

EON CAPITAL BERHAD
(454644-K)

CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2005

	Audited 31 December 2005	Audited 31 December 2004
	RM'000	RM'000
ASSETS		
Cash and short term funds	3,200,023	3,639,250
Deposits and placements with financial institutions	462,646	91,736
Held for trading securities	12,528	115,533
Derivative financial instruments	19,028	8,423
Available-for-sale securities	2,424,785	2,198,632
Held-to-maturity securities	1,517,082	1,717,850
Loans, advances and financing	25,925,754	23,556,671
Other assets	563,031	777,706
Statutory deposits with Bank Negara Malaysia	1,001,261	871,379
Property, plant and equipment	279,557	183,133
Deferred tax assets	118,342	124,800
Goodwill	66,497	69,300
TOTAL ASSETS	35,590,534	33,354,413
LIABILITIES AND SHAREHOLDERS' FUNDS		
Deposits from customers	23,965,678	22,611,184
Deposits and placements of banks and other financial institutions	4,583,163	4,752,068
Derivative financial instruments	41,643	18,687
Obligations on securities sold under repurchase agreements	1,201,241	246,167
Bills and acceptances payable	1,360,677	1,337,864
Other liabilities	405,491	369,445
Recourse obligation on loans sold to Cagamas Berhad	129,339	249,529
Provision for taxation and zakat	26,617	46,592
Long term borrowings	244,488	292,633
Subordinated obligations	807,444	828,883
TOTAL LIABILITIES	32,765,781	30,753,052
SHARE CAPITAL	693,209	693,209
RESERVES	2,131,544	1,908,152
SHAREHOLDERS' FUNDS	2,824,753	2,601,361
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	35,590,534	33,354,413
COMMITMENTS AND CONTINGENCIES	16,358,255	12,033,415
Net Tangible Assets per ordinary share (RM)	3.98	3.65

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER/YEAR ENDED 31 DECEMBER 2005

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 December 2005 RM'000	Preceding year corresponding quarter ended 31 December 2004 RM'000	Current financial year ended 31 December 2005 RM'000	Preceding year corresponding year ended 31 December 2004 RM'000
Interest income	397,985	407,927	1,585,921	1,609,897
Interest expense	(209,113)	(197,722)	(821,743)	(804,407)
Net interest income	188,872	210,205	764,178	805,490
Net income from Islamic Banking business	41,539	35,981	150,850	130,224
	230,411	246,186	915,028	935,714
Non-interest income	80,338	53,991	267,664	163,797
Net income	310,749	300,177	1,182,692	1,099,511
Overhead expenses	(180,517)	(147,110)	(574,818)	(513,679)
Operating profit	130,232	153,067	607,874	585,832
Allowances for losses on loans, advances and financing	(33,090)	(43,234)	(188,294)	(169,328)
Impairment losses on securities	(3,823)	(3,700)	(19,253)	(15,170)
Profit before taxation and zakat	93,319	106,133	400,327	401,334
Taxation	(26,468)	(24,027)	(113,437)	(112,630)
Zakat	(20)	(1,049)	(3,725)	(5,555)
Net profit for the financial quarter/year	66,831	81,057	283,165	283,149
Earnings per share (sen)				
- Basic	9.6	11.7	40.8	40.8
- Diluted	9.6	11.7	40.8	40.8

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	-	-	8,691	-	19,870	8,691	37,252
- as restated	693,209	1,066,296	401,802	200,897	19,870	219,287	2,601,361
Net profit for the financial year	-	-	-	-	-	283,165	283,165
Transfer to statutory reserve	-	-	72,184	-	-	(72,184)	-
Dividend in respect of financial year ended 31 December 2004	-	-	-	-	-	(42,923)	(42,923)
Net fair value changes in available-for-sale securities, net of tax	-	-	-	-	(16,850)	-	(16,850)
Balance as at 31 December 2005	693,209	1,066,296	473,986	200,897	3,020	387,345	2,824,753

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	-	-	7,132	-	(19,332)	9,436	(2,764)
- as restated	693,209	1,066,296	172,228	200,897	(19,332)	198,154	2,311,452
Net profit for the financial year	-	-	-	-	-	283,149	283,149
Transfer to statutory reserve	-	-	229,574	-	-	(229,574)	-
Dividend in respect of financial year ended 31 December 2003	-	-	-	-	-	(32,442)	(32,442)
Net fair value changes in available-for-sale securities, net of tax	-	-	-	-	39,202	-	39,202
Balance as at 31 December 2004	693,209	1,066,296	401,802	200,897	19,870	219,287	2,601,361

