

EON CAPITAL BERHAD
(454644-K)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2005

	Unaudited	Audited
	30 September 2005	31 December 2004
	RM'000	RM'000
ASSETS		
Cash and short term funds	3,538,657	3,639,250
Deposits and placements with banks and other financial institutions	295,851	91,736
Held for trading securities	108,940	115,532
Available-for-sale securities	2,180,527	2,198,631
Held-to-maturity securities	1,529,122	1,690,357
Loans, advances and financing	25,313,690	23,556,671
Other assets	659,721	782,423
Statutory deposits with Bank Negara Malaysia	940,034	871,379
Property, plant and equipment	273,339	183,133
Deferred tax assets	144,202	132,624
Goodwill	67,197	69,300
TOTAL ASSETS	35,051,280	33,331,036
LIABILITIES AND SHAREHOLDERS' FUNDS		
Deposits from customers	23,260,172	22,611,184
Deposits and placements of banks and other financial institutions	5,110,378	4,752,068
Obligations on securities sold under repurchase agreements	806,006	246,167
Bills and acceptances payable	1,461,994	1,337,864
Other liabilities	361,205	369,445
Recourse obligation on loans sold to Cagamas Berhad	136,505	249,529
Provision for taxation and zakat	36,476	46,592
Long term borrowings	294,185	292,633
Subordinated obligations	839,356	844,307
TOTAL LIABILITIES	32,306,277	30,749,789
SHARE CAPITAL	693,209	693,209
RESERVES	2,051,794	1,888,038
SHAREHOLDERS' FUNDS	2,745,003	2,581,247
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	35,051,280	33,331,036
COMMITMENTS AND CONTINGENCIES	17,004,354	12,033,415
Net Tangible Assets per ordinary share (RM)	3.86	3.62

EON CAPITAL BERHAD
(454644-K)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER/PERIOD ENDED 30 SEPTEMBER 2005

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	<u>Current financial quarter ended 30 September 2005</u>	<u>Preceding year corresponding quarter ended 30 September 2004</u>	<u>Current financial period ended 30 September 2005</u>	<u>Preceding year corresponding period ended 30 September 2004</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	395,551	396,510	1,187,936	1,201,970
Interest expense	(210,386)	(199,713)	(612,630)	(606,685)
Net interest income	185,165	196,797	575,306	595,285
Net income from Islamic Banking business	38,716	34,341	109,311	94,243
	223,881	231,138	684,617	689,528
Non-interest income	59,481	35,377	187,326	109,806
Net income	283,362	266,515	871,943	799,334
Overhead expenses	(134,411)	(133,953)	(394,301)	(366,569)
Operating profit	148,951	132,562	477,642	432,765
Allowances for losses on loans, advances and financing	(50,594)	(20,202)	(155,204)	(126,094)
Impairment losses on securities	(3,157)	(2,024)	(15,430)	(11,470)
Profit before taxation and zakat	95,200	110,336	307,008	295,201
Taxation	(26,086)	(34,862)	(86,969)	(88,603)
Zakat	(1,148)	(1,590)	(3,705)	(4,506)
Net profit for the financial quarter/period	<u>67,966</u>	<u>73,884</u>	<u>216,334</u>	<u>202,092</u>
Earnings per share (sen)				
- Basic	9.80	10.66	31.21	29.15
- Diluted	9.80	10.66	31.21	29.15

EON CAPITAL BERHAD
(454644-K)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2005

	Issued and Fully paid Ordinary Shares of RM1 each			Reserve Arising On Consolidation	Cumulative Net Unrealised Gains/(Losses) On Available-For- Sale Securities	Retained Profits	Total
	Share Capital	Share Premium	Statutory Reserve	RM'000	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2005:							
- as previously reported	693,209	1,066,296	393,111	200,897	-	210,596	2,564,109
- prior year adjustments	-	-	-	-	19,868	(2,730)	17,138
- as restated	693,209	1,066,296	393,111	200,897	19,868	207,866	2,581,247
Net profit for the financial period	-	-	-	-	-	216,334	216,334
Dividend in respect of financial year ended 31 December 2004	-	-	-	-	-	(42,923)	(42,923)
Fair value losses on available-for-sale securities, net of tax	-	-	-	-	(9,655)	-	(9,655)
Balance as at 30 September 2005	693,209	1,066,296	393,111	200,897	10,213	381,277	2,745,003

EON CAPITAL BERHAD
(454644-K)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2005

	Issued and Fully paid Ordinary Shares of RM1 each			Reserve Arising On Consolidation	Cumulative Net Unrealised Gains/(Losses) On Available-For- Sale Securities	Retained Profits	Total
	Share Capital	Share Premium	Statutory Reserve	RM'000	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2004:							
- as previously reported	693,209	1,066,296	165,096	200,897	-	188,718	2,314,216
- prior year adjustments	-	-	-	-	(19,332)	4,594	(14,738)
- as restated	693,209	1,066,296	165,096	200,897	(19,332)	193,312	2,299,478
Net profit for the financial period	-	-	-	-	-	202,092	202,092
Transfer to statutory reserve	-	-	27,193	-	-	(27,193)	-
Dividend in respect of financial year ended 31 December 2003	-	-	-	-	-	(32,442)	(32,442)
Fair value gains on available-for-sale securities, net of tax	-	-	-	-	23,240	-	23,240
Balance as at 30 September 2004	693,209	1,066,296	192,289	200,897	3,908	335,769	2,492,368

EON CAPITAL BERHAD
(454644-K)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2005

	Current financial period ended 30 September 2005	Preceding year corresponding period ended 30 September 2004
	RM'000	RM'000
Cash Flow from Operating Activities		
Net profit for the financial period	216,334	202,092
Adjustments for investing and financing items not involving movement of cash and cash equivalents	293,257	248,680
Operating profit before working capital changes	509,591	450,772
Increase in operating assets	(2,250,521)	(714,753)
Increase/(decrease) in operating liabilities	1,580,389	(799,168)
Cash used in operating activities	(160,541)	(1,063,149)
Zakat paid	(8,066)	-
Income tax paid	(104,476)	(96,505)
Income tax refunded	13	2,500
Net cash used in operating activities	(273,070)	(1,157,154)
Cash Flow from Investing Activities		
Proceeds from sale of financial investment, net of purchases	162,028	850,936
Purchase of property, plant and equipment	(162,046)	(33,033)
Proceeds from disposal of property, plant and equipment	36,638	1,629
Interest/dividend received from financial investment	231,288	147,179
Net dividends received	1,529	1,304
Acquisition of subsidiary companies	-	(84,673)
Net cash generated from investing activities	269,437	883,342
Cash Flow from Financing Activities		
Net dividend paid	(42,923)	(32,442)
Proceeds from issuance of subordinated obligations	-	843,078
Interest paid on long term borrowings	(9,349)	(9,336)
Net interest received from interest rate related derivatives	1,269	11,266
Interest paid on subordinated obligations	(45,957)	(22,978)
Net cash (used in)/generated from financing activities	(96,960)	789,588
Net (decrease)/increase in cash and cash equivalents	(100,593)	515,776
Cash and cash equivalents		
- as at beginning of the financial period	3,639,250	3,143,578
- as at end of the financial period	3,538,657	3,659,354

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

Disclosure requirements pursuant to Malaysian Accounting Standards Board's Standard No. FRS134 and Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions.

