

EON CAPITAL BERHAD
(454644-K)

CONDENSED FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2003

<u>THE GROUP</u>	Unaudited 30 September 2003	Audited¹ 31 December 2002
	RM'000	RM'000
ASSETS		
Cash and short term funds	3,481,102	2,221,890
Deposits and placements with financial institutions	229,000	393,000
Dealing securities	219,518	954,842
Investment securities	4,571,485	4,357,813
Loans, advances and financing	21,428,710	20,573,665
Other assets	825,136	1,047,260
Statutory deposits with Bank Negara Malaysia	975,131	865,213
Property, plant and equipment	172,826	159,114
Deferred tax asset	130,540	133,358
TOTAL ASSETS	32,033,448	30,706,155
LIABILITIES AND SHAREHOLDERS' FUNDS		
Deposits from customers	21,753,441	18,523,416
Deposits and placements of banks and other financial institutions	6,208,698	7,262,140
Obligations on securities sold under repurchase agreements	217,036	1,168,396
Bills and acceptances payable	298,390	155,565
Amounts due to Cagamas Berhad	601,189	841,980
Provision for taxation and zakat	84,732	92,867
Long term borrowings	290,024	288,481
Other liabilities	353,333	387,343
TOTAL LIABILITIES	29,806,843	28,720,188
SHARE CAPITAL	693,209	693,209
RESERVES	1,533,396	1,292,758
SHAREHOLDERS' FUNDS	2,226,605	1,985,967
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	32,033,448	30,706,155
COMMITMENTS AND CONTINGENCIES	10,894,133	9,274,872
Net Tangible Assets per share (RM)	3.21	2.86¹

¹ 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)

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

	<u>Individual quarter</u>		<u>Cumulative Quarter</u>	
	Current financial quarter ended 30 September 2003 RM'000	Preceding year corresponding quarter ended 30 September 2002* RM'000	Current financial period ended 30 September 2003 RM'000	Preceding year corresponding period ended 30 September 2002* RM'000
Interest income	421,221	-	1,251,980	-
Interest expense	(207,639)	-	(629,528)	-
Net interest income	213,582	-	622,452	-
Income from Islamic Banking	15,507	-	71,655	-
	229,089	-	694,107	-
Loan and financing loss and provision	(56,116)	-	(140,592)	-
Transfer from/(to) profit equalisation reserve	6,560	-	(6,211)	-
	179,533	-	547,304	-
Non-interest income (Note 16)	76,951	-	135,978	-
Net income	256,484	-	683,282	-
Overhead expenses	(123,493)	-	(346,940)	-
Profit before taxation and zakat	132,991	-	336,342	-
Taxation	(35,570)	-	(91,795)	-
Zakat	(1,310)	-	(3,765)	-
Net profit for the financial period	96,111	-	240,782	-
Earnings per share (sen) (Note 29)				
- Basic	13.9	-	34.7	-
- Diluted	13.9	-	34.7	-

* 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.

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

Group	Issued and fully paid ordinary shares of <u>RM1 each</u>	<u>Non-distributable</u>			<u>Distributable</u>	<u>Total</u> RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Reserve arising on consolidation RM'000	Retained Profits RM'000	
	At 1 January, 2003	693,209	1,066,440	7,075	66,166	
Prior year adjustments (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	-	-	-	-	240,782	240,782
Transfer to statutory reserve	-	-	88,416	-	(88,416)	-
At 30 September 2003	693,209	1,066,296	95,491	200,897	170,712	2,226,605

* 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.

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

	Current financial period ended 30 September 2003
	RM'000
Cash Flow from Operating Activities	
Net profit for the financial period	240,782
Adjustments for investing and financing items not involving movement of cash and cash equivalents	200,532
Operating profit before working capital changes	441,314
Increase in operating assets	(54,646)
Increase in operating liabilities	1,096,972
	1,483,640
Cash generated from operations	1,483,640
Income tax paid	(119,004)
Income tax refund	17,981
Payment of retirement benefits	(555)
Net cash generated from operating activities	1,382,062
Cash Flow from Investing Activities	
Purchase of investment securities, net of sale proceeds	(236,425)
Purchase of property, plant and equipment	(37,066)
Proceeds from disposal of property, plant and equipment	3,116
Interest/Dividend received from investment securities	157,018
Net cash used in investing activities	(113,357)
Cash Flow from Financing Activities	
Interest payment on bonds	(9,349)
Listing expenses	(144)
Net cash used in financing activities	(9,493)
Net increase in cash and cash equivalents	
Cash and cash equivalents	1,259,212
- at beginning of financial period	2,221,890
- at end of financial period	3,481,102

* 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.

