaysian Securities Berhad	180	244
Arab-Malaysian Assurance Berhad	6,584	4,885
Arab-Malaysian Unit Trust Berhad	330	715
	7,815	6,770

NOTES TO THE FINANCIAL STATEMENTS

	The Company	
	2002	2001
	RM'000	RM'000
Expenditure		
<u>Holding Company</u>		
Interest on deposits and placements		
AMMB Holdings Berhad	1,274	623
Interest expenses on ICULS		
AMMB Holdings Berhad	25,951	25,951
Dividend expenses - gross		
AMMB Holdings Berhad	29,880	29,880
<u>Related companies</u>		
Interest on deposits and placements		
Arab-Malaysian Merchant Bank Berhad	1,184	10,779
Arab-Malaysian Assurance Berhad	1,471	1,026
AmFinance Berhad	449	-
Arab-Malaysian Bank Berhad	72	376
Arab-Malaysian Credit Berhad	-	32
Arab-Malaysian Securities Berhad	47	43
Arab-Malaysian Property Trust Management Berhad	29	38
Arab-Malaysian Trustees Berhad	26	452
Arab-Malaysian Nominees (Tempatan) Sdn Bhd	-	3
	3,278	12,749
Other interest expense		
Arab-Malaysian Merchant Bank Berhad	24,831	53,110
Amount due from		
<u>Related companies</u>		
Current accounts		
Arab-Malaysian Bank Berhad	-	491
Deposits and placements		
Arab-Malaysian Merchant Bank Berhad	60,000	-
Loans and advances		
Arab-Malaysian Merchant Bank Berhad	403	2,113
Arab-Malaysian Credit Berhad	10,568	31,352
	10,971	33,465

	The Company	
	2002	2001
	RM'000	RM'000
Amount due to		
<u>Holding company</u>		
Deposits and placements		
AMMB Holdings Berhad	37,366	21,932
ICULS-at cost		
AMMB Holdings Berhad	346,013	346,013
<u>Related companies</u>		
Deposits and placements		
Arab-Malaysian Merchant Bank Berhad	105,250	169,811
Arab-Malaysian Assurance Berhad	103,221	17,594
AmFinance Berhad	42,980	-
Arab-Malaysian Securities Berhad	2,500	-
Arab-Malaysian Trustees Berhad	883	35,768
Arab-Malaysian Property Trust Management Berhad	152	1,806
Arab-Malaysian Credit Berhad	-	911
Arab-Malaysian Nominees (Tempatan) Sdn Bhd	-	3,790
	254,986	229,680

(b) Directors related transactions

<u>Expenses</u>		
Rental of premises	3,062	3,728
<u>Capital Expenditure</u>		
Purchase of computer	2,169	-

The directors related transactions are :

1. The lease of office space in a building owned by a property trust in which the Arab-Malaysian Development Berhad ("AMDB") Group has substantial interest. Tan Sri Dato' Azman Hashim is deemed to have an interest by virtue of his shareholding in Arab-Malaysian Corporation Berhad ("AMCORP") which has substantial interest in AMDB.
2. On 10 September 2001, the Company entered into an agreement for maintenance of mainframe related applications with Bluestar Infotech (Malaysia) Sdn Bhd ("Bluestar"), a wholly-owned subsidiary company of AMCORP for the provision of information technology services in relation to the maintenance, design, development and customisation of the Company's existing mainframe related banking software applications.

The parties have agreed that Bluestar will compensate the Company for any costs and expenses including the use of infrastructure facilities, resources and other provisions to facilitate the performance of Bluestar's contractual obligations.

The net aggregate contract value is a maximum of RM3,870,000 (dependent on the number of software specialists assigned to the Company). This will be payable in monthly cash instalments via the Company's working capital.

NOTES TO THE FINANCIAL STATEMENTS

3. On 23 January 2002, the Company engaged Infotech Project Sdn Bhd ("IPSB") and Gamarapi Sdn Bhd ("GSB"), subsidiaries of AMCORP, for the supply of IT related products and services in relation to the merger integration exercise between the Company and AmFinance.

Under the proposed engagement:

(a) IPSB will supply the following:

- (i) Supporting system software (including third party software) for servers, tellers and back office support PCs for an amount up to RM5.133 million; and
- (ii) Hardware, related peripherals, software and servers for training centers for an amount up to RM245,000.

(b) GSB will supply the following:

- (i) Hardware servers, related hardware equipment and PC upgrades for an amount up to RM3,694,000; and
- (ii) IT installation services for an amount of RM514,000.

4. On 26 March 2002, the Company entered into an agreement with IPSB and GSB for the supply of IT software and support services, inclusive of purchase of software and the installation as well as relocation of IT equipment for the hubs rationalisation in connection with the merger integration between the Company and AmFinance.

Under the engagement:

- (a) IPSB will supply the supporting system software (including third party software) for back office support PCs in relation to the hub rationalisation exercise for an amount up to RM433,381.
- (b) GSB will supply the decommissioning, packing, redeployment, relocation and installation of IT equipment for the hub rationalisation exercise for an amount up to RM383,500.

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.

29. DIRECTORS' REMUNERATION

Forms of remuneration in aggregate for all the Company's directors charged to the income statements for the financial year are as follows:

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
<u>Executive director</u>			
Mohamed Azmi Mahmood			
Salaries	336	336	336
Other remuneration	121	121	54
Bonuses	420	420	-
Gratuity Payment	240	240	-
Benefits-in-kind	26	26	56
	<hr/>	<hr/>	<hr/>
Total executive director's remuneration	1,143	1,143	446
<u>Non-executive directors</u>			
<u>Fees</u>			
Dato' Azlan Hashim	36	36	24
Tun Mohammed Hanif Omar	36	36	24
Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba	36	36	24
Dato' Mohd Tahir Haji Abdul Rahim	36	36	24
Cheah Tek Kuang *	* 36	* 36	* 24
Azlan Zainol (resigned on 15.4.2001) *	* 7	* 7	* 24
Tsuneo Horita (resigned on 1.6.2000)	-	-	4
	<hr/>	<hr/>	<hr/>
	187	187	148
<u>Other remuneration</u>			
Tan Sri Dato' Azman Hashim	231	231	120
Dato' Azlan Hashim	15	15	-
Tun Mohammed Hanif Omar	8	8	-
Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba	11	11	-
Dato' Mohd Tahir Haji Abdul Rahim	11	11	-
Cheah Tek Kuang	14	14	-
	<hr/>	<hr/>	<hr/>
	290	290	120
	<hr/>	<hr/>	<hr/>
Total non-executive directors' remuneration	477	477	268
	<hr/>	<hr/>	<hr/>
Directors' remuneration	1,620	1,620	714

* Directors' fees in respect of directors who are executives of companies of the Arab-Malaysian Banking Group are paid to their respective companies.

NOTES TO THE FINANCIAL STATEMENTS

The aggregate remuneration for all the Company's directors for the financial year, analysed into bands of RM50,000 are as follows:

Directors remuneration including fees:	Number of directors
Non-Executive directors	
Up to RM49,999	4
RM50,000 - RM99,999	2
RM200,000 - RM249,999	1
RM1,100,000 - RM1,149,999	1

The remuneration attributable to the Managing Director of the Company, including benefits-in-kind during the year amounted to RM1,142,809 (RM445,609 in 2001).

30. TAXATION

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Estimated current tax payable	145,030	143,100	107,700
Share in taxation of associated company	15	-	-
Net transfer (to)/from deferred taxation (Note 31)	(70,878)	(70,878)	5,793
	74,167	72,222	113,493
Under provision of taxation in respect of prior years	2,514	-	-
	76,681	72,222	113,493

The taxation charged in the current period and previous year represents an effective tax rate which is higher than the statutory rate of taxation as certain charges and provisions are not considered deductible for tax purposes.

31. DEFERRED TAXATION

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Balance at beginning of year	(113,408)	(113,408)	(119,201)
Arising from acquisition of AmFinance	(500,845)	-	-
Transfer (from)/to income statement	(70,878)	(70,878)	5,793
Balance at end of year (Note 8)	(685,131)	(184,286)	(113,408)
The deferred tax credits/(debits) are in respect of the following timing differences:			
Unabsorbed tax losses and unutilised capital allowances	(500,845)	-	-
Leasing timing differences	(11,675)	(11,675)	(10,349)
Timing differences arising from interest suspended on non-performing loans	(167,655)	(167,655)	(95,503)
Timing differences between depreciation and tax allowances on property and equipment	3,745	3,745	6,800
Timing differences arising from provision for diminution in value of foreclosed properties	(1,680)	(1,680)	(1,680)
Timing differences arising from provision for value impairment on amount recoverable from Danaharta	(1,968)	(1,968)	(1,661)
Others	(5,053)	(5,053)	(11,015)
	(685,131)	(184,286)	(113,408)

The deferred tax asset arising from acquisition of AmFinance represents unabsorbed tax losses and unutilised capital allowances of AmFinance of approximately RM2.99 billion which can be used to set off against future taxable profits of AmFinance.