1. Basis of Preparation

The condensed interim financial statements have been prepared in accordance with the Malaysian Accounting Standards Board's (MASB) Standard No. FRS134 (Interim Financial Reporting), Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's financial statements for the financial year ended 31 December 2004.

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, except for those relating to the recognition, measurement and classification of securities as disclosed in Note 2 of these explanatory notes.

2. Changes in Accounting Policies

On 5 October 2004, Bank Negara Malaysia has issued a revised BNM/GP 8, which provides guidance on recognition, measurement and classification of securities portfolio. The Guidelines is effective for the financial year ending 31 December 2005.

Previously, trading securities are measured at lower of cost and market value. Bank guaranteed and Government guaranteed private debt securities are measured at amortised cost, while non-bank guaranteed and non-government guaranteed private debts securities are measured at lower of cost and market value. Other investment securities are measured at cost and allowance is made in the event of any permanent diminution in value.

With the revision, all held for trading securities are now measured at fair value. Investment securities are classified into available-for-sale ('AFS') and held-to-maturity ('HTM') securities. AFS securities are measured at fair value, with changes in fair value recognised directly in equity. Equity securities which have no quoted price in an active market and whose fair value cannot be reliably measured are classified as AFS securities and stated at cost. HTM securities are measured at amortised cost or at cost. Impairment losses arising from AFS and HTM securities are recognised in profit and loss.

The change in accounting policies has been applied retrospectively and an analysis of the impacts to the financial results and position of the Group is summarised as follows:

	As previously reported RM'000	Effect from change in accounting policy RM'000	As restated RM'000
Balance sheet			
<u>As at 31 December 2004</u>			
Held for trading securities	115,312	220	115,532
Investment securities	3,865,405	(3,865,405)	-
Available-for-sale securities	-	2,198,631	2,198,631
Held-to-maturity securities	-	1,690,357	1,690,357
Deferred tax assets	139,289	(6,665)	132,624
Reserves	1,870,900	17,138	1,888,038
Net tangible assets per ordinary share (RM)	3.60	0.02	3.62

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

2. Changes in Accounting Policies (continued)

	<u>As previously reported</u> RM'000	<u>Effect from change in accounting policy</u> RM'000	<u>As restated</u> RM'000
Income statement			
<u>For the financial period ended 30 September 2004</u>			
Profit before taxation	305,299	(10,098)	295,201
Taxation	(91,430)	2,827	(88,603)
Net profit for the financial period	209,363	(7,271)	202,092
Earnings per share (sen) - Basic	30.20	(1.05)	29.15

3. Audit Report

The audit report of the latest audited annual financial statements was not subject to any qualification.

4. Seasonality or Cyclicity of Operations

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

5. 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 quarter/period ended 30 September 2005.

6. 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 of the Group for the financial quarter/period ended 30 September 2005.

7. Issuance and Repayments

There were no cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter/period ended 30 September 2005.

8. Dividend Paid During the Current Financial Quarter

There were no interim dividend paid or declared in respect of financial year ending 31 December 2005 during the financial quarter ended 30 September 2005.

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

9. Segment reporting

(a) Segment revenue and segment results

<u>Group</u>	<u>Enterprise Banking</u> RM'000	<u>Retail Banking</u> RM'000	<u>Islamic Banking</u> RM'000	<u>Treasury and Investment Banking</u> RM'000	<u>Stock- broking Business</u> RM'000	<u>Total</u> RM'000
<u>Current financial quarter ended 30 September 2005</u>						
Gross operating revenue ⁽¹⁾	115,925	277,495	61,584	59,247	3,852	518,103
Less: Inter-segment revenue ⁽²⁾	(9)	(732)	-	(608)	(572)	(1,921)
	<u>115,916</u>	<u>276,763</u>	<u>61,584</u>	<u>58,639</u>	<u>3,280</u>	<u>516,182</u>
Segment results	23,103	40,032	14,810	18,518	1,368	97,831
Unallocated costs						(2,631)
Profit before taxation and zakat						95,200
Taxation and zakat						(27,234)
Net profit for the financial quarter ended 30 September 2005						<u>67,966</u>
<u>Preceding year corresponding quarter ended 30 September 2004</u>						
Gross operating revenue ⁽¹⁾	106,921	279,849	55,743	47,373	-	489,886
Less: Inter-segment revenue ⁽²⁾	(10)	(1,653)	-	-	-	(1,663)
	<u>106,911</u>	<u>278,196</u>	<u>55,743</u>	<u>47,373</u>	<u>-</u>	<u>488,223</u>
Segment results	47,061	45,993	21,657	(363)	-	114,348
Unallocated costs						(4,012)
Profit before taxation and zakat						110,336
Taxation and zakat						(36,452)
Net profit for the financial quarter ended 30 September 2004						<u>73,884</u>

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

9. Segment reporting (continued)

(a) Segment revenue and segment results (continued)

Group	Enterprise Banking	Retail Banking	Islamic Banking	Treasury and Investment Banking	Stock- broking Business	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Current financial period ended 30 September 2005</u>						
Gross operating revenue ⁽¹⁾	340,759	819,416	181,176	218,583	8,652	1,568,586
Less: Inter-segment revenue ⁽²⁾	(27)	(1,206)	-	(6,687)	(1,577)	(9,497)
	<u>340,732</u>	<u>818,210</u>	<u>181,176</u>	<u>211,896</u>	<u>7,075</u>	<u>1,559,089</u>
Segment results	59,290	116,990	41,925	101,892	(2,430)	317,667
Unallocated costs						(10,659)
Profit before taxation and zakat						307,008
Taxation and zakat						(90,674)
Net profit for the financial period ended 30 September 2005						<u>216,334</u>
<u>Preceding year corresponding period ended 30 September 2004</u>						
Gross operating revenue ⁽¹⁾	321,243	843,477	153,282	153,366	-	1,471,368
Less: Inter-segment revenue ⁽²⁾	(41)	(7,046)	-	(232)	-	(7,319)
	<u>321,202</u>	<u>836,431</u>	<u>153,282</u>	<u>153,134</u>	<u>-</u>	<u>1,464,049</u>
Segment results	72,751	188,388	37,689	8,878	-	307,706
Unallocated costs						(12,505)
Profit before taxation and zakat						295,201
Taxation and zakat						(93,109)
Net profit for the financial period ended 30 September 2004						<u>202,092</u>

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

9. Segment reporting (continued)

(b) Segment assets

<u>Group</u>	<u>Enterprise Banking</u> RM'000	<u>Retail Banking</u> RM'000	<u>Islamic Banking</u> RM'000	<u>Treasury and Investment Banking</u> RM'000	<u>Stock- broking Business</u> RM'000	<u>Total</u> RM'000
<u>As at</u> <u>30 September 2005</u>						
Segment assets	8,551,088	16,502,719	4,298,842	4,799,221	89,172	34,241,042
Unallocated assets						810,238
Total assets						<u>35,051,280</u>
<u>As at</u> <u>31 December 2004</u>						
Segment assets	8,357,060	15,605,391	3,952,419	4,525,369	101,795	32,542,034
Unallocated assets						789,002
Total assets						<u>33,331,036</u>

⁽¹⁾Gross operating revenue comprise gross interest income received from loans, advances and financing (net of interest/income suspended), trading securities, investment securities (net of accretion of discount less amortisation of premium) and inter-bank placements and deposits, realised gains or losses from trading and investment securities, fee income, gross income received from Islamic Banking and other operating revenue.