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Current financial year ended 31 December 2005	Preceding financial year ended 31 December 2004
	RM'000	RM'000
Cash Flow from Operating Activities		
Net profit for the financial year	283,165	283,149
Adjustments for investing and financing items not involving movement of cash and cash equivalents	322,326	261,636
Operating profit before working capital changes	605,491	544,785
Increase in operating assets	(2,862,169)	(1,813,894)
Increase in operating liabilities	2,086,998	538,144
Cash used in operating activities	(169,680)	(730,965)
Zakat paid	(10,658)	-
Income tax paid	(117,329)	(154,397)
Income tax refunded	-	3,675
Net cash used in operating activities	(297,667)	(881,687)
Cash Flow from Investing Activities		
Proceeds from sale of financial investments, net of purchases	(27,017)	534,402
Purchase of property, plant and equipment	(179,680)	(38,604)
Proceeds from disposal of property, plant and equipment	36,600	1,846
Interest/dividend received from financial investments	184,447	183,526
Net dividends received	1,927	1,878
Net proceeds from return of capital from investments	3,409	-
Initial payment for acquisition of subsidiary companies	(4,976)	-
Acquisition of subsidiary companies	-	(84,668)
Net cash generated from investing activities	14,710	598,380
Cash Flow from Financing Activities		
Net dividends paid	(42,923)	(32,442)
Proceeds from issuance of subordinated obligations	-	841,986
Interest paid on long term borrowings	(18,699)	(18,853)
Net interest received from interest rate related derivatives	1,270	11,266
Interest paid on subordinated obligations	(45,918)	(22,978)
Redemption on long term borrowings	(50,000)	-
Net cash (used in)/generated from financing activities	(156,270)	778,979
Net (decrease)/increase in cash and cash equivalents	(439,227)	495,672
Cash and cash equivalents		
- as at beginning of the financial year	3,639,250	3,143,578
- as at end of the financial year	3,200,023	3,639,250

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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 (BNM/GP8).

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 (revised 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 previous financial statements for the financial year ended 31 December 2004, 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 issued a revised BNM/GP8 which provides guidance on recognition, measurement and classification of securities portfolio. The revised BNM/GP8 is operative for the financial year ended 31 December 2005. The adoption of the revised BNM/GP 8 has resulted in the following changes in accounting policies:

(a) Recognition and measurement of securities portfolio

Previously, trading securities were measured at lower of cost and market value. Bank guaranteed and government guaranteed private debt securities were measured at amortised cost, while non-bank guaranteed and non-government guaranteed private debts securities were measured at lower of cost and market value. Other investment securities were measured at cost and allowance was made in the event of any permanent diminution in value. Accretion of discount and amortisation of premium on non-bank guaranteed and non-government guaranteed private debt securities was not allowed.

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 shareholders' funds. 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, except for investment in equity holdings in socio-economic entities, which is stated at cost. Impairment losses arising from AFS and HTM securities are recognised in the current period's income statement. Accretion of discount and amortisation of premium on securities portfolio is allowed and recognised in the current period's income statement as interest income

(b) Recognition and measurement of derivative financial instruments

Previously, derivative financial instruments transacted by the Group for both hedging and non-hedging were recognised as off-balance sheet items, except for foreign currency forward contracts. Foreign currency forward contracts were measured at fair value or replacement costs, with changes in fair value recognised directly in the current period's income statement. The cumulative changes in fair value were presented as an item in "Other assets or liabilities".

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EXPLANATORY NOTES

2. Changes in Accounting Policies (continued)

(b) Recognition and measurement of derivative financial instruments (continued)

With the revision, all derivative financial instruments transacted by the Company i.e interest rate swaps and foreign currency forward contracts are carried at fair value and presented separately in the balance sheet as assets (positive replacement costs) and liabilities (negative replacement costs). Unrealised gains or losses arising from changes in fair value of derivative financial instruments are recognised directly in current period's income statement, except for derivative financial instruments that are designated as effective hedging instruments.

For qualifying fair value hedges, the changes in fair value of the hedging derivatives are recognised in current period's income statement. Those changes in fair value of the hedged items, which are attributable to the risks hedged with the derivative financial instruments are reflected as an adjustment to the carrying value of the hedged items, which are also recognised in current period's income statement.

The changes in accounting policies have been applied retrospectively and an analysis of the impact to the financial results and position of the Group are summarised as follows:

	As previously reported RM'000	Effects from changes in accounting policies RM'000	As restated RM'000
Balance sheet			
<u>As at 31 December 2004</u>			
(a) Recognition and measurement of securities portfolio:			
Held for trading securities	115,312	221	115,533
Investment securities	3,865,405	(3,865,405)	-
Available-for-sale securities	-	2,198,632	2,198,632
Held-to-maturity securities	-	1,717,850	1,717,850
(b) Recognition and measurement of derivative financial instruments:			
Derivative financial instruments - assets	-	8,423	8,423
Derivative financial instruments – liabilities	-	(18,687)	(18,687)
Other assets	782,423	(4,717)	777,706
Subordinated obligations	(844,307)	15,424	(828,883)
(c) Deferred tax impact arising from change in accounting policies:			
Deferred tax assets	139,289	(14,489)	124,800
(d) Total effect on reserves arising from change in accounting policies:			
Reserves	(1,870,900)	(37,252)	(1,908,152)

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EXPLANATORY NOTES

2. Changes in Accounting Policies (continued)

	As previously reported RM'000	Effects from changes in accounting policies RM'000	As restated RM'000
Balance sheet (continued)			
<u>As at 31 December 2003</u>			
Reserves	(1,621,007)	2,764	(1,618,243)
Income statement			
<u>for financial year ended 31 December 2004</u>			
Profit before taxation	400,201	1,133	401,334
Taxation	(112,311)	(319)	(112,630)
Net profit for the financial year	282,335	814	283,149
Earnings per share (sen)	40.7	0.1	40.8
	<u> </u>	<u> </u>	<u> </u>

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/year ended 31 December 2005.

