

**EON CAPITAL BERHAD**  
**(454644-K)**

**CONDENSED FINANCIAL STATEMENTS**  
**CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2003**

<b><u>THE GROUP</u></b>	<b>Unaudited</b> <b>30 June 2003</b>	<b>Audited<sup>1</sup></b> <b>31 December 2002</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Cash and short term funds	1,894,394	2,221,890
Deposits and placements with financial institutions	446,000	393,000
Dealing securities	1,149,992	954,842
Investment securities	4,717,654	4,357,813
Loans, advances and financing	21,096,519	20,573,665
Other assets	912,405	1,047,260
Statutory deposits with Bank Negara Malaysia	964,086	865,213
Property, plant and equipment	171,455	159,114
Deferred tax asset	142,399	133,358
<b>TOTAL ASSETS</b>	<b>31,494,904</b>	<b>30,706,155</b>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>		
Deposits from customers	20,186,184	18,523,416
Deposits and placements of banks and other financial institutions	6,966,936	7,262,140
Obligations on securities sold under repurchase agreements	652,020	1,168,396
Bills and acceptances payable	121,124	155,565
Amounts due to Cagamas Berhad	617,575	841,980
Provision for taxation and zakat	110,799	92,867
Long term borrowings	289,506	288,481
Other liabilities	420,266	387,343
<b>TOTAL LIABILITIES</b>	<b>29,364,410</b>	<b>28,720,188</b>
SHARE CAPITAL	693,209	693,209
RESERVES	1,437,285	1,292,758
<b>SHAREHOLDERS' FUNDS</b>	<b>2,130,494</b>	<b>1,985,967</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>31,494,904</b>	<b>30,706,155</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>10,102,933</b>	<b>9,274,872</b>
<b>Net Tangible Assets per share (RM)</b>	<b>3.07</b>	<b>2.86<sup>1</sup></b>

<sup>1</sup> Audited except for certain balances that have been restated to take into account the effect of the change in accounting policy with respect to the adoption of MASB 25 (Note 1)

**EON CAPITAL BERHAD**  
**(454644-K)**

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED INCOME STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2003**

	<u>Individual quarter</u>		<u>Cumulative Quarter</u>	
	Current financial quarter ended 30 June 2003 RM'000	Preceding year corresponding quarter ended 30 June 2002* RM'000	Current financial period ended 30 June 2003 RM'000	Preceding year corresponding period ended 30 June 2002* RM'000
<b><u>THE GROUP</u></b>				
Interest income	413,113	-	830,759	-
Interest expense	(209,973)	-	(421,889)	-
Net interest income	203,140	-	408,870	-
Income from Islamic Banking	32,382	-	56,148	-
	235,522	-	465,018	-
Loan and financing loss and provision	(42,498)	-	(84,476)	-
Transfer to profit equalisation reserve	(8,011)	-	(12,771)	-
	185,013	-	367,771	-
Non-interest income (Note 16)	35,322	-	59,027	-
Net income	220,335	-	426,798	-
Overhead expenses	(116,585)	-	(223,447)	-
Profit before taxation and zakat	103,750	-	203,351	-
Taxation	(25,418)	-	(56,225)	-
Zakat	(1,233)	-	(2,455)	-
Net profit for the financial period	77,099	-	144,671	-
Earnings per share (sen) (Note 29)				
- Basic	11.12	-	20.87	-
- Diluted	11.12	-	20.87	-

\* There is no preceding year corresponding period's results as the Group came into its present form in the month of December 2002 upon completion of the EON Bank Berhad ('EBB') Scheme of Arrangement and Amalgamation between EBB and its shareholders under Section 176 of the Companies Act, 1965.