⁽²⁾Inter-segment transactions are carried out on commercial terms at market rates obtainable in transactions with unrelated parties.

⁽³⁾As a result of the merger for banking and finance business of the Group, certain basis of allocation of cost of funding and overhead has changed to reflect the new business model engaged by the Group. As such, the comparison information has been amended accordingly.

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

10. Held for Trading Securities

	<u>Unaudited</u> <u>30 September 2005</u> RM'000	<u>Audited</u> <u>31 December 2004</u> RM'000
Malaysian Government securities	16,691	108,372
Shares quoted in Malaysia	4,307	2,284
Bankers acceptances and Islamic accepted bills	82,919	-
Private and Islamic debt securities	5,023	4,876
	<u>108,940</u>	<u>115,532</u>

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

11a. Available-for-sale Securities

	Unaudited 30 September 2005	Audited 31 December 2004
	RM'000	RM'000
Available-for-sale securities, at fair value		
Malaysian Government securities	1,117,791	1,347,974
Cagamas bonds	450,050	597,746
Shares quoted in Malaysia	32,195	51,986
Quoted private debt securities	1,502	4,700
Private and Islamic debt securities	532,729	192,364
Commercial papers	23,680	-
Islamic commercial papers	18,719	-
	<u>2,176,666</u>	<u>2,194,770</u>
Available-for-sale securities, at cost		
Unquoted shares in Malaysia	7,075	7,075
Allowance for impairment	(3,214)	(3,214)
	<u>3,861</u>	<u>3,861</u>
	<u>2,180,527</u>	<u>2,198,631</u>

11b. Held-to-maturity Securities

	Unaudited 30 September 2005	Audited 31 December 2004
	RM'000	RM'000
Held-to-maturity securities, at cost/amortised cost		
Malaysian Government investment securities	29,845	29,183
Cagamas Mudharabah bonds	35,380	35,380
Khazanah bonds	1,200	1,168
Private and Islamic debt securities	662,613	836,139
Unquoted shares in Malaysia	17,557	17,557
Islamic commercial papers (Murabahah Notes Issuance Facility)	11,000	-
Credit link notes denominated in USD	188,475	190,000
Floating rate notes denominated in USD	644,585	649,800
	<u>1,590,655</u>	<u>1,759,227</u>
Allowance for impairment	(61,533)	(68,870)
	<u>1,529,122</u>	<u>1,690,357</u>

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

12. Loans, Advances and Financing

	Unaudited 30 September 2005 RM'000	Audited 31 December 2004 RM'000
Overdrafts	2,337,491	2,308,468
Term loans/financing:		
Housing loans/financing	5,414,211	5,036,791
Syndicated term loan/financing	420,381	619,128
Hire purchase receivables	11,913,602	10,761,198
Lease receivables	2,279	2,846
Other term loans/financing	4,878,741	4,679,403
Bills receivable	5,397	10,896
Trust receipts	172,113	168,141
Claims on customers under acceptance credits	1,832,524	1,623,120
Staff loans/financing	215,570	226,327
Credit cards	666,253	566,128
Revolving credit	1,307,793	1,292,317
Other loans/financing	70,443	48,657
	<u>29,236,798</u>	<u>27,343,420</u>
Less: Unearned interest and income	<u>(2,930,224)</u>	<u>(2,816,468)</u>
Gross loans, advances and financing	26,306,574	24,526,952
Less: Allowances for bad and doubtful debts and financing:		
- General	(436,095)	(408,350)
- Specific	(556,789)	(561,931)
Total net loans, advances and financing	<u><u>25,313,690</u></u>	<u><u>23,556,671</u></u>

(i) The loans, advances and financing are disbursed to the following types of customers:

Domestic non-bank financial institutions (of which: Stockbroking companies)	269,121 -	272,138 -
Domestic business enterprises (of which: Small medium enterprises)	9,376,685 3,511,209	8,966,894 3,027,170
Government and statutory bodies	35,709	44,527
Individuals	16,571,739	15,134,954
Other domestic entities	20,382	21,261
Foreign entities	32,938	87,178
Gross loans, advances and financing	<u><u>26,306,574</u></u>	<u><u>24,526,952</u></u>

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

12. Loans, Advances and Financing (continued)

	Unaudited 30 September 2005 RM'000	Audited 31 December 2004 RM'000
(ii) The loans, advances and financing analysed by interest rate sensitivity:		
Fixed rate	13,732,492	12,505,107
(of which: (i) Housing loans/financing	1,818,019	1,796,492
(ii) Hire purchase receivables)	10,230,984	9,199,710
Variable rate	12,574,082	12,021,845
(of which: (i) Base lending rate plus	8,564,941	7,907,786
(ii) Cost plus)	3,092,320	3,357,662
 Gross loans, advances and financing	 <u>26,306,574</u>	 <u>24,526,952</u>
 (iii) The loans, advances and financing analysed by their economic sectors:		
Agriculture, hunting, forestry and fishing	319,259	175,827
Mining and quarrying	34,257	36,325
Manufacturing	2,376,121	2,180,337
Electricity, gas and water	130,818	85,675
Construction	1,689,738	1,910,355
(of which: (i) Infrastructure)	101,087	154,461
Real estate	510,570	460,377
Purchase of landed property	6,159,775	5,754,040
(of which: (i) Residential	4,809,391	4,396,688
(ii) Non-residential)	1,350,384	1,357,352
Wholesale and retail trade and restaurants and hotels	2,128,548	1,827,559
Transport, storage and communication	542,838	651,169
Finance, insurance and business services	605,736	600,124
Purchase of securities	740,312	796,944
Purchase of transport vehicles	9,367,489	8,419,241
Consumption credit	1,362,077	1,241,959
Others	339,036	387,020
 Gross loans, advances and financing	 <u>26,306,574</u>	 <u>24,526,952</u>

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

12. Loans, Advances and Financing (continued)

	Unaudited 30 September 2005 RM'000	Audited 31 December 2004 RM'000
(vi) Movements in allowances for bad and doubtful debts and financing:		
General allowance		
Balance as at 1 January	408,350	390,107
Allowance made during the financial period/year	27,745	18,243
Balance as at 30 September / 31 December	<u>436,095</u>	<u>408,350</u>
As % of gross loans, advances and financing less specific allowance	<u>1.7%</u>	<u>1.7%</u>
Specific allowance		
Balance as at 1 January	561,931	576,553
Allowance made during the financial period/year	231,350	290,037
Allowance charged to deferred asset/other assets during the financial period/year	7,246	27,031
Amount recovered	(83,190)	(106,191)
Recoveries set-off against deferred asset	(22,795)	(5,611)
Amount transferred to provision for diminution in value of investment securities	(365)	-
Amount written off	(137,388)	(219,888)
Balance as at 30 September / 31 December	<u>556,789</u>	<u>561,931</u>

13. Other Assets

	Unaudited 30 September 2005 RM'000	Audited 31 December 2004 RM'000
Trade receivables, net of allowances for bad and doubtful debts of RM4,157,000 (31.12.2004: RM237,000)	12,125	26,167
Interest/income receivable	41,117	61,183
Other debtors, deposits and prepayments, net of allowances for bad and doubtful debts of RM5,713,000 (31.12.2004: RM6,818,000)	128,443	164,011
Tax recoverable	22,250	17,873
Deferred asset account	432,517	488,254
Amount due from originating non-banking institutions for mortgage loans sold on their behalf to Cagamas Berhad	23,269	24,935
	<u>659,721</u>	<u>782,423</u>