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Disclosure requirements pursuant to Malaysian Accounting Standards Board's Standard No. 26

1. Basis of Preparation

The interim financial report has been 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 interim 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.

	As previously reported	Effect of change	As Restated
	RM'000	RM'000	RM'000
As at 31 December 2002			
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>
As at 31 March 2003			
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 decreasing the net profit for the financial period ended 30 September 2003 by RM2.818 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.

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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 September 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 financial period ended 30 September 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

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

8. Segment reporting

(a) Segment revenue and segment results

Group	Enterprise Banking	Individual Banking	Islamic Banking	Treasury and Investment Banking	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>3 months financial quarter ended 30 September 2003</u>					
Gross operating revenue ⁽¹⁾	101,979	288,602	41,899	75,885	545,199
Less: Inter-segment revenue	(27)	(2,828)	-	(17)	(2,872)
	<u>101,952</u>	<u>285,774</u>	<u>41,899</u>	<u>75,868</u>	<u>542,327</u>
Segment results	24,293	69,161	6,059	36,197	135,710
Unallocated costs					(2,719)
Profit before taxation and zakat					<u>132,991</u>
Taxation and zakat					(36,880)
Net profit for the financial quarter ended 30 September 2003					<u><u>96,111</u></u>
<u>9 months financial period ended 30 September 2003</u>					
Gross operating revenue ⁽¹⁾	358,731	861,518	152,516	194,735	1,567,500
Less: Inter-segment revenue	(880)	(9,501)	-	(696)	(11,077)
	<u>357,851</u>	<u>852,017</u>	<u>152,516</u>	<u>194,039</u>	<u>1,556,423</u>
Segment results	53,645	195,073	19,074	81,406	349,198
Unallocated costs					(12,856)
Profit before taxation and zakat					<u>336,342</u>
Taxation and zakat					(95,560)
Net profit for the financial period ended 30 September 2003					<u><u>240,782</u></u>

⁽¹⁾ 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) and 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.

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8. **Segment reporting (continued)**

(b) Segment assets

Group	Enterprise Banking	Individual Banking	Islamic Banking	Treasury and Investment Banking	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>As at 30 September 2003</u>					
Segment assets	8,874,616	15,575,451	3,180,399	3,382,302	31,012,768
Unallocated assets					1,020,680
Total assets					<u>32,033,448</u>
<u>As at 31 December 2002</u>					
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.

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EXPLANATORY NOTES

9. Loans, Advances and Financing

	Unaudited 30 September 2003 RM'000	Audited 31 December 2002 RM'000
Overdrafts	2,926,924	2,676,976
Term loans		
- fixed rate	2,247,559	2,485,435
- floating rate	8,213,220	7,515,234
Hire purchase receivables	9,791,060	9,413,100
Lease receivables	6,232	8,044
Bills receivables	8,322	10,332
Trust receipts	89,669	82,539
Claims on customers under acceptance credits	1,295,595	1,176,964
Staff loans	211,031	193,447
Other loans	754,959	861,241
	<u>25,544,571</u>	<u>24,423,312</u>
Unearned interest and income	(2,553,706)	(2,362,017)
Gross loans, advances and financing	<u>22,990,865</u>	<u>22,061,295</u>
Provision for bad and doubtful debts and financing		
- Specific	(769,547)	(744,687)
- General	(394,381)	(377,060)
Interest-in-suspense/income-in-suspense	(398,227)	(365,883)
Net loans, advances and financing	<u>21,428,710</u>	<u>20,573,665</u>

a) Loans, Advances and Financing Analysed by Economic Sectors

	Unaudited 30 September 2003 RM'000	Audited 31 December 2002 RM'000
Agriculture	200,228	172,085
Mining and quarrying	35,258	51,154
Manufacturing	2,173,950	2,358,611
Electricity, gas and water	69,517	52,570
Construction	1,577,318	1,666,376
(of which : Infrastructure)	280,545	357,956
Real estate	598,268	710,025
Purchase of landed property	5,424,461	5,058,135
(of which : (i) Residential	3,864,594	3,421,053
(ii) Non-residential)	<u>1,559,867</u>	<u>1,637,082</u>
General commerce	1,642,450	1,407,637
Transport, storage and communication	668,696	619,304
Finance, insurance and business services	480,116	332,657
Purchase of securities	776,760	839,547
Purchase of transport vehicles	7,574,710	7,168,101
Consumption credit	1,230,349	1,068,069
Others	538,784	557,024
	<u>22,990,865</u>	<u>22,061,295</u>