**EON CAPITAL BERHAD**  
**(454644-K)**

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2003**

<b><u>THE GROUP</u></b>	<b>Issued and fully paid ordinary shares of RM1 each</b>	<b><u>Non-distributable</u></b>			<b><u>Distributable</u></b>	<b><u>Total</u></b>
	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Statutory Reserve RM'000</b>	<b>Reserve arising on consolidation RM'000</b>	<b>Retained Profits RM'000</b>	
At 1 January, 2003	693,209	1,066,440	7,075	66,166	16,662	1,849,552
Prior year adjustment (Refer Note 1)	-	-	-	134,731	1,684	136,415
At 1 January, 2003 – as restated	693,209	1,066,440	7,075	200,897	18,346	1,985,967
Listing expenses written off	-	(144)	-	-	-	(144)
Net profit for the financial period	-	-	-	-	144,671	144,671
At 30 June 2003	<b>693,209</b>	<b>1,066,296</b>	<b>7,075</b>	<b>200,897</b>	<b>163,017</b>	<b>2,130,494</b>

\* There is no preceding year corresponding period's consolidated statement of changes in equity as the Group came into its present form in the month of December 2002 upon completion of the EON Bank Berhad ('EBB') Scheme of Arrangement and Amalgamation between EBB and its shareholders under Section 176 of the Companies Act, 1965.

**EON CAPITAL BERHAD**  
**(454644-K)**

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2003**

<b><u>THE GROUP</u></b>	<b>Current financial period ended 30 June 2003</b>
	<b>RM'000</b>
<b>Cash Flow from Operating Activities</b>	
Net profit for the financial period	144,671
Adjustments for investing and financing items not involving movement of cash and cash equivalents	146,664
Operating profit before working capital changes	291,335
Increase in operating assets	(859,542)
Increase in operating liabilities	622,240
	54,033
Cash generated from operations	54,033
Income tax paid	(67,770)
Income tax refund	17,981
Payment of retirement benefits	(420)
Net cash generated from operating activities	3,824
<b>Cash Flow from Investing Activities</b>	
Purchases, net of proceeds from sale of investment securities	(389,185)
Purchase of property, plant and equipment	(28,028)
Proceeds from disposal of property, plant and equipment	2,505
Interest/Dividend received from investment securities	92,881
Net cash used in investing activities	(321,827)
<b>Cash Flow from Financing Activities</b>	
Interest payment on bonds	(9,349)
Listing expenses	(144)
Net cash used in financing activities	(9,493)
<b>Net decrease in cash and cash equivalents</b>	(327,496)
<b>Cash and cash equivalents</b>	
- at beginning of financial period	2,221,890
- at end of financial period	1,894,394

\* There is no preceding year corresponding period's consolidated cash flow statement as the Group came into its present form in the month of December 2002 upon completion of the EON Bank Berhad ('EBB') Scheme of Arrangement and Amalgamation between EBB and its shareholders under Section 176 of the Companies Act, 1965.

**EON CAPITAL BERHAD**  
**(454644-K)**

**EXPLANATORY NOTES**

<b>Disclosure requirements pursuant to Malaysian Accounting Standards Board's Standard No. 26</b>
---

**1. Basis of Preparation**

The interim financial report is prepared in accordance with the Malaysian Accounting Standards Board's (MASB) Standard No. 26 (Interim Financial Reporting) and paragraph 9.22 of the Listing Requirements of Kuala Lumpur Stock Exchange, and should be read in conjunction with the Group's financial statements for the financial year ended 31 December 2002.

The accounting policies and methods of computation adopted by the Group for the condensed financial statements are consistent with those adopted in its latest audited financial statements, other than the following applicable approved accounting standards which are effective for the current financial year ending 31 December 2003:

MASB 25	Income Taxes
MASB 29	Employee Benefits

There are no significant changes in accounting policies which had affected the operating profit of the Group arising from the adoption of these standards, other than MASB 25 (Income Taxes) on the measurement and recognition of deferred tax assets and/or liabilities which has been applied retrospectively as follows.