6. Changes in Estimates

There were no significant changes in estimates arising from prior financial year that have a material effect on the financial results and position of the Group for the financial quarter/year ended 31 December 2005.

7. Issuance and Repayments

Tranche 1 of the secured fixed rate long term borrowings as disclosed in Note 36 of these explanatory notes of RM50.0 million has been fully redeemed on 12 December 2005.

Other than the above, there were no cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter/year ended 31 December 2005.

8. Dividend Paid During the Current Financial Quarter

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

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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 31 December 2005</u>						
Gross operating revenue ⁽¹⁾	129,477	267,523	62,581	79,722	363	539,666
Less: Inter-segment revenue ⁽²⁾	(592)	91	-	(1,922)	(539)	(2,962)
	<u>128,885</u>	<u>267,614</u>	<u>62,581</u>	<u>77,800</u>	<u>(176)</u>	<u>536,704</u>
Segment results	24,021	18,529	18,418	34,229	721	95,918
Unallocated costs						(2,599)
Profit before taxation and zakat						93,319
Taxation and zakat						(26,488)
Net profit for the financial quarter ended 31 December 2005						<u>66,831</u>
<u>Preceding year corresponding quarter ended 31 December 2004</u>						
Gross operating revenue ⁽¹⁾	163,487	215,614	64,394	86,252	1,851	531,598
Less: Inter-segment revenue ⁽²⁾	(17)	(3,609)	-	(1,468)	(471)	(5,565)
	<u>163,470</u>	<u>212,005</u>	<u>64,394</u>	<u>84,784</u>	<u>1,380</u>	<u>526,033</u>
Segment results	28,862	13,478	11,811	56,780	(154)	110,777
Unallocated costs						(4,644)
Profit before taxation and zakat						106,133
Taxation and zakat						(25,076)
Net profit for the financial quarter ended 31 December 2004						<u>81,057</u>

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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 year ended 31 December 2005</u>						
Gross operating revenue ⁽¹⁾	470,236	1,086,939	243,757	298,305	9,015	2,108,252
Less: Inter-segment revenue ⁽²⁾	(619)	(1,115)	-	(8,609)	(2,116)	(12,459)
	<u>469,617</u>	<u>1,085,824</u>	<u>243,757</u>	<u>289,696</u>	<u>6,899</u>	<u>2,095,793</u>
Segment results	83,311	135,519	60,343	136,121	(1,709)	413,585
Unallocated costs						(13,258)
Profit before taxation and zakat						400,327
Taxation and zakat						(117,162)
Net profit for the financial year ended 31 December 2005						<u>283,165</u>
<u>Preceding year corresponding year ended 31 December 2004</u>						
Gross operating revenue ⁽¹⁾	484,730	1,059,091	217,676	239,618	1,851	2,002,966
Less: Inter-segment revenue ⁽²⁾	(58)	(10,655)	-	(1,700)	(471)	(12,884)
	<u>484,672</u>	<u>1,048,436</u>	<u>217,676</u>	<u>237,918</u>	<u>1,380</u>	<u>1,990,082</u>
Segment results	101,613	201,866	49,500	65,658	(154)	418,483
Unallocated costs						(17,149)
Profit before taxation and zakat						401,334
Taxation and zakat						(118,185)
Net profit for the financial year ended 31 December 2004						<u>283,149</u>

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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 31 December 2005</u>						
Segment assets	8,492,816	16,989,984	4,312,536	5,075,870	89,771	34,960,977
Unallocated assets						629,557
Total assets						<u>35,590,534</u>
<u>As at 31 December 2004</u>						
Segment assets	8,284,721	15,112,572	3,818,178	5,165,924	110,771	32,492,166
Unallocated assets						862,247
Total assets						<u>33,354,413</u>

⁽¹⁾Gross operating revenue comprise gross interest income received from loans, advances and financing (net of interest/income suspended), financial investments (net of accretion of discount less amortisation of premium) and inter-bank placements and deposits, realised gains or losses from financial investments, 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 of banking and finance business of the Group, certain basis of allocation of cost of funding and overheads 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>Audited 31 December 2005</u> RM'000	<u>Audited 31 December 2004</u> RM'000
Malaysian Government securities	-	108,373
Shares quoted in Malaysia	7,526	2,284
Bankers acceptances and Islamic accepted bills	-	-
Private and Islamic debt securities	5,002	4,876
	<u>12,528</u>	<u>115,533</u>

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EXPLANATORY NOTES

11. Available-for-sale Securities

	Audited 31 December 2005 RM'000	Audited 31 December 2004 RM'000
Available-for-sale securities, at fair value		
Bank Negara Notes	249,286	-
Malaysian Government treasury bills	19,992	-
Malaysian Government securities	1,103,977	1,347,974
Cagamas bonds	448,005	597,746
Shares quoted in Malaysia	24,578	51,987
Quoted private debt securities	2,251	4,700
Private and Islamic debt securities	497,404	192,364
Commercial papers	46,672	-
Islamic commercial papers	28,759	-
	<u>2,420,924</u>	<u>2,194,771</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>2,424,785</u>	<u>2,198,632</u>