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EXPLANATORY NOTES

9. **Loans, Advances and Financing (continued)**

b) Non-performing Loans, Advances and Financing

	Unaudited 30 September 2003 RM'000	Audited 31 December 2002 RM'000
Opening balance	2,560,656	-
Amount arising from acquisition of subsidiary companies	-	2,847,890
Non-performing during the financial period/year (gross)	670,035	93,883
Amount recovered/reclassified	(564,131)	(61,596)
Amount converted to investment securities	(331,360)	(86,486)
Amount written off	(46,634)	(233,035)
	<u>2,288,566</u>	<u>2,560,656</u>
Non-performing loans which have no financial impact on the Group	<u>(803,845)</u>	<u>(989,333)</u>
Closing balance	<u>1,484,721</u>	<u>1,571,323</u>
Net non-performing loans, advances and financing	<u>794,224</u>	<u>1,011,555</u>
% to net loans, advances and financing	<u>3.65%</u>	<u>4.90%</u>

c) Loan Loss Provision

	Unaudited 30 September 2003 RM'000	Audited 31 December 2002 RM'000
<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	17,321	(313)
Closing balance	<u>394,381</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	218,998	5,520
Provisions charged to deferred asset/other asset during the financial period/year	35,083	88,571
Amount written back in respect of recoveries/reclassification	(81,272)	(3,054)
Recoveries set-off against deferred asset	(11,022)	(6,687)
Amount transferred to provision for diminution in value of securities	(104,365)	-
Amount written off	(32,562)	(117,035)
Closing balance	<u>769,547</u>	<u>744,687</u>

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9. **Loans, Advances and Financing (continued)**

c) **Loan Loss Provision (continued)**

	Unaudited 30 September 2003	Audited 31 December 2002
	RM'000	RM'000
<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	138,754	14,694
Amount written back in respect of recoveries/reclassification	(76,516)	(6,026)
Amount transferred to provision for diminution in value of securities	(15,822)	-
Amount written off	(14,072)	(116,208)
Closing balance	398,227	365,883

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

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

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 September 2003.

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EXPLANATORY NOTES

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.

The risk-weighted exposures of the Group are as follows :

	Unaudited		Audited	
	30 September 2003		31 December 2002	
	Principal Amount	Credit Equivalent Amount*	Principal Amount	Credit Equivalent Amount*
	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	436,567	436,567	367,668	367,668
Certain transaction-related contingent items	513,594	256,797	433,477	216,739
Short term self-liquidating trade-related contingencies	166,635	33,327	145,343	29,069
Obligations under underwriting agreements	605,632	302,816	494,000	247,000
Irrevocable commitments to extend credit :				
- maturity more than one year	1,953,830	976,915	1,873,989	936,994
- maturity less than one year	4,374,961	-	4,055,722	-
Foreign exchange related contracts - less than one year (Note 23)	2,592,239	39,554	1,538,018	19,463
Others	250,675	-	366,655	-
	<u>10,894,133</u>	<u>2,045,976</u>	<u>9,274,872</u>	<u>1,816,933</u>

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

15. Capital Commitments

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

	Unaudited	Audited
	30 September 2003	31 December 2002
	RM'000	RM'000
<u>Property, plant and equipment</u>		
- Authorised and contracted for	35,085	26,765
- Authorised but not contracted for	26,484	9,210
	<u>61,569</u>	<u>35,975</u>

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EXPLANATORY NOTES

16. **Non-interest income**

	<u>Individual quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current financial quarter ended 30 September 2003</u>	<u>Preceding year corresponding quarter ended 30 September 2002*</u>	<u>Current financial period ended 30 September 2003</u>	<u>Preceding year corresponding period ended 30 September 2002*</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Fee and commission income	28,514	-	76,916	-
Net gain from investment securities	27,463	-	30,369	-
Net gain from dealing securities	20,176	-	30,095	-
Dividend income	290	-	3,120	-
Other income	2,877	-	11,540	-
	<u>79,320</u>	<u>-</u>	<u>152,040</u>	<u>-</u>
Provision for diminution in value of investment securities	(2,369)	-	(16,062)	-
	<u>76,951</u>	<u>-</u>	<u>135,978</u>	<u>-</u>

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.