	<b>As previously reported</b>	<b>Effect of change</b>	<b>As Restated</b>
<b><u>THE GROUP</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>As at 31 December 2002</b>			
Deferred tax asset	-	133,358	133,358
Reserves	1,156,343	136,415	1,292,758
<i>(refer Statement of Changes in Equity for details)</i>			
Other liabilities	390,400	(3,057)	387,343
Net tangible assets per share (RM)	<u>2.67</u>	<u>0.19</u>	<u>2.86</u>
<b>As at 31 March 2003</b>			
Deferred tax asset	-	133,358	133,358
Reserves	1,223,772	136,415	1,360,187
Other liabilities	425,042	(3,057)	421,985
Net tangible assets per share (RM)	<u>2.77</u>	<u>0.19</u>	<u>2.96</u>

The change in accounting policy has the effect of increasing the net profit for the financial period ended 30 June 2003 by RM9.041 million.

**2. Audit Report**

The audit report on the financial statements for the preceding financial year ended 31 December 2002 was not subject to any qualification.

**3. Seasonality or cyclicity of operations**

The business operations of the Group have not been affected by any material seasonal or cyclical factors.

**EON CAPITAL BERHAD**  
**(454644-K)**

**EXPLANATORY NOTES**

**4. Items Affecting Net Income and Cash Flow**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial period ended 30 June 2003.

**5. Changes In Estimates**

There were no significant changes in estimates arising from prior financial period/year that have a material effect on the financial results and position for the period ended 30 June 2003.

**6. Issuance and Repayments**

There were no cancellation, repurchase, resale or repayment of debt and equity securities during the current financial period under review.

**7. Dividends Paid**

There were no dividends paid or declared for the financial period ended 30 June 2003.

**8. Segment reporting**

(a) Segment revenue and segment results

<b><u>The Group</u></b>	<b>Enterprise Banking</b>	<b>Individual Banking</b>	<b>Islamic Banking</b>	<b>Treasury and Investment Banking</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>3 months financial quarter ended 30 June 2003</u></b>					
Gross operating revenue <sup>(1)</sup>	117,368	303,474	59,699	37,937	518,478
Less: Inter-segment revenue	(199)	(2,467)	-	(27)	(2,693)
	<u>117,169</u>	<u>301,007</u>	<u>59,699</u>	<u>37,910</u>	<u>515,785</u>
Segment results	30,795	55,310	7,807	14,795	108,707
Unallocated costs					(4,957)
Profit before taxation and zakat					103,750
Taxation and zakat					(26,651)
Net profit for the financial quarter ended 30 June 2003					<u>77,099</u>
<b><u>6 months financial period ended 30 June 2003</u></b>					
Gross operating revenue <sup>(1)</sup>	238,335	572,916	110,617	100,433	1,022,301
Less: Inter-segment revenue	(853)	(6,673)	-	(679)	(8,205)
	<u>237,482</u>	<u>566,243</u>	<u>110,617</u>	<u>99,754</u>	<u>1,014,096</u>
Segment results	47,769	125,911	13,015	26,793	213,488
Unallocated costs					(10,137)
Profit before taxation and zakat					203,351
Taxation and zakat					(58,680)
Net profit for the financial period ended 30 June 2003					<u>144,671</u>

<sup>(1)</sup> Gross operating revenue comprised gross interest income received from loans and advances (net of interest/income suspended), interest income from dealing securities, investment securities (net of accretion of discount less amortisation of premium), inter-bank placements and deposits, fees income, realised gains or loss from dealing and investment securities, gross income received from Islamic banking and other operating revenue.

**EON CAPITAL BERHAD**  
**(454644-K)**

**EXPLANATORY NOTES**

**8. Segment reporting (continued)**

\* There is no preceding year corresponding period's results as the Group came into its present form in the month of December 2002 upon completion of the EON Bank Berhad ('EBB') Scheme of Arrangement and Amalgamation between EBB and its shareholders under Section 176 of the Companies Act, 1965.