12. Held-to-maturity Securities

	Audited 31 December 2005 RM'000	Audited 31 December 2004 RM'000
Held-to-maturity securities, at amortised cost		
Malaysian Government investment securities	-	29,183
Cagamas Mudharabah bonds	35,380	35,380
Khazanah bonds	1,212	1,168
Private and Islamic debt securities	672,014	863,631
Islamic commercial papers (Murabahah Notes Issuance Facility)	11,000	-
Credit link notes denominated in USD	188,975	190,000
Callable range accrual notes denominated in USD	646,294	649,800
	<u>1,554,875</u>	<u>1,769,162</u>
Held-to-maturity securities, at cost		
Unquoted shares in Malaysia	17,557	17,557
	<u>1,572,432</u>	<u>1,786,719</u>
Allowance for impairment	(55,350)	(68,869)
	<u>1,517,082</u>	<u>1,717,850</u>

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EXPLANATORY NOTES

13. Loans, Advances and Financing

	Audited 31 December 2005	Audited 31 December 2004
	RM'000	RM'000
Overdrafts	2,325,974	2,308,468
Term loans/financing:		
Housing loans/financing	5,526,004	5,036,791
Syndicated term loan/financing	308,345	619,128
Hire purchase receivables	12,417,469	10,761,198
Lease receivables	2,265	2,846
Other term loans/financing	4,878,189	4,679,403
Bills receivable	5,549	10,896
Trust receipts	174,824	168,141
Claims on customers under acceptance credits	1,881,473	1,623,120
Staff loans/financing	217,821	226,327
Credit cards	756,137	566,128
Revolving credit	1,342,882	1,292,317
Other loans/financing	45,696	48,657
	29,882,628	27,343,420
Less: Unearned interest and income	(3,003,501)	(2,816,468)
Gross loans, advances and financing	26,879,127	24,526,952
Less: Allowances for bad and doubtful debts and financing:		
- General	(394,821)	(408,350)
- Specific	(558,552)	(561,931)
Total net loans, advances and financing	25,925,754	23,556,671

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

Domestic non-bank financial institutions	281,453	272,138
(of which: Stockbroking companies)	-	-
Domestic business enterprises	9,300,254	8,966,894
(of which: Small medium enterprises)	3,819,201	3,027,170
Government and statutory bodies	35,238	44,527
Individuals	17,220,058	15,134,954
Other domestic entities	8,198	21,261
Foreign entities	33,926	87,178
Gross loans, advances and financing	26,879,127	24,526,952

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EXPLANATORY NOTES

13. Loans, Advances and Financing (continued)

	Audited 31 December 2005 RM'000	Audited 31 December 2004 RM'000
(ii) The loans, advances and financing analysed by interest rate sensitivity are as follows:		
Fixed rate	14,099,651	12,505,107
(of which: (i) Housing loans/financing	1,857,523	1,796,492
(ii) Hire purchase receivables)	10,661,980	9,199,710
Variable rate	12,779,476	12,021,845
(of which: (i) Base lending rate plus	8,696,964	7,907,786
(ii) Cost plus)	3,127,909	3,357,662
 Gross loans, advances and financing	26,879,127	24,526,952
 (iii) The loans, advances and financing analysed by their economic sectors are as follows:		
Agriculture, hunting, forestry and fishing	274,194	175,827
Mining and quarrying	35,237	36,325
Manufacturing	2,355,575	2,180,337
Electricity, gas and water	104,571	85,675
Construction	1,665,334	1,910,355
(of which: (i) Infrastructure)	117,254	154,461
Real estate	618,515	460,377
Purchase of landed property	6,248,374	5,754,040
(comprise: (i) Residential	4,930,292	4,396,688
(ii) Non-residential)	1,318,082	1,357,352
Wholesale and retail trade and restaurants and hotels	2,149,183	1,827,559
Transport, storage and communication	553,484	651,169
Finance, insurance and business services	639,320	600,124
Purchase of securities	666,180	796,944
Purchase of transport vehicles	9,760,553	8,419,241
Consumption credit	1,493,021	1,241,959
Others	315,586	387,020
Gross loans, advances and financing	26,879,127	24,526,952

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13. Loans, Advances and Financing (continued)

	Audited 31 December 2005 RM'000	Audited 31 December 2004 RM'000
(iv) Movements in non-performing loans, advances and financing are as follows:		
Balance as at 1 January	1,573,028	1,652,682
Classified as non-performing during the financial year	1,935,810	971,637
Reclassified as performing during the financial year	(750,132)	(508,285)
Loans/financing converted to securities	(365)	(19,879)
Amount recovered	(383,998)	(303,239)
Amount written off	(237,823)	(219,888)
Balance as at 31 December	<u>2,136,520</u>	<u>1,573,028</u>
Non-performing loans which have no adverse financial impact on the Group	<u>(294,388)</u>	<u>(347,625)</u>
	1,842,132	1,225,403
Specific allowance	<u>(458,880)</u>	<u>(420,724)</u>
Net non-performing loans, advances and financing	<u>1,383,252</u>	<u>804,679</u>
Ratio of net non-performing loans, advances and financing to net loans, advances and financing	<u>5.3%</u>	<u>3.4%</u>
(v) The non-performing loans, advances and financing analysed by their economic sectors are as follows:		
Agriculture, hunting, forestry and fishing	5,014	7,195
Mining and quarrying	4,099	236
Manufacturing	261,968	260,628
Electricity, gas and water	102	4
Construction	236,766	206,461
(of which: (i) Infrastructure)	<u>13,906</u>	<u>16,399</u>
Real estate	73,698	71,883
Purchase of landed property	841,995	499,209
(comprise: (i) Residential	<u>592,036</u>	<u>240,578</u>
(ii) Non-residential)	<u>249,959</u>	<u>258,631</u>
Wholesale and retail trade and restaurants and hotels	112,215	101,605
Transport, storage and communication	27,049	25,415
Finance, insurance and business services	58,688	12,132
Purchase of securities	72,939	55,435
Purchase of transport vehicles	312,159	200,228
Consumption credit	94,056	72,263
Others	35,772	60,334
	<u>2,136,520</u>	<u>1,573,028</u>