14. Valuation of Property, Plant and Equipment

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

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

15. Deposits from customers

	Unaudited 30 September 2005 RM'000	Audited 31 December 2004 RM'000
Demand deposits	2,477,624	2,182,802
Savings deposits	2,093,531	1,983,107
Fixed/investment deposits	18,689,017	18,445,275
	<u>23,260,172</u>	<u>22,611,184</u>
 (i) The maturity structure of fixed/investment deposits is as follows:		
One year or less	18,430,714	17,852,525
More than one year	258,303	592,750
	<u>18,689,017</u>	<u>18,445,275</u>
 (ii) The deposits from customer are sourced from the following types of customers:		
Government and statutory bodies	3,043,952	2,758,234
Business enterprises	9,041,039	8,782,099
Individuals	10,313,700	10,256,332
Others	861,481	814,519
	<u>23,260,172</u>	<u>22,611,184</u>

16. Deposits and placements of banks and other financial institutions

	Unaudited 30 September 2005 RM'000	Audited 31 December 2004 RM'000
Licensed banks	535,228	439,252
Licensed finance companies	261	31,438
Licensed merchant banks	65,216	27,889
Bank Negara Malaysia	1,400,000	1,400,000
Other financial institutions	3,109,673	2,853,489
	<u>5,110,378</u>	<u>4,752,068</u>
 (i) The maturity structure of deposits and placements of banks and other financial institutions is as follows:		
One year or less	3,627,624	3,163,017
More than one year	1,482,754	1,589,051
	<u>5,110,378</u>	<u>4,752,068</u>

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

17. Other Liabilities

	Unaudited 30 September 2005 RM'000	Audited 31 December 2004 RM'000
Trade payable	6,347	6,967
Other liabilities	162,464	156,124
Interest/dividend payable	178,113	189,278
Profit equalisation reserves	14,281	17,076
	361,205	369,445

18. Interest Income

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 30 September 2005 RM'000	Preceding year corresponding quarter ended 30 September 2004 RM'000	Current financial period ended 30 September 2005 RM'000	Preceding year corresponding period ended 30 September 2004 RM'000
Loans and advances				
- Interest income other than recoveries	346,142	325,014	1,017,314	972,823
- Recoveries from NPLs	8,520	18,829	32,922	56,858
Money at call and deposit placements with financial institutions	25,282	28,952	65,777	89,469
Held for trading securities	3,765	1,016	15,255	5,381
Available-for-sale securities	25,988	35,852	82,640	115,011
Held-to-maturity securities	9,917	7,453	44,109	23,405
Others	178	-	754	-
	419,792	417,116	1,258,771	1,262,947
Amortisation of premium less accretion of discount	(11,266)	(11,584)	(34,487)	(35,701)
Interest suspended	(12,975)	(9,022)	(36,348)	(25,276)
Total interest income	395,551	396,510	1,187,936	1,201,970

19. Interest Expense

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 30 September 2005 RM'000	Preceding year corresponding quarter ended 30 September 2004 RM'000	Current financial period ended 30 September 2005 RM'000	Preceding year corresponding period ended 30 September 2004 RM'000
Deposits and placements of banks and other financial institutions	33,670	25,393	85,258	69,515
Deposits from customers	156,733	153,738	466,602	473,617
Loans sold to Cagamas Berhad	2,389	2,912	7,765	13,286
Subordinated obligations	12,016	12,026	36,221	33,407
Long term borrowings	5,206	5,205	15,615	15,575
Others	372	439	1,169	1,285
	210,386	199,713	612,630	606,685

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

20. Non-interest income

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	<u>Current financial quarter ended 30 September 2005</u>	<u>Preceding year corresponding quarter ended 30 September 2004</u>	<u>Current financial period ended 30 September 2005</u>	<u>Preceding year corresponding period ended 30 September 2004</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Fee and commission income:				
- Commission	7,944	6,802	23,293	19,411
- Service charges and fees	20,965	15,227	56,436	44,993
- Guarantee fees	3,206	2,240	8,850	7,713
- Advisory and arrangement fees	8,535	2,638	23,137	7,276
- Underwriting commission	549	625	3,141	3,636
- Brokerage	1,250	-	4,403	-
Gains/(losses) arising from sale of securities:				
- Held for trading securities	497	362	(265)	4,315
- Held-to-maturity securities	69	-	1,244	771
- Available-for-sale securities	6,966	5,481	51,831	11,406
Dividend income				
- Held for trading securities	92	124	242	406
- Held-to-maturity securities	-	-	-	419
- Available-for-sale securities	781	-	1,730	490
Unrealised losses on revaluation of trading securities	(292)	(38)	(2,683)	(7)
Gains from foreign exchange translations	5,958	1,437	10,128	4,679
Other income/(expenditure):				
- Rental income from premises	373	79	1,697	262
- Gain on disposal of property, plant and equipment	111	69	800	983
- Other operating income	208	129	472	365
- Other non-operating income	2,248	772	6,672	3,288
- Amount (provided)/recovered in respect of other bad and doubtful debts	70	(570)	(3,753)	(600)
- Bad debt written-off	(49)	-	(49)	-
	<u>59,481</u>	<u>35,377</u>	<u>187,326</u>	<u>109,806</u>

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

21. Overhead expenses

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 30 September 2005	Preceding year corresponding quarter ended 30 September 2004	Current financial period ended 30 September 2005	Preceding year corresponding period ended 30 September 2004
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	63,742	60,344	190,029	178,662
Promotion and marketing related expenses	14,748	15,826	46,572	44,701
Establishment related expenses	29,663	27,555	84,127	75,872
General administrative expenses	26,258	30,228	73,573	67,334
	134,411	133,953	394,301	366,569
(i) Personnel expenses comprise the following:				
Salaries, bonus and allowances	50,739	47,726	153,827	143,593
Defined contribution plan	8,602	7,760	25,153	23,557
Other employee benefits	4,401	4,858	11,049	11,512
	63,742	60,344	190,029	178,662
(ii) Promotion and marketing related expenses comprise the following:				
Hire-purchase handling fees and commissions	12,761	13,441	39,067	37,331
Others	1,987	2,385	7,505	7,370
	14,748	15,826	46,572	44,701
(iii) Establishment related expenses comprise the following:				
Depreciation of property, plant and equipment	9,886	8,384	30,127	23,559
Repair and maintenance	4,938	4,306	13,724	11,916
Rental of premises	5,447	7,151	16,120	21,054
Hire of equipment	1,812	1,508	4,579	4,625
Others	7,580	6,206	19,577	14,718
	29,663	27,555	84,127	75,872

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

21. Overhead expenses (continued)

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	<u>Current financial quarter ended 30 September 2005</u>	<u>Preceding year corresponding quarter ended 30 September 2004</u>	<u>Current financial period ended 30 September 2005</u>	<u>Preceding year corresponding period ended 30 September 2004</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
(iv) General administrative expenses comprise the following:				
Communication costs	5,881	3,151	15,636	9,289
Printing and stationeries	5,532	4,940	12,218	12,948
Loss on disposal of property, plant and equipment	12	2	6,032	46
Amortisation of goodwill	701	-	2,104	-
Legal and other professional charges	5,866	5,053	15,284	13,802
Others	8,266	17,082	22,299	31,249
	<u>26,258</u>	<u>30,228</u>	<u>73,573</u>	<u>67,334</u>