(b) Segment assets

	<b>Enterprise Banking</b>	<b>Individual Banking</b>	<b>Islamic Banking</b>	<b>Treasury and Investment Banking</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>The Group</u></b>					
<b><u>As at 30 June 2003</u></b>					
Segment assets	8,910,248	14,826,285	3,272,648	3,399,624	30,408,805
Unallocated assets					1,086,099
Total assets					<u>31,494,904</u>
<b><u>As at 31 December 2002</u></b>					
Segment assets	9,090,150	14,475,017	2,869,908	3,215,587	29,650,662
Unallocated assets					1,055,493
Total assets					<u>30,706,155</u>

No information by geographical segments is disclosed as the Group carried out its operations predominantly in Malaysia.

**9. Loans, Advances and Financing**

	<b>Unaudited 30 June 2003</b>	<b>Audited 31 December 2002</b>
	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	2,787,897	2,676,976
Term loans		
- fixed rate	2,617,611	2,485,435
- floating rate	7,757,654	7,515,234
Hire purchase receivables	9,604,876	9,413,100
Lease receivables	6,392	8,044
Bills receivables	11,817	10,332
Trust receipts	86,422	82,539
Claims on customers under acceptance credits	1,233,556	1,176,964
Staff loans	202,894	193,447
Other loans	780,762	861,241
	<u>25,089,881</u>	<u>24,423,312</u>
Unearned interest and income	(2,463,487)	(2,362,017)
Gross loans, advances and financing	22,626,394	22,061,295
Provision for bad and doubtful debts and financing		
- Specific	(741,706)	(744,687)
- General	(388,012)	(377,060)
Interest-in-suspense/income-in-suspense	(400,157)	(365,883)
Net loans, advances and financing	<u>21,096,519</u>	<u>20,573,665</u>

**EON CAPITAL BERHAD**  
**(454644-K)**

**EXPLANATORY NOTES**

**a) Loans, Advances and Financing Analysed by Economic Sectors**

	<b>Unaudited</b> <b>30 June 2003</b>	<b>Audited</b> <b>31 December 2002</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture	193,407	172,085
Mining and quarrying	45,727	51,154
Manufacturing	2,096,376	2,358,611
Electricity, gas and water	71,229	52,570
Construction	1,639,761	1,666,376
Real estate	547,767	710,025
Purchase of landed property, of which:		
(i) Residential	3,726,482	3,421,053
(ii) Non-residential	1,577,219	1,637,082
General commerce	1,553,940	1,407,637
Transport, storage and communication	700,072	619,304
Finance, insurance and business services	482,967	332,657
Purchase of securities	831,671	839,547
Purchase of transport vehicles	7,409,134	7,168,101
Consumption credit	1,193,338	1,068,069
Others	557,304	557,024
	<u>22,626,394</u>	<u>22,061,295</u>

**b) Non-performing Loans, Advances and Financing**

	<b>Unaudited</b> <b>30 June 2003</b>	<b>Audited</b> <b>31 December 2002</b>
	<b>RM'000</b>	<b>RM'000</b>
Opening balance	2,560,656	-
Amount arising from acquisition of subsidiary companies	-	2,847,890
Non-performing during the financial period/year (gross)	461,651	93,883
Amount recovered/reclassified	(352,752)	(61,596)
Amount converted to investment securities	(315,312)	(86,486)
Amount written off	(16,789)	(233,035)
	<u>2,337,454</u>	<u>2,560,656</u>
Non-performing loans which have no financial impact on the Group	<u>(852,056)</u>	<u>(989,333)</u>
Closing balance	<u>1,485,398</u>	<u>1,571,323</u>
Net non-performing loans, advances and financing	<u>830,460</u>	<u>1,011,555</u>
% to net loans, advances and financing	<u>3.93%</u>	<u>4.90%</u>