Previously, customers' loans and overdraft accounts are classified as non-performing when repayments are in arrears for 6 months or more from the first day of default and interest is suspended until it is realised on a cash basis. With effect from the current financial year, the Group has changed its basis of classification of non-performing loans and suspension of interest income for customers' loans and overdrafts from 6 month to 3 months in arrears. This change in accounting estimates has been accounted for prospectively in accordance with FRS108₂₀₀₄ Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies and has an effect of decreasing the current year's interest income and net profit by RM17,776,000 and RM12,798,720 respectively.

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13. Loans, Advances and Financing (continued)

	Audited 31 December 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 year	(13,529)	18,243
Balance as at 31 December	<u>394,821</u>	<u>408,350</u>
As % of gross loans, advances and financing less specific allowance	<u>1.5%</u>	<u>1.7%</u>
Specific allowance		
Balance as at 1 January	561,931	576,553
Allowance made during the financial year	360,727	290,037
Allowance charged to deferred asset/other assets during the financial year	10,649	27,031
Amount recovered	(109,892)	(106,191)
Recoveries set-off against deferred asset	(26,675)	(5,611)
Amount transferred to allowance for impairment on securities	(365)	-
Amount written off	(237,823)	(219,888)
Balance as at 31 December	<u>558,552</u>	<u>561,931</u>

14. Other Assets

	Audited 31 December 2005 RM'000	Audited 31 December 2004 RM'000
Trade receivables, net of allowances for bad and doubtful debts of RM3,965,000 (31.12.2004: RM237,000)	13,890	26,167
Interest/income receivable	49,032	61,183
Other debtors, deposits and prepayments, net of allowances for bad and doubtful debts of RM6,874,000 (31.12.2004: RM6,818,000)	67,839	159,294
Initial payment for acquisition of subsidiary companies	4,976	-
Tax recoverable	22,364	17,873
Deferred asset account	382,220	488,254
Amount due from originating non-banking institutions for mortgage loans sold on their behalf to Cagamas Berhad	22,710	24,935
	<u>563,031</u>	<u>777,706</u>

15. Valuation of Property, Plant and Equipment

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

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16. Deposits from Customers

	Audited 31 December 2005 RM'000	Audited 31 December 2004 RM'000
Demand deposits	2,372,991	2,182,802
Savings deposits	2,143,456	1,983,107
Fixed/investment deposits	18,948,431	18,445,275
Negotiable instruments of deposit	500,800	-
	<u>23,965,678</u>	<u>22,611,184</u>
 (i) The maturity structure of fixed/investment deposits and negotiable instruments of deposit are as follows:		
One year or less	19,241,902	17,852,525
More than one year	207,329	592,750
	<u>19,449,231</u>	<u>18,445,275</u>
 (ii) The deposits from customers are sourced from the following types of customers:		
Government and statutory bodies	2,889,073	2,758,234
Business enterprises	9,827,144	8,782,099
Individuals	10,432,138	10,256,332
Others	817,323	814,519
	<u>23,965,678</u>	<u>22,611,184</u>

17. Deposits and Placements of Banks and Other Financial Institutions

	Audited 31 December 2005 RM'000	Audited 31 December 2004 RM'000
Licensed banks	256,437	386,040
Licensed finance companies	453	31,438
Licensed merchant banks	60,043	27,889
Bank Negara Malaysia	1,453,007	1,453,212
Other financial institutions	2,813,223	2,853,489
	<u>4,583,163</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	3,118,661	3,163,017
More than one year	1,464,502	1,589,051
	<u>4,583,163</u>	<u>4,752,068</u>

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18. Derivative Financial Instruments

The fair values of derivative financial instruments recognised on balance sheet are as follows:

	Notional amount		Fair value	
	Audited	Audited	Audited	Audited
	31 December	31 December	31 December	31 December
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Derivatives at fair value through profit and loss:				
- Interest rate swaps	855,000	-	11,302	-
- Foreign currency forwards	1,335,998	915,475	7,726	8,423
Total derivative financial instruments assets			<u>19,028</u>	<u>8,423</u>
Derivatives at fair value through profit and loss:				
- Foreign currency forwards	1,360,418	866,526	7,095	3,706
Derivatives designated as fair value hedge:				
- Interest rate swaps	855,000	855,000	34,548	14,981
Total derivative financial instruments liabilities			<u>41,643</u>	<u>18,687</u>

19. Other Liabilities

	Audited	Audited
	31 December 2005	31 December 2004
	RM'000	RM'000
Trade payable	9,421	6,967
Other liabilities	194,625	156,124
Interest/dividend payable	191,788	189,278
Profit equalisation reserves	9,657	17,076
	<u>405,491</u>	<u>369,445</u>