32. DIVIDENDS

	2002 RM'000
Proposed dividend - 10.0% less tax, on 472,780,734 ordinary shares of RM1.00 each	34,040
	2001 RM'000
Proposed dividend - 10.0% less tax, on 472,740,877 ordinary shares of RM1.00 each	34,037
Under provision in prior year	4
	34,041

The proposed final dividend of 10.0% less tax, which is subject to approval by the shareholders at the forthcoming Annual General Meeting, has been included in the financial statements.

33. EARNINGS PER SHARE

Basic

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

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Net profit attributable to shareholders of the Company	224,250	209,015	227,112
Number of ordinary shares at beginning of year	472,741	472,741	472,063
Effect of ordinary shares issued pursuant to:			
- Exercise of ESOS	2	2	325
- Conversion of ICULS	4	4	302
Weighted average number of ordinary shares in issue	472,747	472,747	472,690
Basic earnings per share (sen)	47.4	44.2	48.1

Fully diluted

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

The Company has two categories of dilutive potential ordinary shares:

- (i) Employees' Share Options Scheme and
- (ii) 7.5% Irredeemable Convertible Unsecured Loan Stocks 1997/2002

The basis for the maximum number of ordinary shares of RM1.00 each to be issued on conversion of ICULS 1997/2002 and exercise of share options granted, the respective latest dates for conversion and exercise and their respective prices are mentioned in Notes 19 and 21.

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Net profit attributable to shareholders of the Company	224,250	209,015	227,112
Adjusted after tax effects of interest saving on ICULS	25,881	25,881	25,856
	250,131	234,896	252,968
Weighted average number of ordinary shares in issue	472,747	472,747	472,690
Adjusted for:			
- ESOS	-	-	43
- ICULS	58,334	58,334	58,353
Adjusted weighted average number of ordinary shares in issue and issuable	531,081	531,081	531,086
Fully diluted earnings per share (sen)	47.1	44.2	47.6

The fully diluted earnings per RM1.00 ordinary share for the year ended 31 March 2002 has been calculated based on the adjusted profit after taxation and on the adjusted weighted average number of ordinary shares in issue and issuable. The adjusted profit after taxation is arrived at by adding interest net of tax which would have been saved on conversion of RM466,821,000 nominal amount of 7.5% ICULS 1997/2002. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that the dilutive outstanding ICULS 1997/2002 were exercised at the beginning of the financial year. The share options exercised had been excluded from the computation of fully diluted earnings per RM1.00 ordinary share as they would result in an increase in earnings per share.

34. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Company 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 and the Company's assets.

The risk-weighted exposure of the Group and the Company is as follows:

	The Group 2002	
	Principal Amount RM'000	Credit Equivalent Amount* RM'000
Direct credit substitutes	111,497	111,497
Transaction-related contingent items	44,767	22,384
Unpaid portion of partly paid shares	100	100
Irrevocable commitments to extend credit:		
- maturing less than one year	2,433,440	-
- maturing more than one year	809,577	404,789
Interest rate swap contracts:		
- maturing within one year	50,000	125
- maturing more than one year to less than five years	530,000	6,808
Total	3,979,381	545,703

	The Company			
	2002		2001	
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000
Direct credit substitutes	110,170	110,170	195,608	195,608
Transaction-related contingent items	44,767	22,384	51,989	25,995
Unpaid portion of partly paid shares	100	100	100	100
Irrevocable commitments to extend credit:				
- maturing less than one year	1,538,219	-	1,425,734	-
- maturing more than one year	598,006	299,003	505,471	252,736
Interest rate swap contracts:				
- maturing within one year	50,000	125	125,000	200
- maturing more than one year to less than five years	530,000	6,808	480,000	9,406
Total	2,871,262	438,590	2,783,902	484,045

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

35. NET TANGIBLE ASSETS PER SHARE (RM)

Net tangible assets per share represent the balance sheet total assets value less total liabilities and 7.5% Irredeemable Convertible Unsecured Loan Stocks 1997/2002 ("ICULS 1997/2002"), minority interests and goodwill arising on consolidation expressed as an amount per ordinary share.

Net tangible assets per share is calculated as follows:

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Total assets	30,984,757	19,813,235	17,105,390
Less:			
Total Liabilities	29,278,971	18,122,804	15,590,009
ICULS 1997/2002	466,671	466,671	466,821
Minority interests	120	-	-
Goodwill	107,814	-	-
	29,853,576	18,589,475	16,056,830
Net tangible assets	1,131,181	1,223,760	1,048,560
Issued and fully paid up ordinary shares of RM1.00 each	472,781	472,781	472,741
Net tangible assets per share (RM)	2.39	2.59	2.22

36. SEGMENT ANALYSIS

Analysis by activity

	Turnover RM'000	Profit before taxation RM'000	Assets Employed RM'000
2002			
Finance	1,643,888	284,196	31,010,768
Others	105,932	104,752	13,403
	1,749,820	388,948	31,024,171
Associated Company	-	45	-
	1,749,820	388,993	31,024,171
Consolidation adjustments	(109,173)	(88,798)	(39,414)
Total	1,640,647	300,195	30,984,757

Turnover of the Group and the Company comprise interest income net of interest suspended but before amortisation of premiums less accretion of discounts, fee income, investment and trading income and income from Islamic banking operations.

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.

37. CAPITAL COMMITMENTS

As at 31 March 2002, the Group and the Company have the following commitments in respect of property and equipment:

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Authorised and contracted for:			
Purchase of computer equipment and software	44,642	40,370	18,081
Leasehold improvements	6,466	5,326	89
Unpaid portion of partly paid-up shares in associated company	100	100	100
	51,208	45,796	18,270
Authorised and not contracted for:			
Purchase of computer equipment and software	6,012	-	-
Leasehold improvements	282	-	-
	6,294	-	-

38. LEASE COMMITMENTS

The Group and the Company have 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:

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Year ending 31 March			
2003	11,602	11,602	12,392
2004	9,713	9,713	11,754
2005	8,606	8,606	9,812
2006 and thereafter	39,450	39,450	45,498
	69,371	69,371	79,456

The lease commitments represent minimum rentals not adjusted for operating expenses which the Company 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 rental expenses for the year.

39. CAPITAL ADEQUACY RATIO

Bank Negara Malaysia's ("BNM") guideline on capital adequacy requires the Company and its 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 ratio of the Company of 8.97% (12.72% in 2001) and AmFinance of 9.43% exceed the minimum requirements of BNM.

	The Company	
	2002	2001
	RM'000	RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	472,781	472,741
Share premium	179,601	179,416
Statutory reserve	295,967	243,713
General reserve	2,500	2,500
Unappropriated profit at end of year	272,911	150,190
Total tier 1 capital	1,223,760	1,048,560
<u>Tier 2 capital</u>		
Interest bearing ICULS	466,671	466,821
General provision for bad and doubtful debts and financing	232,740	259,081
Total tier 2 capital	699,411	725,902
Total capital funds	1,923,171	1,774,462
Less: Investment in subsidiary companies	(539,170)	-
Capital base	1,384,001	1,774,462
Notional risk-weighted assets:		
Categories		
0%	2,106,220	1,161,184
10%	157,778	652,430
20%	1,264,099	1,415,967
50%	1,766,994	1,402,887
100%	14,281,215	12,898,188
Total notional risk-weighted assets	19,576,306	17,530,656
Total risk-weighted assets	15,433,310	13,948,068
Capital Ratios		
Core capital ratio	7.93%	7.51%
Risk-weighted capital ratio	8.97%	12.72%

NOTES TO THE FINANCIAL STATEMENTS

The risk weighted capital adequacy ratio of the Group are as follows:

	The Group 2002 RM'000
<u>Tier 1 capital</u>	
Paid-up share capital	472,781
Share premium	179,601
Statutory reserve	309,869
General reserve	2,500
Unappropriated profit at end of year	274,244
Minority interests	120
	<hr/>
Total	1,239,115
Less: Goodwill	(107,814)
	<hr/>
Total tier 1 capital	1,131,301
	<hr/>
<u>Tier 2 capital</u>	
Interest bearing ICULS	466,671
Subordinated term loan *	680,000
General provision for bad and doubtful debts and financing	347,843
	<hr/>
Total tier 2 capital	1,494,514
	<hr/>
Tier 1 capital	1,131,301
Tier 2 capital	1,494,514
	<hr/>
Capital base	2,625,815
	<hr/>
Notional risk-weighted assets:	
Categories	
0%	3,558,121
10%	427,574
20%	2,376,020
50%	3,655,496
100%	21,359,979
	<hr/>
Total notional risk-weighted assets	31,377,190
	<hr/>
Total risk-weighted assets	23,705,688
	<hr/>
Capital Ratios	
Core capital ratio	4.77%
Risk-weighted capital ratio	11.07%
	<hr/>

* Not restricted to 50% of Tier 1 capital as approved by Bank Negara Malaysia.