**EON CAPITAL BERHAD**  
**(454644-K)**

**EXPLANATORY NOTES**

**c) Loan Loss Provision**

	<b>Unaudited</b> <b>30 June 2003</b>	<b>Audited</b> <b>31 December 2002</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>General provision</u>		
Opening balance	377,060	-
Amount arising from acquisition of subsidiary companies	-	377,373
Provision made/(written back) during the financial period/year	10,952	(313)
Closing balance	<u>388,012</u>	<u>377,060</u>
<u>Specific provision</u>		
Opening balance	744,687	-
Amount arising from acquisition of subsidiary companies	-	777,372
Provisions made during the financial period/year	116,878	5,520
Provisions charged to deferred asset/other asset during the financial period/year	30,698	88,571
Amount written back in respect of recoveries/reclassification	(35,051)	(3,054)
Recoveries set-off against deferred asset	(7,615)	(6,687)
Amount transferred to provision for diminution in value of securities	(93,879)	-
Amount written off	(14,012)	(117,035)
Closing balance	<u>741,706</u>	<u>744,687</u>
<u>Interest-in-suspense/income-in-suspense</u>		
Opening balance	365,883	-
Amount arising from acquisition of subsidiary companies	-	473,423
Provisions made during the financial period/year	88,744	14,694
Amount written back in respect of recoveries/reclassification	(41,432)	(6,026)
Amount transferred to provision for diminution in value of securities	(10,260)	-
Amount written off	(2,778)	(116,208)
Closing balance	<u>400,157</u>	<u>365,883</u>

**10. Valuation of Property, Plant and Equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any.

**EON CAPITAL BERHAD**  
**(454644-K)**

**EXPLANATORY NOTES**

**11. Significant events during the financial quarter/period**

On 1 January 2003, the entire credit portfolio, except for staff housing loans, of its merchant bank subsidiary, Malaysian International Merchant Bankers Berhad, had been transferred to its commercial bank subsidiary, EON Bank Berhad, in accordance with the Vesting Order obtained from the High Court. This transaction does not have any significant impact on the financial results and position of the Group.

**12. Significant Events Subsequent to the Balance Sheet Date**

There were no significant events subsequent to the balance sheet date that have not been disclosed in these condensed financial statements.

**13. Changes in composition of the Group**

There were no significant changes in the composition of the Group for the financial period ended 30 June 2003.

**14. Commitments and Contingencies**

In the normal course of business of the banking group, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

Risk Weighted Exposures of the Group are as follows :

	<b>Unaudited</b>		<b>Audited</b>	
	<b>30 June 2003</b>		<b>31 December 2002</b>	
	<b>Principal Amount</b>	<b>Credit Equivalent Amount*</b>	<b>Principal Amount</b>	<b>Credit Equivalent Amount*</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes	336,404	336,404	367,668	367,668
Certain transaction-related contingent items	495,576	247,788	433,477	216,739
Short term self-liquidating trade-related contingencies	154,550	30,910	145,343	29,069
Obligations under underwriting agreements	626,104	313,052	494,000	247,000
Irrevocable commitments to extend credit :				
- maturity more than one year	1,915,611	957,806	1,873,989	936,994
- maturity less than one year	4,445,659	-	4,055,722	-
Foreign exchange related contracts				
- less than one year	1,894,449	28,075	1,538,018	19,463
Miscellaneous	234,580	-	366,655	-
	<b>10,102,933</b>	<b>1,914,035</b>	<b>9,274,872</b>	<b>1,816,933</b>

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

**EON CAPITAL BERHAD**  
**(454644-K)**

**EXPLANATORY NOTES**

15. **Capital Commitments**

Capital expenditure of the Group not provided for in the financial statements are as follows:

	<b>Unaudited 30 June 2003</b>	<b>Audited 31 December 2002</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Property, plant and equipment</u>		
- Authorised and contracted for	15,595	26,765
- Authorised but not contracted for	11,147	9,210
	26,742	35,975

16. **Non-interest income**

	<b>Individual quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current financial quarter ended 30 June 2003</b>	<b>Preceding year corresponding quarter ended 30 June 2002*</b>	<b>Current financial period ended 30 June 2003</b>	<b>Preceding year corresponding period ended 30 June 2002*</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fee and commission income	24,265	-	48,402	-
Net gain from investment securities	3,132	-	2,906	-
Net gain from dealing securities	7,000	-	9,919	-
Dividend income	2,786	-	2,830	-
Other income	5,790	-	8,663	-
	42,973	-	72,720	-
Provision for diminution in value of investment securities	(7,651)	-	(13,693)	-
	35,322	-	59,027	-

\* There is no preceding year corresponding period's results as the Group came into its present form in the month of December 2002 upon completion of the EON Bank Berhad ('EBB') Scheme of Arrangement and Amalgamation between EBB and its shareholders under Section 176 of the Companies Act, 1965.