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20. Interest Income

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 December 2005	Preceding year corresponding quarter ended 31 December 2004	Current financial year ended 31 December 2005	Preceding financial year ended 31 December 2004
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries	347,918	333,093	1,365,232	1,305,916
- Recoveries from NPLs	13,171	18,629	46,093	75,487
Money at call and deposit placements				
with financial institutions	22,260	22,192	88,037	111,661
Held for trading securities	4,105	13,069	19,360	18,450
Available-for-sale securities	31,683	19,410	114,323	134,421
Held-to-maturity securities	8,862	15,428	52,971	38,833
Others	136	-	890	-
	428,135	421,821	1,686,906	1,684,768
Amortisation of premium				
less accretion of discount	305	(2,376)	(34,182)	(38,077)
Interest suspended	(30,455)	(11,518)	(66,803)	(36,794)
Total interest income	397,985	407,927	1,585,921	1,609,897

21. Interest Expense

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 December 2005	Preceding year corresponding quarter ended 31 December 2004	Current financial year ended 31 December 2005	Preceding financial year ended 31 December 2004
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks				
and other financial institutions	29,745	24,129	115,003	93,644
Deposits from customers	161,019	152,749	627,621	626,366
Loans sold to Cagamas Berhad	1,159	2,754	8,924	16,040
Subordinated obligations	12,031	12,317	48,252	45,724
Long term borrowings	4,803	5,347	20,418	20,922
Others	356	426	1,525	1,711
	209,113	197,722	821,743	804,407

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22. Non-interest Income

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	<u>Current financial quarter ended 31 December 2005</u>	<u>Preceding year corresponding quarter ended 31 December 2004</u>	<u>Current financial year ended 31 December 2005</u>	<u>Preceding financial year ended 31 December 2004</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Fee and commission income:				
- Commission	8,856	7,908	32,149	27,319
- Service charges and fees	20,880	19,584	77,316	64,577
- Guarantee fees	2,529	2,716	11,379	10,429
- Advisory and arrangement fees	2,058	2,577	25,195	9,853
- Underwriting commission	1,003	2,088	4,144	5,724
- Brokerage	927	1,356	5,330	1,356
Gains/(losses) arising from sale of securities:				
- Held for trading securities	(19)	797	(284)	5,112
- Available-for-sale securities	24,991	11,523	76,822	22,929
Gains on redemption of held-to-maturity securities	-	281	1,244	1,052
Dividend income				
- Held for trading securities	(28)	71	214	477
- Held-to-maturity securities	-	453	-	872
- Available-for-sale securities	613	39	2,343	529
Net unrealised losses on fair value changes on held for trading securities	(803)	(413)	(3,486)	(420)
Net unrealised gains on fair value changes on derivatives financial instruments – non-hedging:				
- interest rate derivatives	11,302	-	11,302	-
- foreign currency forwards	631	4,717	631	4,717
Net unrealised (losses)/gains on fair value changes between the subordinated debts and interest rate derivatives designated as fair value hedges	(158)	443	(158)	443
Net gains/(losses) from foreign exchange translations	3,144	(2,328)	13,272	2,351
Other income/(expenditure):				
- Rental income from premises	630	138	2,327	400
- Gain on disposal of property, plant and equipment	130	19	930	1,002
- Other operating income	4,254	1,569	10,194	4,384
- Other non-operating income	506	1,321	1,710	2,159
- Allowance made in respect of other bad and doubtful debts	(1,108)	(868)	(4,861)	(1,468)
- Bad debt written-off	-	-	(49)	-
	<u>80,338</u>	<u>53,991</u>	<u>267,664</u>	<u>163,797</u>

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23. Overhead Expenses

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 December 2005	Preceding year corresponding quarter ended 31 December 2004	Current financial year ended 31 December 2005	Preceding financial year ended 31 December 2004
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	102,223	74,893	292,252	253,555
Promotion and marketing related expenses	18,734	14,438	65,306	59,139
Establishment related expenses	30,245	30,515	114,372	106,387
General administrative expenses	29,315	27,264	102,888	94,598
	<u>180,517</u>	<u>147,110</u>	<u>574,818</u>	<u>513,679</u>

(i) Personnel expenses comprise the following:

Salaries, bonus and allowances	66,584	60,713	220,411	204,306
Defined contribution plan	11,130	10,506	36,283	34,063
Voluntary separation scheme	20,263	-	20,263	-
Other employee benefits	4,246	3,674	15,295	15,186
	<u>102,223</u>	<u>74,893</u>	<u>292,252</u>	<u>253,555</u>

(ii) Promotion and marketing related expenses comprise the following:

Hire-purchase handling fees and commissions	14,040	11,355	53,107	48,686
Others	4,694	3,083	12,199	10,453
	<u>18,734</u>	<u>14,438</u>	<u>65,306</u>	<u>59,139</u>

(iii) Establishment related expenses comprise the following:

Depreciation of property, plant and equipment	10,828	8,782	40,955	32,341
Other repair and maintenance	4,474	7,659	18,198	19,575
Rental and maintenance for premises	5,320	7,375	21,440	28,429
Hire of equipment	1,013	1,526	5,592	6,151
Others	8,610	5,173	28,187	19,891
	<u>30,245</u>	<u>30,515</u>	<u>144,372</u>	<u>106,387</u>