40. CONTINGENT LIABILITIES

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

The claim against the Company and eight other defendants based on negligence, nuisance and breach of statutory duty is for damages, special damages quantified at RM1.3 million (and still continuing), exemplary damages and/or aggravated damages. Defence has been filed and the case is pending trial.

Based on legal advice, the directors are of the opinion that the suit is defensible. The loss, if any, is not determinable at this point of time.

- (ii) A suit dated 4 December 1996 was filed by seventy-three individuals against the Company and nine other defendants in relation to the two buildings in which the Company is sued in its capacity as owner of the land adjacent to the buildings. The claim against the Company and nine other defendants based on negligence, nuisance and breach of statutory duty is for damages, special damages quantified at an estimated RM14.0 million (and still continuing), exemplary damages and/or aggravated damages.

Subsequently, judgement was delivered with partial liability apportioned to the Company. The Court has yet to assess damages.

Based on legal advice, there is reasonable basis for an appeal against the judgement and the Company has filed its appeal accordingly.

On 12 October 2000, the Court of Appeal granted a stay of proceedings in the High Court pending the disposal of the Company's appeal. As such, the trial on the quantum of damages has yet to take place.

- (iii) A suit dated 10 December 1996 was filed by sixty individuals against the Company and nine other defendants in relation to a building in which the Company is sued in its capacity as owner of the land adjacent to the building. The claim is for exemplary and/or aggravated damages. Defence has been filed on 27 February 1998 and the case is pending trial.

On 7 August 1998, the plaintiffs obtained an order whereby this suit was consolidated with the suit referred to in (ii) above. On 16 April 1999, this suit was adjourned sine die pending the disposal of the suit in (ii) above.

Based on legal advice, the directors are of the opinion that the suit is defensible. The loss, if any, is not determinable at this point of time.

NOTES TO THE FINANCIAL STATEMENTS

41. THE OPERATION OF ISLAMIC BANKING SCHEME

The state of affairs as at 31 March 2002 and the results for the year ended on that date under the Islamic Banking Scheme are summarised as follows:

BALANCE SHEETS AS AT 31 MARCH 2002

	Note	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
ASSETS				
Cash and short-term funds	(a)	92,329	79,082	31,924
Investment securities	(b)	176,209	112,868	188,610
Financing activities	(c)	1,292,070	1,165,818	890,091
Statutory deposit with Bank Negara Malaysia		48,421	40,781	25,677
Property and equipment		220	219	341
Other assets		2,852	2,849	4,634
TOTAL ASSETS		1,612,101	1,401,617	1,141,277
LIABILITIES AND ISLAMIC BANKING FUND				
Deposits from customers	(d)	648,403	457,820	243,684
Deposits and placements of banks and other financial institutions	(e)	822,646	822,646	794,815
Other liabilities	(f)	24,120	20,609	28,842
Total Liabilities		1,495,169	1,301,075	1,067,341
Capital	(g)	30,000	20,000	20,000
Unappropriated profit		86,932	80,542	53,936
Islamic Banking Fund		116,932	100,542	73,936
TOTAL LIABILITIES AND ISLAMIC BANKING FUND		1,612,101	1,401,617	1,141,277
COMMITMENTS AND CONTINGENCIES	(m)	28,433	21,664	8,682

**INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2002**

	Note	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Financing income	(h)	100,147	95,472	70,897
Fee income	(i)	1,399	1,377	4,168
		101,546	96,849	75,065
Dividends attributable to depositors	(j)	(29,296)	(27,742)	(27,584)
Net income from Islamic Banking Scheme		72,250	69,107	47,481
Financing loss and provisions	(k)	(19,600)	(19,619)	(8,184)
		52,650	49,488	39,297
Operating expenditure	(l)	(12,426)	(12,288)	(6,944)
Profit before taxation		40,224	37,200	32,353
Taxation		(10,594)	(10,594)	(10,331)
Profit after taxation		29,630	26,606	22,022
Unappropriated profit at beginning of year		57,302	53,936	31,914
Unappropriated profit at end of year		86,932	80,542	53,936

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE ISLAMIC BANKING SCHEME FINANCIAL STATEMENTS

(a) CASH AND SHORT-TERM FUNDS

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Cash and balances with banks and other financial institutions	4,699	982	424
Money at call and deposit placements maturing within one month	87,630	78,100	31,500
	92,329	79,082	31,924

(b) INVESTMENT SECURITIES

Malaysian Government Investment Certificates	126,636	63,295	163,563
Islamic acceptance bills	-	-	25,047
Islamic Khazanah bonds	49,573	49,573	-
	176,209	112,868	188,610
Market value:			
Malaysian Government Investment Certificates	126,710	63,328	163,563

(c) FINANCING ACTIVITIES

Term financing	246,775	233,982	269,352
Revolving credit facilities	26,932	26,932	24,664
House financing	121,204	101,216	97,029
Islamic hire-purchase	1,263,062	1,135,826	742,054
Lease financing/Industrial hire-purchase	63,826	63,308	64,371
Other financing	1	-	1,621
	1,721,800	1,561,264	1,199,091
Unearned income	(311,049)	(281,290)	(209,690)
Gross financing	1,410,751	1,279,974	989,401
Provision for bad and doubtful financing:			
- Specific	(59,434)	(58,572)	(44,895)
- General	(19,796)	(17,874)	(17,239)
Income-in-suspense	(39,451)	(37,710)	(37,176)
	1,292,070	1,165,818	890,091
Non-performing financing (net)	113,357	104,046	107,220
Ratio of net non-performing financing	8.64%	8.79%	11.82%

NOTES TO THE FINANCIAL STATEMENTS

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
(i) Financing analysed by concepts are as follows:			
Al-Bai' Bithaman Ajil	373,033	340,250	339,501
Al-Ijarah/Al-Ijarah Thumma Al-Bai'	933,444	932,960	607,490
Al-Musyarakah	6,764	6,764	42,403
Other principles	97,510	-	7
	1,410,751	1,279,974	989,401
(ii) The maturity structure of financing is as follows:			
Maturing within one year	346,292	341,446	365,148
One year to three years	475,052	470,422	293,937
Three years to five years	319,086	291,995	225,835
Over five years	270,321	176,111	104,481
	1,410,751	1,279,974	989,401
(iii) Financing analysed by their economic purposes are as follows:			
Agriculture	1,542	1,386	1,103
Mining and quarrying	404	404	673
Manufacturing	7,356	6,713	4,897
Electricity, gas and water	235	192	42
Construction	81,627	80,993	110,542
Real estate	357	92	79
Purchase of landed property			
Residential	93,444	73,038	62,131
Non-residential	158,859	146,615	142,863
General commerce	16,567	15,473	11,272
Transport, storage and communication	54,667	54,407	53,115
Finance, insurance and business services	5,656	5,526	6,631
Purchase of securities	35,614	35,614	38,815
Purchase of transport vehicles	943,540	849,170	546,744
Consumption credit	255	123	179
Others	10,628	10,228	10,315
	1,410,751	1,279,974	989,401