22. Allowances for Losses on Loans, Advances and Financing

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	<u>Current financial quarter ended 30 September 2005</u>	<u>Preceding year corresponding quarter ended 30 September 2004</u>	<u>Current financial period ended 30 September 2005</u>	<u>Preceding year corresponding period ended 30 September 2004</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Allowances for bad and doubtful debts on loans, advances and financing:				
(a) Specific allowance:				
- Made	87,196	60,685	231,350	215,890
- Written back	(40,353)	(45,448)	(83,190)	(91,326)
(b) General allowance:				
- Made	11,079	11,650	27,745	18,241
Bad debts on loans, advances and financing:				
- Recovered	(7,337)	(7,589)	(20,832)	(19,418)
- Written off	9	904	131	2,707
	<u>50,594</u>	<u>20,202</u>	<u>155,204</u>	<u>126,094</u>

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

23. 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 2005			31 December 2004		
	Principal amount	Credit equivalent amount*	Risk weight amount	Principal amount	Credit equivalent amount*	Risk weight amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	298,533	298,533	298,533	313,746	313,746	313,746
Certain transaction-related contingent items	782,029	391,015	391,015	620,360	310,180	310,180
Short term self-liquidating trade-related contingencies	158,829	31,766	31,766	229,482	45,896	45,896
Assets sold with recourse and commitments with certain drawdown	544,425	544,425	474,402	-	-	-
Obligations under underwriting agreements	466,167	233,084	41,167	590,676	295,338	295,338
Irrevocable commitments to extend credit :						
- maturity more than one year	1,935,667	967,834	655,349	1,788,343	894,172	633,960
- maturity less than one year	6,996,034	-	-	5,733,376	-	-
Foreign exchange related contracts - maturity less than one year	3,299,349	51,607	31,326	1,723,185	29,926	12,088
Interest rate related contracts - maturity more than one year	2,340,860	50,888	12,439	855,000	34,200	6,840
Others	182,461	-	-	179,247	-	-
	<u>17,004,354</u>	<u>2,569,152</u>	<u>1,935,997</u>	<u>12,033,415</u>	<u>1,923,458</u>	<u>1,618,048</u>

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

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

24. Interest/Profit Rate Risk

	← Non-trading book →					Non- interest sensitive	Trading book	Total	Effective interest rate %
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 30 September 2005									
Assets									
Cash and short-term funds	3,416,429	-	-	-	-	122,228	-	3,538,657	2.77
Deposits and placements with financial institutions	-	157,373	138,478	-	-	-	-	295,851	4.07
Held for trading securities	-	-	-	-	-	-	108,940	108,940	3.65
Available-for-sale securities	999	53,983	254,913	1,765,007	68,067	37,558	-	2,180,527	3.91
Held-to-maturity securities	-	29,845	889,060	358,383	234,277	17,557	-	1,529,122	2.87
Loans, advances and financing									
- performing	11,273,845	417,300	510,517	5,242,249	7,274,363	10,083	-	24,728,357	6.69
- non-performing	-	-	-	-	-	585,333	-	585,333	-
Other assets ⁽¹⁾	9,159	-	-	-	-	2,075,334	-	2,084,493	7.03
Total assets	14,700,432	658,501	1,792,968	7,365,639	7,576,707	2,848,093	108,940	35,051,280	

Note:

(1) Other assets include statutory deposits with Bank Negara Malaysia, property, plant and equipment, deferred tax assets and goodwill.

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

24. Interest/Profit Rate Risk (continued)

	← Non-trading book →						Trading book	Total	Effective interest rate %
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 30 September 2005 (continued)									
Liabilities									
Deposits from customers	9,041,505	4,885,933	6,596,807	258,303	-	2,477,624	-	23,260,172	2.74
Deposits and placements of banks and other financial institutions	1,534,079	993,284	1,057,082	17,526	1,400,000	108,407	-	5,110,378	4.20
Obligations on securities sold under repurchase agreements	806,006	-	-	-	-	-	-	806,006	2.41
Bills and acceptances payable	-	-	-	-	-	1,461,994	-	1,461,994	-
Other liabilities ⁽¹⁾	7,072	-	-	-	-	390,609	-	397,681	2.80
Recourse obligation on loans sold to Cagamas Berhad	-	-	113,236	-	-	23,269	-	136,505	4.22
Subordinated obligations	-	-	-	848,215	-	^(8,859)	-	839,356	5.38
Long term borrowings	-	50,000	-	250,000	-	^(5,815)	-	294,185	6.25
Total liabilities	11,388,662	5,929,217	7,767,125	1,374,044	1,400,000	4,447,229	-	32,306,277	
Shareholder's Funds	-	-	-	-	-	2,745,003	-	2,745,003	
Total Liabilities and Shareholder's Funds	11,388,662	5,929,217	7,767,125	1,374,044	1,400,000	7,192,232	-	35,051,280	
On-balance sheet interest sensitivity gap	3,311,770	(5,270,716)	(5,974,157)	5,991,595	6,176,707				
Off-balance sheet interest sensitivity gap	2,000	(1,000)	(1,000)	-	-				
Total interest sensitivity gap	3,313,770	(5,271,716)	(5,975,157)	5,991,595	6,176,707				

^ The negative balance represents unamortised discount for subordinated obligations and long term borrowings calculated in accordance with the Group's accounting policy.

Note:

(1) Other liabilities include provision for taxation and zakat.

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

24. Interest/Profit Rate Risk (continued)

	← Non-trading book →					Non- interest sensitive	Trading book	Total	Effective interest rate %
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 31 December 2004									
Assets									
Cash and short-term funds	3,519,012	-	-	-	-	120,238	-	3,639,250	2.67
Deposits and placements with financial institutions	-	91,736	-	-	-	-	-	91,736	2.77
Held for trading securities	-	-	-	-	-	-	115,532	115,532	3.40
Available-for-sale securities	-	-	30,332	2,096,840	10,911	60,548	-	2,198,631	3.25
Held-to-maturity securities	839,800	70,084	166,205	358,900	237,812	17,556	-	1,690,357	5.49
Loans, advances and financing									
- performing	10,499,857	493,000	434,687	5,406,389	6,108,267	11,630	-	22,953,830	7.09
- non-performing	-	-	-	-	-	602,841	-	602,841	-
Other assets ⁽¹⁾	6,363	-	-	-	-	2,032,496	-	2,038,859	7.05
Total assets	14,865,032	654,820	631,224	7,862,129	6,356,990	2,845,309	115,532	33,331,036	

Note:

(1) Other assets include statutory deposits with Bank Negara Malaysia, property, plant and equipment, deferred tax assets and goodwill.