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23. Overhead Expenses (continued)

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	Current financial quarter ended 31 December 2005 RM'000	Preceding year corresponding quarter ended 31 December 2004 RM'000	Current financial year ended 31 December 2005 RM'000	Preceding financial year ended 31 December 2004 RM'000
(iv) General administrative expenses comprise the following:				
Communication costs	5,631	5,365	21,267	14,654
Printing and stationeries	3,963	8,278	16,181	21,226
Losses on disposal of property, plant and equipment	28	18	6,060	64
Property, plant and equipment written off	477	429	525	606
Amortisation of goodwill	699	697	2,803	697
Statutory audit fees	207	175	506	458
Legal and other professional charges	7,343	5,410	22,328	18,929
Others	10,967	6,892	33,218	37,964
	<u>29,315</u>	<u>27,264</u>	<u>102,888</u>	<u>94,598</u>

24. Allowances for Losses on Loans, Advances and Financing

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	Current financial quarter ended 31 December 2005 RM'000	Preceding year corresponding quarter ended 31 December 2004 RM'000	Current financial year ended 31 December 2005 RM'000	Preceding financial year ended 31 December 2004 RM'000
Allowances for bad and doubtful debts and financing:				
(a) Specific allowance:				
- Made	129,377	73,638	360,727	289,528
- Written back	(26,702)	(14,865)	(109,892)	(106,191)
(b) General allowance:				
- Made/(written-back)	(41,273)	2	(13,528)	18,243
Bad debts and financing:				
- Recovered	(28,321)	(15,549)	(49,153)	(34,967)
- Written off	9	8	140	2,715
	<u>33,090</u>	<u>43,234</u>	<u>188,294</u>	<u>169,328</u>

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25. 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 :

	Audited			Audited		
	31 December 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	329,386	329,386	329,386	313,746	313,746	313,746
Certain transaction-related contingent items	757,860	378,930	378,930	620,360	310,180	310,180
Short term self-liquidating trade-related contingencies	148,980	29,796	29,796	229,482	45,896	45,896
Assets sold with recourse and commitments with certain drawdown	474,000	474,000	444,886	-	-	-
Obligations under underwriting agreements	474,000	237,000	29,625	590,676	295,338	295,338
Irrevocable commitments to extend credit :						
- maturity more than one year	1,860,019	930,010	615,700	1,788,343	894,172	633,960
- maturity less than one year	7,093,110	-	-	5,733,376	-	-
Foreign exchange related contracts - maturity less than one year	2,660,485	44,944	34,837	1,723,185	29,926	12,088
Interest rate related contracts - maturity more than one year	2,347,070	70,412	16,350	855,000	34,200	6,840
Others	213,345	-	-	179,247	-	-
	<u>16,358,255</u>	<u>2,494,478</u>	<u>1,879,510</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.

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26. 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 31 December 2005									
Assets									
Cash and short-term funds	3,063,438	-	-	-	-	136,585	-	3,200,023	3.48
Deposits and placements									
with financial institutions	-	349,261	113,385	-	-	-	-	462,646	3.14
Held for trading securities	-	-	-	-	-	-	12,528	12,528	2.43
Derivative financial instruments	-	-	-	-	-	19,028	-	19,028	-
Available-for-sale securities	179,927	273,153	113,319	1,743,397	84,299	30,690	-	2,424,785	4.18
Held-to-maturity securities	846,270	45,000	-	479,828	128,427	17,557	-	1,517,082	2.36
Loans, advances and financing									
- performing	11,038,768	450,265	460,163	5,069,217	7,713,451	10,677	-	24,742,541	6.73
- non-performing	-	-	-	-	-	^1,183,213	-	1,183,213	-
Other assets ⁽¹⁾	8,332	-	-	-	-	2,020,356	-	2,028,688	7.03
Total assets	15,136,735	1,117,679	686,867	7,292,442	7,926,177	3,418,106	12,528	35,590,534	

^ The amount represents non-performing loans net of specific allowance and general allowance for loans, advances and financing made in accordance with the Group's accounting policy on allowance for bad and doubtful debts and financing.

Note:

(1) Other assets include statutory deposits with Bank Negara Malaysia, property, plant and equipment, deferred tax assets, clients and brokers balances and goodwill arising on consolidation.

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26. 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 2005 (continued)									
Liabilities									
Deposits from customers	10,436,583	4,326,155	6,622,620	207,329	-	2,372,991	-	23,965,678	2.77
Deposits and placements of banks and other financial institutions	981,432	820,767	1,273,662	9,058	1,400,000	98,244	-	4,583,163	3.79
Derivative financial instruments	-	-	-	-	-	41,643	-	41,643	-
Obligations on securities sold under repurchase agreements	1,201,241	-	-	-	-	-	-	1,201,241	2.95
Bills and acceptances payable	-	-	-	-	-	1,360,677	-	1,360,677	-
Other liabilities ⁽²⁾	6,495	-	-	-	-	425,613	-	432,108	2.80
Recourse obligation on loans sold to Cagamas Berhad	-	-	106,629	-	-	22,710	-	129,339	4.22
Subordinated obligations	-	-	-	855,000	-	¹⁽ⁱⁱ⁾ (47,556)	-	807,444	5.38
Long term borrowings	-	-	-	250,000	-	¹⁽ⁱ⁾ (5,512)	-	244,488	6.45
Total liabilities	12,829,535	5,146,922	8,002,911	1,321,387	1,400,000	4,268,810	-	32,765,781	
Shareholders' Funds	-	-	-	-	-	2,824,753	-	2,824,753	
Total Liabilities and Shareholders' Funds	12,829,535	5,146,922	8,002,911	1,321,387	1,400,000	7,093,563	-	35,590,534	
On-balance sheet interest sensitivity gap	2,307,200	(4,029,243)	(7,316,044)	5,971,055	6,526,177				
Off-balance sheet interest sensitivity gap	2,000	(1,000)	(1,000)	-	-				
Total interest sensitivity gap	2,309,200	(4,030,243)	(7,317,044)	5,971,055	6,526,177				