NOTES TO THE FINANCIAL STATEMENTS

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
(iv) Movements in the provision for bad and doubtful financing and income-in-suspense accounts are as follows:			
General Provision			
Balance at beginning of year	17,239	17,239	12,693
Provision made during the year	620	635	4,546
Amount arising from acquisition of AmFinance	1,937	-	-
Balance at end of year	19,796	17,874	17,239
% of total financing less specific provision and income-in-suspense	1.51%	1.51%	1.90%
Specific Provision			
Balance at beginning of year	44,895	44,895	51,712
Provision made during the year	26,648	26,631	24,022
Amount written back in respect of recoveries	(6,148)	(6,127)	(18,244)
Net charge to income statements	20,500	20,504	5,778
Amount arising from acquisition of AmFinance	866	-	-
Amount written off/Adjustment to Asset Deficiency Account	(6,827)	(6,827)	(12,595)
Balance at end of year	59,434	58,572	44,895
Income-in-suspense			
Balance at beginning of year	37,176	37,176	27,307
Provision made during the year	15,221	15,040	22,238
Amount written back in respect of recoveries	(6,009)	(5,979)	(6,266)
Net charge to income statements	9,212	9,061	15,972
Amount arising from acquisition of AmFinance	1,590	-	-
Amount written off/Adjustment to Asset Deficiency Account	(8,527)	(8,527)	(6,103)
Balance at end of year	39,451	37,710	37,176

(d) DEPOSITS FROM CUSTOMERS

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Savings deposits	82,872	49,677	36,636
General Investment deposits	565,531	408,143	207,048
	648,403	457,820	243,684

The maturity structure of deposits is as follows:

Due within six months	490,335	336,559	215,280
Six months to one year	71,756	46,218	27,930
One year to three years	31,836	21,732	469
Three years to five years	54,476	53,311	5
	648,403	457,820	243,684

The deposits are sourced from the following customers:

Financial institutions	6,037	-	-
Business enterprises	209,407	126,070	58,813
Individuals	161,995	114,563	73,703
Others	270,964	217,187	111,168
	648,403	457,820	243,684

(e) DEPOSITS AND PLACEMENTS OF BANKS
AND OTHER FINANCIAL INSTITUTIONS

Licensed banks	19,105	19,105	59,708
Licensed finance companies	169,111	169,111	194,690
Non-banking institutions	634,430	634,430	540,417
	822,646	822,646	794,815

Included under deposits and placements of licensed finance companies is an amount of RM159,581,000 (RM194,690,000 as at 31 March 2001) due to Head Office.

(f) OTHER LIABILITIES

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Amount owing to Head Office	4,686	4,686	13,422
Lease deposits and advance rental	549	549	549
Provision for taxation and zakat	11,243	10,594	10,331
Dividends payable to depositors	5,242	3,564	3,605
Other payables	2,400	1,216	935
	24,120	20,609	28,842

NOTES TO THE FINANCIAL STATEMENTS

(g) CAPITAL

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Allocated:			
Balance at beginning of year	20,000	20,000	5,000
Increase during the year	-	-	15,000
Amount arising from acquisition of AmFinance	10,000	-	-
Balance at end of year	30,000	20,000	20,000
Utilised:			
Balance at beginning of year	20,000	20,000	5,000
Increase during the year	-	-	15,000
Amount arising from acquisition of AmFinance	10,000	-	-
Balance at end of year	30,000	20,000	20,000

(h) FINANCING INCOME

Income derived from financing	102,937	99,444	82,279
Income derived from investment securities	5,986	4,653	3,778
Income derived from deposits and placements with financial institutions	436	436	812
Income-in-suspense	109,359 (9,212)	104,533 (9,061)	86,869 (15,972)
	100,147	95,472	70,897

(i) FEE INCOME

Fees on financing	1,399	1,377	4,168
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(j) DIVIDENDS ATTRIBUTABLE TO DEPOSITORS

Deposits and placements Head Office	29,229 67	27,675 67	23,359 4,225
	29,296	27,742	27,584

(k) FINANCING LOSS AND PROVISIONS

Provision for bad and doubtful financing:			
- Specific provision	20,500	20,504	5,778
- General provision	620	635	4,546
Bad debts and financing recovered	(1,520)	(1,520)	(2,140)
	19,600	19,619	8,184

(l) OPERATING EXPENDITURE

	The Group 2002 RM'000	The Company 2002 RM'000	2001 RM'000
Personnel/ Staff costs	372	269	524
Establishment costs	543	525	517
Marketing and communication expenses	10,901	10,898	5,197
Administration and general expenses	610	596	706
	12,426	12,288	6,944

(m) COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Company 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 and the Company's assets.

The risk-weighted exposure of the Group and of the Company is as follows:

The Group

	2002	
	Principal Amount RM'000	Credit Equivalent Amount* RM'000
Irrevocable commitments to extend credit:		
- maturing less than one year	22,859	3,385
- maturing more than one year	5,574	2,787
Total	28,433	6,172

The Company

	2002		2001	
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000
Irrevocable commitments to extend credit:				
- maturing less than one year	16,090	-	3,746	-
- maturing more than one year	5,574	2,787	4,936	2,468
Total	21,664	2,787	8,682	2,468

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

NOTES TO THE FINANCIAL STATEMENTS

(n) CAPITAL ADEQUACY RATIO

The capital adequacy ratio of the Islamic Banking Scheme of the Company as at 31 March 2002 is analysed as follows:

	2002 RM'000	2001 RM'000
<u>Tier 1 capital</u>		
Islamic Banking Fund	20,000	20,000
Retained profits	80,542	53,936
Total tier 1 capital	100,542	73,936
<u>Tier 2 capital</u>		
General allowance for bad and doubtful debts	17,874	17,239
Total tier 2 capital	17,874	17,239
Capital base	118,416	91,175
Audited risk-weighted assets:	1,171,802	897,486
Capital Ratios		
Core capital ratio	8.58%	8.23%
Risk-weighted capital ratio	10.11%	10.15%

42. GENERAL INFORMATION

The Company is a public limited liability company, incorporated in Malaysia, and is listed on the Main Board of the Kuala Lumpur Stock Exchange.

The registered office and the principal place of business of the Company is located at 22nd Floor, Bangunan Arab-Malaysian, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

43. COMPARATIVE FIGURES

- (i) Certain comparative figures of the Company were restated to comply with the revised Bank Negara Malaysia guideline on 'Loans sold to Cagamas with Recourse'. Prior to the revised guideline, loans sold to Cagamas Berhad was deducted from the gross loans in the balance sheet and interest income received and subsequently paid to Cagamas Berhad was recognised on a net basis in the income statement.

Under the revised guideline, which is effective from 1 September 2001, loans sold to Cagamas Berhad (excluding Islamic loans) will be reflected as a liability in the balance sheet and the related interest income and expense are recognised separately in the income statement.

	Note	As previously reported RM'000	Reclassified (to)/from RM'000	As restated RM'000
The Company				
Balance Sheet				
Loans, advances and financing	7	10,701,778	2,846,813	13,548,591
Amount due to Cagamas Berhad	16	-	2,846,813	2,846,813
Commitments and contingencies	34	5,630,715	(2,846,813)	2,783,902
Income Statement				
Interest Income				
- Loans and advances	23	1,140,344	257,829	1,398,173
Interest Expense				
- Amount due to Cagamas Berhad	24	-	121,008	121,008
Non-Interest Income				
Fee Income				
- Service charges and fees	26	136,821	(136,821)	-

- (ii) Comparative figures for the Group are not presented as this is the first financial year of consolidation for the Group.

STATEMENT BY DIRECTORS

The Directors of **ARAB-MALAYSIAN FINANCE BERHAD** state that, in their opinion, the accompanying balance sheets and statements of income, changes in equity and cash flows, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2002 and of the results and the cash flows of the Group and of the Company for the year ended on that date.

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



TAN SRI DATO' AZMAN HASHIM
Chairman

Kuala Lumpur
20 May 2002

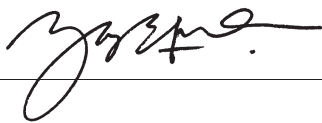


MOHAMED AZMI MAHMOOD
Managing Director

STATUTORY DECLARATION

I, **YAP CHIN TUAN**, being the Officer primarily responsible for the financial management of **ARAB-MALAYSIAN FINANCE BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, changes in equity and cash flows, together with the notes thereto, 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 **YAP CHIN TUAN** at **KUALA LUMPUR** this 20th day of May 2002.



Before me,



No: 28-32, Jalan Heng Lekku,
50100 Kuala Lumpur.