**EON CAPITAL BERHAD**  
(454644-K)

**EXPLANATORY NOTES**

<b>Additional disclosure requirements pursuant to paragraph 9.22 of the KLSE Listing Requirements</b>
---

17. **Taxation**

The analysis of the tax expense for the financial period ended 30 June 2003 are as follows:-

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 30 June 2003 RM'000	Preceding year corresponding quarter ended 30 June 2002 RM'000	Current financial period ended 30 June 2003 RM'000	Preceding year corresponding period ended 30 June 2002 RM'000
Malaysian income tax:				
- Current financial period	40,804	-	71,611	-
- Over-provision of prior years	(6,345)	-	(6,345)	-
	34,459	-	65,266	-
Transfer to deferred taxation	(9,041)	-	(9,041)	-
	25,418	-	56,225	-

The Group's effective tax rate for the financial period ended 30 June 2003 was higher than the statutory tax rate because certain expenses were not deductible for tax purposes.

18. **Unquoted Investments and Properties**

There were no sale of unquoted investments and properties for the financial period ended 30 June 2003 other than in the ordinary course of banking business.

19. **Quoted Securities**

Financial institutions are exempted from the disclosure requirements relating to quoted securities.

20. **Status of Corporate Proposals Announced But Not Completed**

On 10 May 2003, the Company ('ECB') received Bank Negara Malaysia's ('BNM') approval to commence negotiations with AMMB Holdings Berhad ('AHB') for a possible merger of the ECB banking group and the AHB banking group. BNM's approval for ECB and AHB to commence negotiations is not to be construed as an approval for the parties to enter into an agreement for the merger of their respective banking groups.

Pursuant to Section 45 of the Banking and Financial Institutions Act, 1989, ECB is required to obtain the approval of the Minister of Finance through BNM before entering into an agreement for the proposed transaction.

On 25 June 2003, the Company announced that ECB had mutually agreed with AHB to terminate merger discussion with immediate effect.

**EON CAPITAL BERHAD**  
**(454644-K)**

**EXPLANATORY NOTES**

**21. Borrowings**

On 12 December 2002, the Company issued RM300 million nominal amount of secured fixed rate bonds, at a discount, in three tranches of RM50 million (Tranche 1), RM100 million (Tranche 2) and RM150 million (Tranche 3) maturing on 12 December 2005, 12 December 2007 and 12 December 2009 respectively.

The bonds were rated at A<sub>2</sub> by Rating Agency Malaysia Berhad and bear interest at 5.25% (Tranche 1), 6.00% (Tranche 2) and 6.75% (Tranche 3) on the nominal value of the outstanding bonds, payable semi annually.

On 12 June 2003, the Company made interest payment of RM9,349,315 to its bondholders for the first half-year period of 2003.

**22. Deposits from Customers and Placements of Banks and Other Financial Institutions**

	<b>Unaudited</b> <b>30 June 2003</b>	<b>Audited</b> <b>31 December 2002</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers		
- Fixed deposits		
One year or less	15,663,283	13,877,351
More than one year	1,091,245	1,151,548
- Saving deposits	1,732,028	1,110,790
- Demand deposits	1,699,628	2,383,727
	<u>20,186,184</u>	<u>18,523,416</u>
Deposits and placements of banks and other financial institutions		
One year or less	6,505,317	4,421,872
More than one year	461,619	2,840,268
	<u>6,966,936</u>	<u>7,262,140</u>
	<u>27,153,120</u>	<u>25,785,556</u>

**EON CAPITAL BERHAD**  
**(454644-K)**

**EXPLANATORY NOTES**

23. **Off-Balance Sheet Financial Instruments**

As at 20 August 2003, the value of contracts of off-balance sheet financial instruments of the Group with off-balance sheet risk, classified by remaining period to maturity or next repricing date (whichever is earlier) are as follows:

<b>Items</b>	<b>Principal Amount RM'000</b>	<b>1 month or less RM'000</b>	<b>&gt;1 – 3 months RM'000</b>	<b>&gt; 3 - 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>
Foreign exchange related contracts - Forward contracts	2,373,673	771,690	697,196	845,536	59,251

Foreign exchange related contracts are subject to market risk and credit risk. There are no interest rate, equity and commodity related contracts as at 20 August 2003.

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 20 August 2003, the amount of contracts of the Group which were not hedged and, hence, exposed to market risk was RM16,333,933 (31 December 2002: RM4,852,080).

**Credit risk**

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Group has a gain position. As at 20 August 2003, the amount of credit risk of the Group, measured in terms of the cost to replace the profitable contracts was RM5,408,966 (31 December 2002: RM3,218,403). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

**Related Accounting Policies**

Foreign exchange related contracts

Open forward exchange contracts are valued at forward rates as at balance sheet date, applicable to their respective dates of maturity and unrealised gains or losses are recognised in the income statement for the period in which they arise.

**EON CAPITAL BERHAD**  
**(454644-K)**

**EXPLANATORY NOTES**

24. **Material Litigation**

The disclosure of material litigations is in compliance with the disclosure requirements pursuant to paragraph 9.22 of the Kuala Lumpur Stock Exchange Listing Requirements.

The following are pending material litigations in which the Group is involved in the ordinary course of business which, in the opinion of the Board of Directors, do not materially and adversely affect the financial position of the Group as at 30 June 2003 and at the date of this Announcement.

**EON Bank Berhad ('EBB')**

- (1) EBB filed a Writ of Summons on 14 August 1998 against a borrower and a guarantor for RM8,110,620.20 for banking facilities granted by EBB. However, the borrower and guarantor (the Defendants) filed their defence and counterclaim against EBB on 15 September 1998 for an amount of RM18,386,200. The Defendants also filed and obtained an injunction against EBB from proceeding with the winding up of the company.

**Status update**

Hearing date, in respect of affidavits filed pertaining to the injunction, fixed on 13 February 2003 has been postponed to 25 September 2003. No update since the last Announcement.

The solicitors are of the view that the suit is defensible.

- (2) EBB granted a facility of RM4.6 million to the borrower in April 1996 to finance the purchase of properties. The account became non-performing in May 1998.

A Writ of Summons and Statement of Claim was filed by the borrower (Plaintiff) on 29 November 2002 against EBB, alleging that EBB refused to give consent for the Plaintiff's application to subdivide the land which was charged to EBB. The Plaintiff alleged that it had suffered loss and is claiming an amount of RM21,562,751.00 plus general, aggravated, punitive damages and interest yet to be quantified.

**Status update**

Case management has been fixed on 20 October 2003 pending the Bank's application to strike off the Plaintiff's Statement of Claim.

The solicitors are of the view that EBB has a good case.

**EON CAPITAL BERHAD**  
**(454644-K)**

**EXPLANATORY NOTES**

24. **Material Litigation (continued)**

**Ex-Oriental Bank Berhad ('OBB')**

(Ex-OBB refers to litigation in relation to OBB where pursuant to the Vesting Order dated 5 December 2000, the assets and liabilities of the banking business of OBB have been vested to EBB).

- (3) A Writ of Summons was filed on 3 January 2000 by a guarantor for RM135.9 million for wrongful and inequitable enlistment of his name in the Credit Tip-Off Services by ex-OBB.

**Status update**

On 19 May 2003, the Court dismissed the Plaintiff's action with costs on the grounds that the Plaintiff did not have a valid cause of action and failed to prove his loss. The plaintiff has filed a Notice of Appeal against the Court's decision.

- (4) A Writ of Summons was filed by the borrower on 14 September 2000 against ex-OBB alleging that ex-OBB had unlawfully and fraudulently conspired with the Receivers and Managers to cheat and defraud the borrower. The borrower is claiming for general damages of RM15.0 million.