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

24. Interest/Profit Rate Risk (continued)

	← Non-trading book →					Non- Interest sensitive	Trading book	Total	Effective interest rate %
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 years				
As at 31 December 2004 (continued)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Liabilities									
Deposits from customers	9,025,131	3,995,632	6,814,876	592,743	-	2,182,802	-	22,611,184	2.84
Deposits and placements of banks and other financial institutions	1,248,501	954,882	825,605	134,807	1,400,000	188,273	-	4,752,068	4.09
Obligations on securities sold under repurchase agreements	246,167	-	-	-	-	-	-	246,167	2.35
Bills and acceptances payable	-	-	-	-	-	1,337,864	-	1,337,864	-
Other liabilities ⁽¹⁾	6,924	-	-	-	-	409,113	-	416,037	3.00
Recourse obligation on loans sold to Cagamas Berhad	-	-	85,613	138,981	-	24,935	-	249,529	4.87
Subordinated obligations	-	-	-	855,000	-	^(10,693)	-	844,307	5.38
Long term borrowings	-	-	50,000	250,000	-	^(7,367)	-	292,633	7.10
Total liabilities	10,526,723	4,950,514	7,776,094	1,971,531	1,400,000	4,124,927	-	30,749,789	
Shareholder's Funds	-	-	-	-	-	2,581,247	-	2,581,247	
Total Liabilities and Shareholder's Funds	10,526,723	4,950,514	7,776,094	1,971,531	1,400,000	6,706,174	-	33,331,036	
On-balance sheet interest sensitivity gap	4,338,309	(4,295,694)	(7,144,870)	5,890,598	4,956,990				
Off-balance sheet interest sensitivity gap	-	(855,000)	-	855,000	-				
Total interest sensitivity gap	4,338,309	(5,150,694)	(7,144,870)	6,745,598	4,956,990				

^ The negative balance represents unamortised discount for subordinated obligations and long term borrowings calculated in accordance with the Group's accounting policy.

Note:

(1) Other liabilities include provision for taxation and zakat.

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

25. The Operation of Islamic Banking

25(i) Unaudited Condensed Balance Sheet

	Unaudited 30 September 2005	Audited 31 December 2004
	RM'000	RM'000
ASSETS		
Cash and short term funds	458,086	161,862
Deposits and placements with banks and other financial institutions	-	20,000
Held-to-maturity securities	82,161	197,486
Financing, advances and other loans (Note 25(iii))	3,592,512	3,337,485
Other assets	7,701	103,513
Statutory deposits with Bank Negara Malaysia	130,227	112,883
Property, plant and equipment	1,297	1,540
TOTAL ASSETS	4,271,984	3,934,769
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		
Deposits from customers (Note 25(iv))	2,825,423	2,617,550
Deposits and placements of banks and other financial institutions	924,035	846,293
Bills and acceptances payable	1,634	3,679
Provision for zakat	11,163	15,523
Other liabilities	39,307	54,318
TOTAL LIABILITIES	3,801,562	3,537,363
ISLAMIC BANKING CAPITAL FUNDS		
Islamic banking funds	310,110	310,110
Retained profits	160,312	87,296
TOTAL ISLAMIC BANKING CAPITAL FUNDS	470,422	397,406
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS	4,271,984	3,934,769
COMMITMENTS AND CONTINGENCIES	904,722	753,549

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

25. The Operation of Islamic Banking (continued)

25(ii) Unaudited Condensed Income Statement

	Individual quarter		Cumulative quarter	
	Current financial quarter ended <u>30 September 2005</u> RM'000	Preceding year corresponding quarter ended <u>30 September 2004</u> RM'000	Current financial period ended <u>30 September 2005</u> RM'000	Preceding year corresponding period ended <u>30 September 2004</u> RM'000
Income derived from investment of depositors' funds	56,255	49,347	165,739	140,433
Allowances for losses on financing	(4,938)	(6,004)	(16,974)	(23,702)
Transfer to/(from) profit equalisation reserve	2,924	1,554	2,795	(1,666)
Total attributable income	54,241	44,897	151,560	115,065
Income attributable to depositors	(25,793)	(22,667)	(74,660)	(63,918)
	28,448	22,230	76,900	51,147
Income derived from investment of head office's funds	5,330	6,107	15,437	19,394
Total net income	33,778	28,337	92,337	70,541
Overhead expenses	(5,828)	(5,379)	(15,610)	(14,900)
Profit before zakat	27,950	22,958	76,727	55,641
Zakat	(1,148)	(1,590)	(3,705)	(4,506)
Profit after zakat	26,802	21,368	73,022	51,135

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

25. The Operation of Islamic Banking (continued)

25(iii) Financing, Advances and Other Loans

	Unaudited 30 September 2005	Audited 31 December 2004
	RM'000	RM'000
Overdrafts	179,890	265,238
Term financing		
Housing financing	1,859,522	1,833,464
Hire purchase receivables	1,824,303	1,531,421
Other term financing	1,141,401	1,107,026
Bills receivable	4	-
Trust receipts	1,714	3,374
Claims on customers under acceptance credits	72,852	26,164
Staff financing	40,291	41,169
Revolving credit	85,770	115,951
Other financing	13,357	6,526
	<u>5,219,104</u>	<u>4,930,333</u>
Less: Unearned income	(1,510,758)	(1,483,725)
	3,708,346	3,446,608
Less: Allowances for bad and doubtful financing:		
- General	(62,129)	(57,717)
- Specific	(53,705)	(51,406)
Total net financing, advances and other loans	<u>3,592,512</u>	<u>3,337,485</u>

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

Balance as at 1 January	140,303	100,121
Classified as non-performing during the financial period/year (gross)	144,941	176,190
Reclassified as performing during the financial period/year	(92,599)	(84,064)
Amount recovered	(24,920)	(45,469)
Amount written off	(10,338)	(6,475)
Balance as at 30 September / 31 December	<u>157,387</u>	<u>140,303</u>
Non-performing loans which have no adverse financial impact on the Group	(20,177)	(21,017)
	<u>137,210</u>	<u>119,286</u>
Specific allowance	(40,507)	(37,804)
Net non-performing financing, advances and other loans	<u>96,703</u>	<u>81,482</u>
Ratio of net non-performing financing, advances and other loans to total net financing, advances and other loans	<u>2.65%</u>	<u>2.41%</u>

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

25. The Operation of Islamic Banking (continued)

25(iii) Loans, Advances and Financing (continued)

	Unaudited	Audited
	30 September 2005	31 December 2004
	RM'000	RM'000
(b) Movements in allowances for bad and doubtful financing are as follows:		
<u>General allowance</u>		
Balance as at 1 January	57,717	44,271
Allowance made during the financial period/year	4,412	13,446
Balance as at 30 September / 31 December	62,129	57,717
As % of total financing less specific allowance	1.7%	1.7%
<u>Specific allowance</u>		
Balance as at 1 January	51,406	31,138
Allowance made during the financial period/year	21,835	27,075
Allowance charged to deferred asset/other assets during the financial period/year	109	8,281
Amount written back in respect of recoveries	(8,897)	(8,605)
Recoveries set-off against deferred asset	(410)	(8)
Amount written off	(10,338)	(6,475)
Balance as at 30 September / 31 December	53,705	51,406

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

25. The Operation of Islamic Banking (continued)

25(iv) Deposits from customers

	Unaudited 30 September 2005	Audited 31 December 2004
	RM'000	RM'000
<u>Non-Mudarabah:</u>		
Al-Wadiah demand deposits	543,529	264,684
Al-Wadiah savings deposits	127,790	120,817
	671,319	385,501
<u>Mudarabah:</u>		
Al-Fareed demand deposits	28,105	27,950
Al-Mudarabah savings deposits	30,487	23,069
Total demand and savings deposits	729,911	436,520
<u>Mudarabah:</u>		
General investment deposits	1,819,343	1,556,945
Special investment deposits	-	334,594
Bai Al-Inah HARI	276,169	289,491
Total investment deposits	2,095,512	2,181,030
	2,825,423	2,617,550

26. Significant events during the financial quarter/period ended 30 September 2005

There were no significant events during the financial quarter/period ended 30 September 2005.