COMMISSIONER FOR OATHS

Lodged on behalf by :
Address : 22nd Floor, Bangunan Arab-Malaysian, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.
Telephone number : 03 - 20782633 / 44 / 55

SHAREHOLDING STRUCTURE

AS AT 5 AUGUST 2002

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM2,000,000,000
Paid-up Share Capital	:	RM528,415,120
Class of Share	:	Ordinary share of RM1.00 each
Voting Right	:	1 vote per ordinary share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 1,000	2,721	23.90	934,231	0.18
1,000 - 10,000	7,358	64.64	21,506,658	4.07
10,001 - 100,000	1,082	9.50	33,906,693	6.42
100,001 - less than 5% of issued shares	222	1.95	132,078,329	24.99
5% and above of issued shares	1	0.01	339,989,209	64.34
Total	11,384	100	528,415,120	100.00

Location of Shareholders

Malaysia	10,560	92.76	470,388,298	89.02
Singapore	230	2.02	2,427,221	0.46
Australia	16	0.14	148,191	0.03
United Kingdom	11	0.10	107,954	0.02
Other Countries	567	4.98	55,343,456	10.47
Total	11,384	100.00	528,415,120	100.00

Types of Shareholders (By Nationality)

Malaysian				
- Individuals	8,935	78.49	37,865,039	7.17
- Nominee companies	960	8.43	63,059,206	11.93
- Other companies	665	5.84	369,464,053	69.92
Singaporean	230	2.02	2,427,221	0.46
Australian	16	0.14	148,191	0.03
British	11	0.10	107,954	0.02
Other Foreigners	567	4.98	55,343,456	10.47
Total	11,384	100.00	528,415,120	100.00

30 LARGEST SHAREHOLDERS

	No. of Shares	%
1. AMMB Holdings Berhad	339,989,209	64.34
2. Malaysia Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Bhd (MLF)	13,186,500	2.50
3. Malaysia Nominees (Asing) Sdn Bhd - The Great Eastern Life Assurance Co Ltd 00-10020	12,521,000	2.37
4. Employees Provident Fund Board	10,918,474	2.07
5. HSBC Nominees (Asing) Sdn Bhd - Emerging Markets Growth Fund	6,187,000	1.17
6. Citicorp Nominees (Tempatan) Sdn Bhd - The Batterymarch Global Emerging Markets Fund	4,360,000	0.83

SHAREHOLDING STRUCTURE

	No. of Shares	%
7. HLG Nominee (Tempatan) Sdn Bhd - PB Trustee Services Berhad for HLG Growth Fund	2,844,000	0.54
8. Alliancegroup Nominees (Tempatan) Sdn Bhd - PHEIM Asset Management Sdn Bhd for EPF	2,590,000	0.49
9. Tan Sri Dato' Azman Hashim	2,343,505	0.44
10. Citicorp Nominees (Tempatan) Sdn Bhd - Prudential Assurance Malaysia Berhad - Par Fund	2,200,000	0.42
11. Universal Trustee (Malaysia) Berhad - Mayban Unit Trust Fund	1,616,000	0.31
12. Universal Trustee (Malaysia) Berhad - CMS Premier Fund	1,589,476	0.30
13. Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund 4NY4 for Arkansas Teacher Retirement System	1,444,000	0.27
14. HSBC Nominees (Asing) Sdn Bhd - Capital International Emerging Markets Investment Fund	1,437,000	0.27
15. Universal Trustee (Malaysia) Berhad - BHLB Pacific High Growth Fund	1,416,000	0.27
16. Citicorp Nominees (Tempatan) Sdn Bhd - ING Insurance Berhad - INV-IL Par	1,360,552	0.26
17. HSBC Nominees (Asing) Sdn Bhd - Chase Manhattan Bank for BT Pacific Basin Fund	1,330,190	0.25
18. HSBC Nominees (Asing) Sdn Bhd - MTDL for Govett Asia Pacific Fund	1,219,000	0.23
19. RHB Nominees (Tempatan) Sdn Bhd - Rashid Hussain Asset Management Sdn Bhd for KWSP	1,211,000	0.23
20. Mayban Nominees (Tempatan) Sdn Bhd - Mayban Trustees Berhad for RHB Capital Fund - N14011200189	1,210,000	0.23
21. HSBC Nominees (Asing) Sdn Bhd - BOB HK for ARN Newly Industrialised Economies Fund	1,190,000	0.23
22. Malaysia Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Bhd (MLF2)	1,169,000	0.22
23. HSBC Nominees (Asing) Sdn Bhd - A/C Govett Asian Recovery Trust PLC	1,127,000	0.21
24. Tang Ah Fatt	1,103,529	0.21

SHAREHOLDING STRUCTURE

	No. of Shares	%
25. DB (Malaysia) Nominee (Tempatan) Sdn Bhd - Kumpulan Sentiasa Cemerlang Value Fund - M1	1,099,000	0.21
26. Citicorp Nominees (Tempatan) Sdn Bhd - Prudential Assurance Malaysia Berhad - Prulink Equity Fund	1,074,000	0.20
27. HSBC Nominees (Asing) Sdn Bhd - Royal & Sun Alliance Investment Fund - ICVC EMG MKTS	1,066,000	0.20
28. Malaysia Nominees (Tempatan) Sdn Bhd - Amanah Smallcap Fund Berhad - JM730	1,042,000	0.20
29. Amanah Raya Nominees (Tempatan) Sdn Bhd - Public Growth Fund	930,000	0.18
30. RHB Nominees (Tempatan) Sdn Bhd - Rashid Hussain Asset Management Sdn Bhd for KWSP 2	911,000	0.17
Total	421,684,435	79.82

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares			
	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Azman Hashim	2,866,490	0.54	340,230,256 ⁽¹⁾	64.39
Arab-Malaysian Corporation Berhad	-	-	339,989,209 ⁽²⁾	64.34
AMMB Holdings Berhad	339,989,209	64.34	-	-
Oversea-Chinese Banking Corporation Limited	-	-	27,367,500 ⁽³⁾	5.18
Great Eastern Holdings Limited	-	-	27,367,500 ⁽⁴⁾	5.18
The Great Eastern Life Assurance Co Ltd	12,521,000	2.37	14,542,500 ⁽⁵⁾	2.75

Notes:-

⁽¹⁾ Deemed interested by virtue of his interest in AMMB Holdings Berhad (AHB) and Arab-Malaysian Equipment Trading Sdn Bhd (AMET). Tan Sri Dato' Azman Hashim is deemed to have interest by virtue of his interest in Arab-Malaysian Corporation Berhad, which in turn has interest in AHB and AMET.

⁽²⁾ Deemed interested by virtue of its interest of 34.81% in AHB.

⁽³⁾ Deemed interested by virtue of its interest in Great Eastern Holdings Limited.

⁽⁴⁾ Deemed interested through the shares held by Great Eastern Holdings Limited's subsidiaries.

⁽⁵⁾ Deemed interested through the shares held by The Great Eastern Life Assurance Co Ltd's subsidiaries.

SHAREHOLDING STRUCTURE

DIRECTORS' INTEREST IN THE COMPANY AND ITS RELATED CORPORATIONS

The Company - AMFB Holdings Berhad

	No. of Shares			
	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Azman Hashim	2,866,490	0.54	340,230,256 ⁽¹⁾	64.39
Dato'Azlan Hashim	95,952	0.02	-	-
Dato' Mohd. Tahir Haji Abdul Rahim	15,033	*	45,000 ⁽²⁾	0.01
Cheah Tek Kuang	38,000	0.01	-	-
Mohamed Azmi Mahmood	50,000	0.01	-	-

Holding Company - AMMB Holdings Bhd

	No. of Shares			
Tan Sri Dato' Azman Hashim	1,188,422	0.12	336,850,558 ⁽³⁾	34.91
Prof. Tan Sri Dato' Dr. Mohd Rashdan Haji Baba	125,381	0.01	-	-
Dato' Mohd. Tahir Haji Abdul Rahim	76,461	0.01	-	-
Cheah Tek Kuang	217,200	0.02	-	-
Mohamed Azmi Mahmood	80,000	0.01	-	-

Share Options

Cheah Tek Kuang	140,000
Mohamed Azmi Mahmood	200,000

No. of Warrants

Tan Sri Dato' Azman Hashim	2,035,964	2.34	35,823,498 ⁽⁴⁾	41.17
Prof. Tan Sri Dato' Dr. Mohd Rashdan Haji Baba	12,000	0.01	-	-
Dato' Mohd. Tahir Haji Abdul Rahim	7,318	0.01	-	-