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Additional disclosure requirements pursuant to paragraph 9.22 of the KLSE Listing Requirements

17. **Taxation**

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

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 30 September 2003	Preceding year corresponding quarter ended 30 September 2002	Current financial period ended 30 September 2003	Preceding year corresponding period ended 30 September 2002
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- Current financial period	23,711	-	95,322	-
- Over-provision of prior years	-	-	(6,345)	-
	23,711	-	88,977	-
Transfer from deferred taxation asset	11,859	-	2,818	-
	35,570	-	91,795	-

The Group's effective tax rate for the financial period ended 30 September 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 September 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**

There were no outstanding corporate proposals for the financial period ended 30 September 2003.

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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 A₂ 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.

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

	Unaudited 30 September 2003 RM'000	Audited 31 December 2002 RM'000
Deposits from customers		
- Fixed deposits		
One year or less	17,163,227	13,877,351
More than one year	958,561	1,151,548
- Saving deposits	1,732,494	1,110,790
- Demand deposits	1,899,159	2,383,727
	<u>21,753,441</u>	<u>18,523,416</u>
Deposits and placements of banks and other financial institutions		
One year or less	5,492,142	4,421,872
More than one year	716,556	2,840,268
	<u>6,208,698</u>	<u>7,262,140</u>
Total	<u><u>27,962,139</u></u>	<u><u>25,785,556</u></u>

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23. Off-Balance Sheet Financial Instruments

Based on the balance sheet as at 12 November 2003, value of contracts of financial instruments of the Group with off-balance sheet risk, traded in the ordinary course of business, classified by remaining period to maturity or next repricing date (whichever is earlier), are as follows:

Items	Principal Amount RM'000	1 month or less RM'000	>1 – 3 months RM'000	> 3 - 6 months RM'000	> 6 – 12 months RM'000
Foreign exchange related contracts - Forward contracts	2,561,856	1,317,874	733,475	508,651	1,856

Foreign exchange related contracts are subject to market risk and credit risk. There were no interest rate, equity and commodity related contracts as at 12 November 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 12 November 2003, the amount of contracts of the Group which were not hedged and, hence, exposed to market risk was RM7,172,177 (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 12 November 2003, the amount of credit risk of the Group, measured in terms of the cost to replace the profitable contracts was RM9,894,573 (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.

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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 September 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 application, fixed on 25 September 2003 has been postponed to 6 January 2004.

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 fixed on 20 October 2003 has been postponed to 10 December 2003 pending the hearing of the EBB's application to strike off the Plaintiff's Statement of Claim which has been fixed for hearing on 14 January 2004.

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

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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. No update since the last announcement.

- (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 has been postponed to 15 January 2004. 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.

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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 fixed on 10 November 2003 for mention has been postponed to 17 February 2004.

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

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

For the third quarter ended 30 September 2003, the Group registered a pre-tax profit of RM132.9 million, a 28.2% increase compared to the pre-tax profit of RM103.8 million achieved in the second quarter of 2003.

The higher quarter-on-quarter Group's pre-tax profit was achieved on the back of higher non-interest income despite an increase in loan loss and provision. However, total NPLs has reduced and the net NPL ratio has improved from 3.93% to 3.65%.

26. **Review of Performance**

The Group achieved a revenue of RM1,556.4 million and a profit before taxation of RM336.3 million for the current financial period ended 30 September 2003.

27. **Current Year Prospects**

The banking and related business is expected to remain highly competitive and interest margin will continue to come under pressure. To maintain the stability in its underlying profitability, 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 confident of sustaining the current level of performance for the rest of 2003.

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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 September 2003 respectively and the weighted average number of ordinary shares in issue during the respective financial period, is set out as follows:

	Financial quarter ended 30 September 2003	Financial period ended 30 September 2003
Net profit for the financial period (RM'000)	96,111	240,782
Weighted average number of ordinary shares in issue during the period ('000)	693,209	693,209
Basic earnings per share (sen) – basic/diluted	13.9	34.7
- annualised (sen)		46.3

There was no dilutive potential ordinary shares outstanding as at 30 September 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.