27. Changes in the composition of the Group

There were no significant changes in the composition of the Group for the financial quarter/period ended 30 September 2005.

28. Significant Event Subsequent to the Balance Sheet Date

- (1) The Group carried out a Voluntary Separation Scheme ('VSS') subsequent to the financial period to rationalise the staff force of the Group. The VSS is expected to be completed by early 2006. The estimated separation benefit payable at the date of this announcement is approximately RM23,000,000.
- (2) On 28 October 2005, EONCAP Securities Sdn Bhd ("EONSec") (formerly known as Leong & Company Sdn Bhd), the stockbroking subsidiary has entered into a conditional share sale agreement with Simesecurities Holdings Sdn Bhd for the proposed acquisition of the entire issued and paid-up share capital of Simesecurities Sdn Bhd for a cash consideration of RM24,840,803 ("Proposed Acquisition"). The cash consideration of RM24,840,803 shall be payable in full at the completion date of the Proposed Acquisition. The salient terms and conditions of the Proposed Acquisition are disclosed in our Bursa Malaysia Securities Berhad announcement dated 28 October 2005.

Other than the significant events mentioned above, there were no significant events subsequent to the balance sheet date that have not been disclosed in these condensed financial statements.

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

29. Other Commitments

	Unaudited	Audited
	30 September 2005	31 December 2004
	RM'000	RM'000
- Authorised and contracted for	13,416	139,353
- Authorised but not contracted for	15,885	18,107
	<u>29,301</u>	<u>157,460</u>
Analysed as follows:		
- Property, plant and equipment	<u>29,301</u>	<u>157,460</u>

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

Additional disclosure requirements pursuant to paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

30. Taxation

The analysis of the tax expense for the financial quarter/period ended 30 September 2005 is as follows:-

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 30 September 2005	Preceding year corresponding quarter ended 30 September 2004	Current financial period ended 30 September 2005	Preceding year corresponding period ended 30 September 2004
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- Charge for the financial period	31,673	39,070	95,846	102,391
- Under/(over) provision in respect of prior period/years	(13)	-	9	(4,749)
	31,660	39,070	95,855	97,642
Transfer to deferred tax asset	(5,574)	(4,208)	(8,886)	(9,039)
	26,086	34,862	86,969	88,603

The Group's effective tax rate for the financial quarter/period ended 30 September 2005 was higher than the statutory tax rate because certain expenses were not deductible for tax purposes.

31. Unquoted Investments and Properties

The proposed disposal of "Oriental Bank Building" as disclosed in our announcement to Bursa Malaysia on 31 May 2004 has been completed on 31 January 2005.

Other than the above, there were no sale of unquoted investments and properties for the financial quarter/period ended 30 September 2005 other than in the ordinary course of banking business.

32. Quoted Securities

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

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

33. Status of Corporate Proposals Announced But Not Completed

On 28 October 2005, EONCAP Securities Sdn Bhd (“EONSec”) (formerly known as Leong & Company Sdn Bhd), the stockbroking subsidiary has entered into a conditional share sale agreement (“SSA”) with Simesecurities Holdings Sdn Bhd (“SSH”) for the proposed acquisition of the entire issued and paid-up share capital of Simesecurities Sdn Bhd (“SimeSec”) for a cash consideration of RM24,840,803 (“Proposed Acquisition”). The cash consideration of RM24,840,803 (“Consideration”) shall be payable in full at the completion date of the Proposed Acquisition (“Completion Date”).

The Consideration was arrived at on a “willing-buyer willing-seller” basis after taking into consideration, inter-alia, the following:-

- a) the dealer’s licence of SimeSec;
- b) the adjusted audited net tangible liabilities of SimeSec as at 30 June 2004 of RM29,985,197 after adjusting for a waiver of an amount due from SimeSec to SSH of RM7,472,017 as at 30 June 2004. The audited net tangible liabilities of SimeSec as at 30 June 2004 and 2005 were RM37,457,214 and RM46,891,448 respectively; and
- c) the estimated costs of approximately RM6.5 million associated with a voluntary separation scheme to be carried out for all the employees of SimeSec.

The above-mentioned Proposed Acquisition is pending approvals from the following:-

- a) the Securities Commission (“SC”);
- b) the Minister of Finance via the SC; and
- c) the Equity Compliance Unit of the SC in respect of the guidelines on the acquisition of interests, mergers and take-overs by local and foreign interests issued by the Foreign Investment Committee.

34. Long Term 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.

In September 2004, Rating Agency Malaysia Berhad has reaffirmed the Bond rating of A2, which was awarded in July 2003. The bonds bear interest at 5.25% per annum (Tranche 1), 6.00% per annum (Tranche 2) and 6.75% per annum (Tranche 3) on the nominal value of the outstanding bonds, payable semi annually.

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

35. Subordinated Obligations

On 21 January 2004, EON Bank Berhad ('EBB'), the commercial bank subsidiary, issued USD225million (equivalent to RM855million) nominal value Subordinated Notes ('Notes') with a fixed coupon rate of 5.375% per annum, payable semi-annually in arrears in July and January each year (subject to the revision of interest rates as explained below) and which mature on 21 January 2014.

EBB may, at its option but subject to the prior approval of Bank Negara Malaysia, redeem all of the Notes, at any time on or after the fifth (5) year from the Issue Date at the principal amount together with accrued interest. Should EBB decides not to exercise its call option on the fifth (5) year from the Issue Date, the coupon rate will be revised to be equivalent to 3.95% above the US Treasury Rate per annum from the beginning of the sixth (6) year to the final maturity date.

The Notes are rated Baa3 by Moody's Investors Service Limited and listed on the Luxembourg Stock Exchange. Fitch Ratings Ltd. has also rated the Notes BB+. The net proceeds arising from the issuance of the Notes have been utilised for general banking purposes.

The above Notes constitute unsecured liabilities of EBB and are subordinated to all deposit liabilities and all other liabilities except for those liabilities, which by their terms, rank equally in rights of payment with the Notes. The Notes qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of EBB.

36. Off-Balance Sheet Financial Instruments

Based on the balance sheet as at 14 November 2005, 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	> 1 – 5 years RM'000	> 5 years RM'000
Foreign exchange related contracts							
- Forward contracts	3,343,531	1,388,763	1,113,258	745,649	95,861	-	-
Interest rate related contracts							
- Interest rate swaps	2,340,860	-	848,138	-	644,584	848,138	-

Foreign exchange and interest rate related contracts are subject to market risk and credit risk. There were no equity and commodity related contracts as at 14 November 2005.

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 14 November 2005, the amount of contracts of the Group which were not hedged and, hence, exposed to market risk was RM14,821,315 (31 December 2004: RM5,017,976).

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

36. Off-Balance Sheet Financial Instruments (continued)

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 14 November 2005, the amount of credit risk of the Group, measured in terms of the cost to replace the profitable contracts, was RM9,506,673 (31 December 2004: RM8,391,770). 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 applicable to their respective dates of maturity as at balance sheet date, and unrealised gains or losses are recognised in the income statement in the period in which they arise.