Subsidiary Company - AmBank Bhd

	No. of Shares			
Tan Sri Dato' Azman Hashim	-	-	434,171,875 ⁽⁵⁾	99.68
No. of ICULS 1996/2002				
Tan Sri Dato' Azman Hashim	-	-	91,275,000 ⁽⁶⁾	99.35 [^]
No. of ICULS 1995/2005				
Tan Sri Dato' Azman Hashim	-	-	20,000,000 ⁽⁷⁾	100 [^]

SHAREHOLDING STRUCTURE

Subsidiary Company - AmAssurance Bhd

	No. of Shares			
	Direct Interest	%	Deemed Interest	%
Dato' Azlan Hashim	-	-	34,062,000 ⁽⁶⁾	34.06

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 interest in AMMB Holdings Bhd and Arab-Malaysian Equipment Trading Sdn Bhd.
 - ⁽²⁾ Deemed interested by virtue of his interest in Bitaria Sdn Bhd.
 - ⁽³⁾ Deemed interested by virtue of his interest in Arab-Malaysian Corporation Bhd, Arab-Malaysian Equipment Trading Sdn Bhd, Azman Hashim Holdings Sdn Bhd and Slan Sdn Bhd.
 - ⁽⁴⁾ Deemed interested by virtue of his interest in Arab-Malaysian Corporation Bhd.
 - ⁽⁵⁾ Deemed interested by virtue of his interest in AMMB Holdings Bhd, Ginagini Sdn Bhd and Azman Hashim Holdings Sdn Bhd.
 - ⁽⁶⁾ Deemed interested by virtue of his interest in AMMB Holdings Bhd and Azman Hashim Holdings Sdn Bhd.
 - ⁽⁷⁾ Deemed interested by virtue of his interest in Azman Hashim Holdings Sdn Bhd.
 - ⁽⁸⁾ Deemed interested by virtue of his interest in ABH Holdings Sdn Bhd.
- * Immaterial interest.
- ^ Based on outstanding RM91,875,000 nominal amount of ICULS.
- ^ Based on outstanding RM20,000,000 nominal amount of ICULS.

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Fax : 05 - 255 1061

REGION 3

Jalan Munshi Abdullah,
Melaka
Tel : 06 - 283 9433, 283 9569
Fax : 06 - 281 6911

REGION 4

Metropolis Tower,
Johor Darul Takzim
Tel : 07 - 334 1000
Fax : 07 - 334 1066

REGION 5

Kuantan,
Pahang Darul Makmur
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Fax : 09 - 555 5931

REGION 6

Kuching,
Sarawak
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REGION 7

Luyang Commercial Centre,
Sabah
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REGION 8

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Selangor Darul Ehsan
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Cheras - Taman Connaught
Tel : 03 - 9132 6231, 9132 6235
Fax : 03 - 9132 6237

Cheras - Taman Maluri
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Fax : 03 - 9282 6261

Cheras - Taman Segar
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Fax : 03 - 9133 1088

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Fax : 03 - 2094 1937

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Jalan Ipoh - Batu 5
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Fax : 03 - 6252 9146

Jalan Kelang Lama
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Jalan Raja Chulan
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Fax : 03 - 2032 3935

Jalan Tun H. S. Lee
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Fax : 03 - 2078 6434

Jalan Tun Sambanthan
Tel : 03 - 2272 1964, 2272 1967
Fax : 03 - 2272 1970

Jalan Yap Kwan Seng
Tel : 03 - 2167 6200, 2167 6388
Fax : 03 - 2162 1606

Jinjang
Tel : 03 - 6251 8741, 6251 9262
Fax : 03 - 6251 9480

Kepong
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Fax : 03 - 6259 2870

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Fax : 03 - 8070 3336

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Fax : 03 - 2144 0313

Pudu - Jalan Pudu
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Fax : 03 - 2072 9198

Salak South
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Fax : 03 - 4042 5777

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PJ New Town - Jalan 52/16
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PJ SS2
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Bandar Baru Rawang
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Sungai Petani - 24 Jalan Kg Baru
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Pasir Puteh
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Kemaman
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Fax : 09 - 859 4433

Kerteh
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Kuantan - Jalan Haji Abdul Aziz

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Fax : 06 - 384 3979

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Fax : 06 - 283 6926

Tampin

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Fax : 07 - 431 3177

Batu Pahat - Jalan Rugayah

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Fax : 07 - 432 4110

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Fax : 07 - 333 6186

Johor Bahru - Jalan Meldrum

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Johor Bahru - Melodies Garden

Tel : 07 - 334 5000
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Johor Jaya

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Kluang - Jalan Mersing

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Fax : 06 - 951 7977

Muar - Jalan Bentayan

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Fax : 06 - 954 3720

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Pasir Gudang

Tel : 07 - 251 0861, 251 9588
Fax : 07 - 251 8908

Permas Jaya

Tel : 07 - 387 7746, 387 8977
Fax : 07 - 387 7748

Pontian

Tel : 07 - 686 2655, 687 3171
Fax : 07 - 687 3067

Segamat

Tel : 07 - 931 2244, 931 5021
Fax : 07 - 931 6159

Simpang Renggam

Tel : 07 - 755 6416, 755 8009
Fax : 07 - 755 6417

Skudai

Tel : 07 - 556 6402, 558 4771
Fax : 07 - 556 9121

Sungai Rengit

Tel : 07 - 826 3011, 826 3012
Fax : 07 - 826 3359

Tampoi

Tel : 07 - 234 1216, 234 1217
Fax : 07 - 234 1131

Tangkak

Tel : 07 - 978 1331, 978 3808
Fax : 07 - 978 2144

Ulu Tiram

Tel : 07 - 867 1004, 867 1005
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

Donggongan
Tel : 088 - 724 800, 724 805
Fax : 088 - 724 802

Inanam
Tel : 088 - 421 534, 427 851
Fax : 088 - 428 830

Keningau
Tel : 087 - 331 393, 333 150
Fax : 087 - 331 818

Kota Kinabalu - Centre Point
Tel : 088 - 243 709, 243 710
Fax : 088 - 243 720

Kota Kinabalu - Jalan Sagunting
Tel : 088 - 243 725, 264 112
Fax : 088 - 248 967

Kota Kinabalu - Luyang
Commercial Centre
Tel : 088 - 280 161, 280 164
Fax : 088 - 242 241