**Status update**

On 10 March 2003, the Court dismissed the Order 33 application (Preliminary Objections) filed by the Receivers & Managers, and fixed the date for full trial of the case on 9 August 2005. No update since the last announcement.

The solicitors are of the opinion that the suit is defensible.

**Malaysian International Merchant Bankers Berhad ('MIMB')**

- (5) A Writ of Summons was filed by the borrower and the guarantor on 24 June 1999 against MIMB claiming for loss of profits of RM15.0 million, damages, interest and cost and a declaration for the discharge of the guarantor. This legal action arose as a result of MIMB withholding drawdown of the facility.

**Status update**

The Summons for Direction to set the matter down for trial has been fixed on 25 September 2003. Meanwhile, by written consent, this suit will be kept in abeyance pending the negotiations for an amicable settlement between the parties.

The solicitors are of the opinion that the suit is defensible.



**EON CAPITAL BERHAD**  
**(454644-K)**

**EXPLANATORY NOTES**

24. **Material Litigation (continued)**

**MIMB (continued)**

- (6) A Writ of Summons was filed by MIMB on 17 December 1998 against the borrower and 3 guarantors for RM21.4 million being outstanding banking facilities granted plus interest thereon. On 10 April 2000, the High Court granted the order to the borrower to amend its Statement of Defence and to add the Counterclaim for RM70,249,565.02 against MIMB for inter alia, wrongfully terminating the credit facilities of the borrower resulting in the loss of goodwill and reputation of the borrower and loss of projects.

**Status update**

Further Case Management has been fixed on 10 November 2003 for mention..

The solicitors are of the opinion that the suit is defensible.

25. **Comparison with Preceding Quarter's Results**

The Group's pre-tax profit increased by RM4.1 million due to increase in income from Islamic Banking and non-interest income. Tax expense decreased by RM5.4 million mainly due to overprovision of prior years written back in the current quarter. Consequently, there is a net increase of RM9.5 million in the net profit for the current quarter ended 30 June 2003 as compared to the preceding quarter ended 31 March 2003.

26. **Review of Performance**

The Group achieved a revenue of RM1,014.1 million and a profit before taxation of RM203.4 million for the current financial period ended 30 June 2003.

27. **Current Year Prospects**

Competition for banking and related business is expected to remain intense. The Group will continue to focus on prudent management of its assets and liabilities and better management of risk.

Barring unforeseen circumstances, the Group is optimistic of achieving a satisfactory result in 2003.

**EON CAPITAL BERHAD****(454644-K)****EXPLANATORY NOTES****28. Profit Forecast**

There were no profit forecast and profit guarantee issued by the Group.

**29. Earnings Per Share (EPS)**

The calculation of the basic earnings per share of the Group, which is based on the net profit for the financial quarter and period ended 30 June 2003 respectively and the weighted average number of ordinary shares in issue during the respective financial period, is set out as follows:

	<b>Financial quarter ended 30 June 2003</b>	<b>Financial period ended 30 June 2003</b>
Net profit for the financial period (RM'000)	<u>77,099</u>	<u>144,671</u>
Weighted average number of ordinary shares in issue during the period ('000)	<u>693,209</u>	<u>693,209</u>
Basic earnings per share (sen) –basic/diluted	<u>11.12</u>	<u>20.87</u>
- annualised (sen)		<u>41.74</u>

There is no dilutive potential ordinary shares outstanding as at 30 June 2003.

\* There is no preceding year corresponding quarter's results as the Group came into its present form in the month of December 2002 upon completion of the EBB Scheme of Arrangement and Amalgamation between EBB and its shareholders under Section 176 of the Companies Act, 1965.

**30. Comparative Figures**

No comparative figures are disclosed as the Group came into its present form in the month of December 2002 upon completion of the EBB Scheme of Arrangement and Amalgamation between EBB and its shareholders under Section 176 of the Companies Act, 1965.