Interest rate swap

The principal interest rate contracts used are interest rate swap agreements. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts. Interest income or interest expense associated with interest rate swaps are recognised over the life of the swap agreements as a component of interest income or interest expense.

37. Material Litigation

The disclosure of material litigations is in compliance with the disclosure requirements pursuant to paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

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 14 November 2005 and at the date of this Announcement.

EON Bank Berhad ('EBB')

- (1) 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 RM21.6 million plus general, aggravated and punitive damages and interest yet to be quantified.

Status update

Trial fixed on 15 to 17 September 2004 has been postponed. No new dates have been fixed yet. The Appeal on the application for striking out the Plaintiff's Statement of Claim fixed for hearing on 23 August 2005 and postponed to 14 October 2005 has been vacated. Another date has yet to be fixed for hearing .

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

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

37. Material Litigation (continued)

EON Bank Berhad ('EBB') (continued)

- (2) A Defence and Counterclaim was filed by the borrower on 1 March 2004 against EBB following EBB's suit against the borrower for total outstanding banking facilities of RM27.3 million. The Defence and Counterclaim was for a sum of RM87.4 million for inter alia, loss of net income as a result of EBB's alleged breach of the terms and conditions of the Facility Agreement dated 21 June 1997.

Status update

Hearing of Summary Judgement of EBB's suit, initially fixed on 1 December 2004, was postponed several times and the last date fixed on 27 June 2005 has been again postponed to 14 October 2005. Pre-trial case management on the counterclaim has been fixed on 17 November 2005 for the mention pending the disposal of the Summary Judgement hearing.

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

- (3) A Writ of Summons was filed on 25 January 2005 by the Plaintiff against EBB claiming RM50.3 million being General, Aggravated, Exemplary and Special Damages and Interest thereon as a result of EBB wrongfully claiming for an alleged fictitious unsecured claim of RM0.03 million. The property securing the facilities of RM0.19 million granted to a borrower in which the Plaintiff was a partner, was auctioned off and an Adjudicating and Receiving Order (AO & RO) was obtained against the Plaintiff. The Court of Appeal set aside the auction and the High Court set aside the AO & RO as the Court of Appeal and the High Court accepted the Plaintiff's contention that EBB had included a fictitious sum of RM0.03 million in its claim against the Plaintiff. The Plaintiff claims loss and damage for injury to her credit, character and reputation.

Status update

The Writ of Summons was served on EBB on 3 February 2005. Memorandum of Appearance was filed on 4 February 2005. Application to strike out the Writ of Summons and Statement of Claim was filed and served on 21 February 2005. At the hearing fixed on 10 March 2005, the application to strike out the suit was withdrawn and solicitors have filed the Statement of Defence.

The Plaintiff has filed an application for Interlocutory Judgement against EBB for wrongful sale of the Plaintiff's property resulting from the Court of Appeal setting aside the auction and also for assessment of damages. The hearing fixed on 23 August 2005 has been postponed to 5 September 2005. On that day, the Senior Assistant Registrar directed parties to file in the Written Submissions and fixed 7 October 2005 for mention. The Court has fixed 27 October 2005 for a decision on this application. On that day, the Senior Assistant Registrar granted Order in Terms in favour of the Plaintiff's application with costs. Our solicitors filed an appeal to the Judge in Chambers on 31 October 2005. No date has been fixed for hearing of the appeal.

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

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

EXPLANATORY NOTES

37. Material Litigation (continued)

Ex-Oriental Bank Berhad ('Ex-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).

- (4) 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 development since the last announcement.

Malaysian International Merchant Bankers Berhad ('MIMB')

- (5) A Writ of Summons was filed by MIMB on 17 December 1998 against the borrower and three 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 RM70.2 million 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 19 October 2004 for mention has been postponed to 22 November 2004. On that day, the Court fixed 13 June 2005 to 16 June 2005 for trial. Trial dates have been vacated and Court has fixed 28 July 2005 for mention pending the borrower obtaining a sanction letter from the Official Liquidator to proceed with the counterclaim against EBB as borrower has been wound up. Case Management fixed on 6 October 2005 has been postponed to 7 December 2005.

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

38. Profit Forecast

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

39. Review of performance for the current financial quarter against immediate preceding financial quarter

Compared with the immediate preceding financial quarter ended 30 June 2005, the Group's pre-tax profit decreased from RM128.5 million to RM95.2 million. This was mainly due to lower non-interest income of RM26.1 million. The increase in overhead expenses by RM4.4 also contributed to the decrease in pre-tax profit. These were partly off-set by decrease in allowances for losses on loans, advances and financing and impairment losses on securities totalling RM6.1 million.

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

EXPLANATORY NOTES

40. Review of performance for the financial quarter/period ended 30 September 2005 against the corresponding financial quarter/period of preceding year

Current financial quarter against corresponding financial quarter of preceding year

For the current financial quarter ended 30 September 2005, the Group recorded a net income of RM283.4 million, a 6.3% increase as compared to RM266.5 million for the preceding year's corresponding financial period. The growth was mainly attributable to higher non-interest income of RM24.1 million and higher net income from Islamic banking of RM4.4 million. The increase was partly off-set by lower net interest income of RM11.6 million and a higher allowances for losses on loans, advances and financing and impairment losses on securities of RM31.5 million. . Part of the increase in allowances for losses on loans, advances and financing arises from the more prudent collateral valuation for NPLs more than 7 years. As a result, the Group registered a pre-tax profit of RM95.2 million, as compared to RM110.3 million in the preceding year's corresponding financial period.

Financial year-to-date against previous financial year-to-date

For the current financial period ended 30 September 2005, the Group recorded a net income of RM871.9 million, a 9.1% increase as compared to RM799.3 million for the preceding year's corresponding financial period. The growth was mainly attributable to higher non-interest income of RM77.5 million. The increase was partly off-set by higher overhead expenses of RM27.7 million and higher allowances for losses on loans, advances and financing and impairment losses on securities of RM33.1 million. Part of the increase in allowances for losses on loans, advances and financing arises from the more prudent collateral valuation for NPLs more than 7 years. As a result, the Group registered a pre-tax profit of RM307.0 million, a 4.0% increase as compared to pre-tax profit made in the preceding year's corresponding financial period. The earnings per share for nine month period improved from 29.15 sen last year to 31.21 sen this year.

41. Prospects for 2005

The economic condition in Malaysia is expected to remain favourable and conducive for the financial services industry towards the end of year 2005. The Group will continue to build its presence in the retail and middle market segment to remain competitive and profitable. However, the cost arising from the voluntary separation scheme in the last quarter of 2005 will have an impact on the performance of the Group in 2005.

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

42. 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/period ended 30 September 2005 and 30 September 2004 respectively and the weighted average number of ordinary shares in issue during the respective financial quarter, is set out as follows:

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 30 September 2005	Preceding year corresponding quarter ended 30 September 2004	Current financial period ended 30 September 2005	Preceding year corresponding period ended 30 September 2004
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	67,966	73,884	216,334	202,092
Weighted average number of ordinary shares in issue during the financial period	693,209	693,209	693,209	693,209
Basic earnings per share (sen)				
- basic/diluted	9.80	10.66	31.21	29.15

There were no dilutive potential ordinary shares outstanding as at 30 September 2005.