Kudat
Tel : 088 - 613 194, 613 255
Fax : 088 - 612 253

Kunak
Tel : 089 - 851 788, 851 808
Fax : 089 - 851 833

Lahad Datu
Tel : 089 - 881 942, 884 562
Fax : 089 - 881 778

Papar
Tel : 088 - 911 588, 912 001
Fax : 088 - 912 300

Ranau
Tel : 088 - 875 927, 875 928
Fax : 088 - 875 926

Sandakan
Tel : 089 - 212 633, 275 875
Fax : 089 - 273 666

Sipitang
Tel : 087 - 821 867, 821 879
Fax : 087 - 821 954

Tawau
Tel : 089 - 763 450, 764 905
Fax : 089 - 764 971

Tuaran
Tel : 088 - 792 900, 792 901
Fax : 088 - 792 902

WILAYAH PERSEKUTUAN, LABUAN

Labuan
Tel : 087 - 410 778, 417 898
Fax : 087 - 418 090

SARAWAK

Bau
Tel : 082 - 762 319, 762 322
Fax : 082 - 762 320

Bintulu
Tel : 086 - 334 152, 334 153
Fax : 086 - 332 400

Kapit
Tel : 084 - 799 100, 799 300
Fax : 084 - 799 500

Kuching - Jalan Abell
Tel : 082 - 244 597, 244 608
Fax : 082 - 232 023

Kuching - Jalan Padungan
Tel : 082 - 212 213, 428 558
Fax : 082 - 233 959

Lawas
Tel : 085 - 285 594, 285 637
Fax : 085 - 285 699

Limbang
Tel : 085 - 212 949, 212 269
Fax : 085 - 211 453

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

Miri - Boulevard Centre
Tel : 085 - 434 030, 434 035
Fax : 085 - 434 032

Sarikei
Tel : 084 - 655 776, 655 777
Fax : 084 - 655 775

Satok
Tel : 082 - 256 594, 256 595
Fax : 082 - 256 600

Serian
Tel : 082 - 875 157, 875 158
Fax : 082 - 875 155

Sibu - Blacksmith Road
Tel : 084 - 314 126, 322 766
Fax : 084 - 318 786

Sibu - Jalan Pedada
Tel : 084 - 337 791, 339 105
Fax : 084 - 337 736

Sibu - Jalan Tuanku Osman
Tel : 084 - 321 777, 321 778
Fax : 084 - 321 788

LANDED PROPERTIES AS AT 31 MARCH 2002

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq. Ft)	Date of Acquisition
5, Main Road 32300 Pulau Pangkor Perak Darul Ridzuan	One unit of two-storey shophouse for branch premises	29 years	Freehold	58,541	2,720	31 Dec, 1990
Bangunan AmFinance 8, Jalan Yap Kwan Seng 50450 Kuala Lumpur.	46-storey office building for operations and rental	4 years	Freehold	239,704,139	927,070	13 Mar, 1990
113, Jalan Pudu 55100 Kuala Lumpur	One unit 12-storey office building for operations and branch premises	16 years	Freehold	16,847,193	55,700	4 Nov, 1991
257, Jalan Haji Taha 93400 Kuching Sarawak	Seven-storey office building for branch premises and rental	3 years	Leasehold Term: 855 years Expiry: Jul 2792	15,724,849	51,906	31 Dec, 1994
1st & 2nd Floor, MBf Tower Jalan Sultan Ahmad Shah 10050 Pulau Pinang	Two floors of office space for branch premises	12 years	Freehold	9,017,349	26,561	Nov 1991
TL017533238, Likas District of Kota Kinabalu Sabah	Vacant commercial land	n/a	Leasehold Term: 99 years Expiry: Dec 2075	8,782,501	216,232	24 May, 2001
Lot 2 & 5 Section 9 Jalan Tun H.S. Lee 50050 Kuala Lumpur	Four-storey pre-war shophouse used for branch premises	59 years	Freehold	6,220,983	16,114	24 Apr, 1991
15, Jalan Besar Gambang 25000 Kuantan Pahang Darul Makmur	One unit of abandoned two-storey pre-war shophouse	71 years	Freehold	32,000	3,100	4 Nov, 1991
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 4769/13, 4769/14 & 4769/15 Jalan Telok Sisek Kuala Kuantan, Kuantan Pahang Darul Makmur	Three pieces of vacant land	n/a	Freehold	115,000	8,615	4 Nov, 1991
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
226, Jalan Pantai 71000 Port Dickson Negeri Sembilan	One unit of abandoned four-storey shophouse	18 years	Freehold	151,537	5,200	4 Nov, 1991
Lot 14 Rompin, Jempol Negeri Sembilan	One piece of vacant land	n/a	Freehold	50,000	219,412	4 Nov, 1991

Landed Properties as at 31 March 2002

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq. Ft)	Date of Acquisition
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
13, Jalan Jubli Perak 01000 Kangar Perlis	One unit of double storey shoplot for branch premises	18 years	Freehold	140,905	2,800	4 Nov, 1991
27, Jalan Trump Kuala Sepetang 34650 Taiping Perak Darul Ridzuan	One unit of double storey shoplot for branch premises	19 years	Freehold	44,800	2,702	4 Nov, 1991
S142, Bt 22, Jalan Mersing Kahang New Village 86700 Kahang Johor Darul Takzim	One unit of double storey shoplot for branch premises	19 years	Freehold	79,925	2,300	4 Nov, 1991
50, Jalan Lim Teck Wan 23000 Dungun Terengganu	One unit of double storey shoplot for branch premises	19 years	Freehold	170,804	3,600	4 Nov, 1991
1 & 3, Lorong Murni 6 Taman Desa Murni Sungai Dua 13800 Butterworth Pulau Pinang.	Two units of double storey shoplots for branch premises	10 years	Freehold	649,404	7,200	28 Nov, 1996
35 & 36 - Phase 1 Prai Business Point Prai Perdana 12000 Seberang Prai Pulau Pinang	Two units of vacant three-storey shopoffice	2 years	Freehold	1,628,679	10,307	28, Nov 1998
No. 533, Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur	One unit of apartment	18 years	Leasehold Term: 85 years Expiry: Aug 2067	183,675	980	30 Nov, 1985
Lot 1676, Mukim Sg. Siput Johor Darul Takzim	One piece of vacant land	n/a	Freehold	60,000	212,355	4 Nov, 1991
11, Jalan Taman Off Jalan Melayu 41300 Klang Selangor Darul Ehsan	One unit of four-storey shoplot under joint venture for rental	17 years	Leasehold Term: 20 years Expiry: Jul 2006	73,313	6,200	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	12 years	Freehold	435,063	5,800	8 Jul, 1990
1311, Jalan Besar 14200 Sungai Bakap Province Wellesley Pulau Pinang	One unit of two-storey shoplot for branch premises	12 years	Freehold	218,878	3,894	7 Dec, 1992
93, Jalan Haji Abdul Aziz 25000 Kuantan Pahang Darul Makmur	One unit of 3 1/2 -storey shoplot for branch premises	16 years	Freehold	684,832	6,556	1 Dec, 1989

Landed Properties as at 31 March 2002

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq. Ft)	Date of Acquisition
26, Persiaran Raja Muda Musa 42000 Port Klang Selangor Darul Ehsan	Two units of four-storey shoplots for branch premises	24 years	Freehold	404,738	6,400	7 Jul, 1988
22 & 23, Jalan Dato' Lee Fong Yee 70000 Seremban Negeri Sembilan	Two units of four-storey shoplots for branch premises	17 years	Freehold	1,197,572	22,000	15 Mar, 1990
31-7, Jalan Raya Kulai Besar 81000 Kulai Johor Darul Takzim	One unit of shoplot for branch premises	14 years	Freehold	427,076	6,930	19 May, 1992
14 & 15, Jalan Abdullah 85000 Segamat Johor Darul Takzim	Two units of four-storey shoplots for branch premises	62 years	Freehold	411,810	5,832	12 Jun, 1985
100, Jalan Besar 83700 Yong Peng Johor Darul Takzim	One unit of shoplot for branch premises	64 years	Freehold	242,317	3,120	12 Jun, 1985
178, Jalan Rugayah 83000 Batu Pahat Johor Darul Takzim	Four units of four-storey shoplots for branch premises	14 years	Freehold	1,591,123	20,160	25 May, 1991
23 & 24, Jalan Raja Omar 32000 Sitiawan Perak Darul Ridzuan	Two units of three-storey shoplots for branch premises	20 years	Freehold	274,522	7,040	1 Nov, 1991
107, Jalan Tokong Datoh 33300 Grik Perak Darul Ridzuan	One unit of two-storey shoplot for branch premises	17 years	Leasehold Term: 99 years Expiry: 30 Oct, 2084	192,430	5,695	29 Dec, 1990
105, Jalan Loke Yew 28700 Bentong Pahang Darul Makmur	One unit of two-storey shoplot for branch premises	49 years	Freehold	372,832	7,200	5 Sep, 1990
79, Main Road 32400 Ayer Tawar Perak Darul Ridzuan	One unit of two-storey shoplot for branch premises	16 years	Freehold	171,116	4,800	17 Jul, 1991
2 & 4, Jalan 12/5 Taman Melati, Setapak 53100 Kuala Lumpur	Two units of two-storey shoplots for storage purposes	11 years	Freehold	378,103	5,600	17 Jul, 1992
19, Jalan Kemajuan 31000 Batu Gajah Perak Darul Ridzuan	One unit of two-storey shoplot for branch premises	22 years	Freehold	318,271	6,083	31 Dec, 1992
4194, Jalan Bagan Luar 12000 Butterworth Pulau Pinang	Two units of two-storey shoplots for branch premises	17 years	Freehold	249,689	7,200	16 Sep, 1992
2430, Jalan Besar 73000 Tampin Negeri Sembilan	Two units of two-storey shoplots for branch premises	16 years	Leasehold Term: 99 years Expiry: 2039	413,755	5,740	21 Oct, 1986
28, Jalan Zabidin 28407 Mentakab Pahang Darul Makmur	One unit of two-storey shoplot for branch premises	33 years	Leasehold Term: 99 years Expiry: Jul 2058	616,063	8,010	29 Oct, 1986

Landed Properties as at 31 March 2002

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq. Ft)	Date of Acquisition
7 & 9, Jalan Perusahaan 2 Off Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan	Two units of two-storey commercial complex for branch premises	16 years	Leasehold Term: 40 years Expiry: May 2017	567,325	8,000	25 Nov, 1995
MDLD 154 & 155, Block 24 SEDCO Shophouses 91100 Lahad Datu Sabah	Two units of shoplots for branch premises	14 years	Leasehold Term: 99 years Expiry: Dec 2083	602,884	4,800	30 Sep, 1987
154 & 156, Kompleks Munshi Abdullah Jalan Munshi Abdullah 75100 Melaka	Two units of four-storey shoplots for branch premises	19 years	Leasehold Term: 99 years Expiry: Jul 2084	957,682	16,596	25 Jun, 1993
707, Jalan Masjid Lama 17000 Pasir Mas Kelantan	One unit of two-storey shoplot for branch premises	24 years	Leasehold Term: 66 years Expiry: Jan 2061	369,830	3,024	25 Jun, 1993
52-54, Jalan Taming Sari 34000 Taiping Perak Darul Ridzuan	Two units of three-storey shoplots for branch premises	20 years	Leasehold Term: 999 years Expiry: Oct 2879	1,720,144	11,376	25 Jun, 1993
2 & 4, Jalan Temenggong Pusat Bandar 34200 Parit Buntar Perak Darul Ridzuan	Two units of two-storey shoplots for branch premises	13 years	Leasehold Term: 99 years Expiry: Oct 2088	326,827	6,722	23 Dec, 1993
1, Jalan Jejaka 2 Taman Maluri 55100 Kuala Lumpur	One unit of three-storey shop lot for branch premises	26 years	Leasehold Term: 99 years Expiry: Sep 2075	328,338	6,600	14 Sep, 1992
2 & 4, Jalan 23/70A Desa Sri Hartamas 55048 Kuala Lumpur	Two units of four-storey shoplots for rental purposes	3 years	Freehold	3,492,789	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	12 years	Leasehold Term: 99 years Expiry: 11 Aug 2086	2,730,987	30,528	9 Mar, 1992

INVESTMENTS

AMFB enjoys much benefit from acquiring MBf Finance

Arab-Malaysian Finance Bhd's proposed acquisition of MBf Finance from Danamodal Nasional Bhd for RM925mil has been viewed as positive and a move that will see the formation of the largest finance company with total assets of RM25bil and a branch network of 255. Senior manager/economist of Worldsec Malaysia, PECK BOON SOON, in his report has called a buy on Arab-Malaysian Finance based on his findings and thorough research on the impact of the company following the acquisition.

KEY FINANCIAL STATISTICS BEFORE AND AFTER MERGER

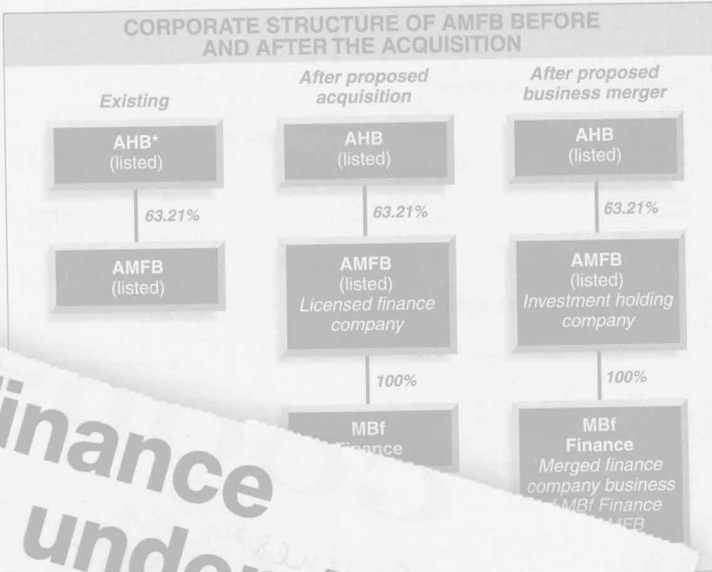
	AMFB	MBf Fin	Merged Entity
RM bil	14.2	11.0	25.2
			21.7

Merged AMFB-MBf entity will be country's largest finance firm

ARAB-Malaysian Finance Bhd (AMFB) is to acquire the entire equity in MBf Finance Bhd for RM925 million, with the resultant merger to create the largest finance company in the country with an asset base of RM25.2 billion.

This was made possible with Danamodal Nasional Bhd last Friday announcing that it entered into a share sale and purchase agreement with AMFB to sell its 100 per cent equity interest in MBf Finance Bhd for RM925 million. Both Danamodal and the Malaysian banking group statements in Friday on

CORPORATE STRUCTURE OF AMFB BEFORE AND AFTER THE ACQUISITION



MBf Finance comes under AMFB

KUALA LUMPUR: MBf Finance Bhd is now a wholly-owned subsidiary of Arab-Malaysian Finance Bhd (AMFB), the retail arm of AMMB Bhd (AHB).

Following the completion of the Share Purchase Agreement, Danamodal Nasional Bhd was signed on



Azman ... will be the fourth largest anchor banking group with acquisition

AMMB Holdings chairman said, "With this acquisition, the group will be the fourth largest anchor banking group.

MBf Finance customers will be able to enjoy the synergies of a complete financial services provider; access to resources and the expertise of a wide range of investment services from retail banking, commercial and funds management.

"With cross-selling activities planned out, we will be able to meet our customers' diverse financial

As such, AMMB expected more growth to come from the retail side, and was working to increase its current share of finance companies' business. However, he added, the banking business

AMFB to focus on retail banking after merger

KUALA LUMPUR: Arab-Malaysian Finance Bhd (AMFB), which has proposed to change its name to AMFB Holdings Bhd, will focus on the retail banking sector after finalising its business merger with MBf Finance Bhd.

Chairman Tan Sri Azman Hashim said today AMFB would have a wider scope of financing and this would give the group a lot of synergy to be one of the main players in the finance industry.

He said

market share of 25%. AMFB had the advantage to compete in the retail banking industry.

The complete consolidation would see AMFB branches increasing from 102 to 191.

On the group's voluntary separation scheme (VSS), Azman said exercise had been accepted by MBf Finance Bhd.

Banking on sector for growth

At the EGM, shareholders approved the acquisition of MBf Finance for RM925mil and the transfer of the finance company business of AMFB to MBf Finance upon completion of the acquisition.



Azman Hashim

"There will be increased activity in cross-selling of products and we have quite a lot of scope for improvement here. We are optimistic that we can benefit from this, especially with the greater reach of our network now," he said.

Among the initial benefits, Arab-Malaysian customers would be able to conduct current account transactions in AMFB branches in the future.



Bangunan AmFinance at Jalan Yap Kwan Seng, Kuala Lumpur.

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PROXY FORM

AMFB Holdings Berhad

(Formerly known as Arab-Malaysian Finance Berhad) (Company No: 5493-X)
(Incorporated in Malaysia)

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 Thirty-Ninth Annual General Meeting of the Company to be held on 26 September 2002 and at any adjournment thereof, as indicated below:

No.	Resolutions	For	Against
1.	Receive the Audited Accounts for the year ended 31 March 2002 and the Reports of the Directors and Auditors thereon.		
2.	Declare a first and final dividend of 10% less tax for the year ended 31 March 2002.		
3.	Approve Directors' fees.		
4.	Re-elect as Director, Y. Bhg. Dato' Azlan Hashim, who retires by rotation pursuant to Article 89 of the Company's Articles of Association.		
5.	Re-elect as Director, En. Mohamed Azmi Mahmood, who retires by rotation pursuant to Article 89 of the Company's Articles of Association.		
6.	Re-appoint as Director, Y. Bhg. Dato' Mohd. Tahir Haji Abdul Rahim pursuant to Section 129 of the Companies Act, 1965.		
7.	Re-appoint Messrs. Deloitte KassimChan, the retiring Auditors, and to authorise the Directors to determine their remuneration.		
	SPECIAL BUSINESS		
8.	Authorise the Directors to issue shares pursuant to the Company's Employees' Share Option Scheme II.		
9.	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 2002

Number of shares held

.....
Signature of Shareholder

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.

Explanatory Notes on the Special Business

- (5) Ordinary resolution no. 8, if passed, will enable the Directors of the Company, from the date of the General Meeting, to allot and issue ordinary shares of the Company to those employees who have exercised their options under the Employees' Share Option Scheme II. This authority unless revoked or varied at a General Meeting will expire at the next Annual General Meeting.
- (6) Ordinary resolution no. 9, 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 business opportunities arise which the Directors consider would be in the best interest of the Company. This authority unless revoked or varied at a General Meeting will expire at the next Annual General Meeting.