Note:

(1) The negative balance represents (i) unamortised discount for long term secured fixed rate bonds, and (ii) unamortised discount, positive fair value changes arising from fair value hedge and foreign currency translation gains of the subordinated obligations derived in accordance with the Group's accounting policy.

(2) Other liabilities include clients and brokers balances, remisier deposits and provision for taxation and zakat.

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26. 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	-	-	-	-	-	-	115,533	115,533	3.40
Derivative financial instruments	-	-	-	-	-	8,423	-	8,423	-
Available-for-sale securities	-	-	30,332	2,096,840	10,911	60,549	-	2,198,632	3.25
Held-to-maturity securities	839,800	70,084	166,205	358,900	265,305	17,556	-	1,717,850	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	-	-	-	-	2,019,955	-	2,026,318	7.05
Total assets	14,865,032	654,820	631,224	7,862,129	6,384,483	2,841,192	115,533	33,354,413	

[^] The amount represents non-performing loans net of specific allowance and general allowance for loans, advances and financing made in accordance with the Group's accounting policy on allowance for bad and doubtful debts and financing.

Note:

(1) Other assets include statutory deposits with Bank Negara Malaysia, property, plant and equipment, deferred tax assets, clients and brokers balances and goodwill arising on consolidation.

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26. 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
Derivative financial instruments	-	-	-	-	-	18,687	-	18,687	-
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 ⁽²⁾	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	-	¹⁽ⁱⁱ⁾ (26,117)	-	828,883	5.38
Long term borrowings	-	-	50,000	250,000	-	¹⁽ⁱ⁾ (7,367)	-	292,633	7.10
Total liabilities	10,526,723	4,950,514	7,776,094	1,971,531	1,400,000	4,128,190	-	30,753,052	
Shareholders' Funds	-	-	-	-	-	2,601,361	-	2,601,361	
Total Liabilities and Shareholders' Funds	10,526,723	4,950,514	7,776,094	1,971,531	1,400,000	6,729,551	-	33,354,413	
On-balance sheet interest sensitivity gap	4,338,309	(4,295,694)	(7,144,870)	5,890,598	4,984,483				
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	4,984,483				

Note:

(1) The negative balance represents (i) unamortised discount for long term secured fixed rate bonds, and (ii) unamortised discount, positive fair value changes arising from fair value hedge and foreign currency translation gains of the subordinated obligations derived in accordance with the Group's accounting policy.

(2) Other liabilities include clients and brokers balances, remisier deposits and provision for taxation and zakat.

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27. The Operation of Islamic Banking

27(i) Audited Condensed Balance Sheet

	Audited 31 December 2005	Audited 31 December 2004
	RM'000	RM'000
ASSETS		
Cash and short term funds	220,401	161,862
Deposits and placements with financial institutions	-	20,000
Available-for-sale securities	99,334	-
Held-to-maturity securities	52,253	197,486
Financing, advances and other loans (Note 27(iii))	3,765,793	3,337,485
Other assets	7,416	103,513
Statutory deposits with Bank Negara Malaysia	137,843	112,883
Property, plant and equipment	1,316	1,540
TOTAL ASSETS	4,284,356	3,934,769
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		
Deposits from customers (Note 27(iv))	2,985,396	2,617,550
Deposits and placements of banks and other financial institutions	746,115	845,245
Bills and acceptances payable	6,806	3,679
Provision for zakat	8,590	15,523
Other liabilities	34,073	55,366
TOTAL LIABILITIES	3,780,980	3,537,363
ISLAMIC BANKING CAPITAL FUNDS		
Islamic banking funds	310,035	276,553
Reserves	193,341	120,853
TOTAL ISLAMIC BANKING CAPITAL FUNDS	503,376	397,406
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS	4,284,356	3,934,769
COMMITMENTS AND CONTINGENCIES	1,093,274	753,549

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27. The Operation of Islamic Banking (continued)

27(ii) Audited Condensed Income Statement

	Individual quarter		Cumulative quarter	
	Current financial quarter ended <u>31 December 2005</u> RM'000	Preceding year corresponding quarter ended <u>31 December 2004</u> RM'000	Current financial year ended <u>31 December 2005</u> RM'000	Preceding financial year ended <u>31 December 2004</u> RM'000
Income derived from investment of depositors' funds	57,081	52,315	222,820	192,748
Allowances for losses on financing	(1,422)	(8,066)	(18,396)	(31,768)
Transfer from/(to) profit equalisation reserve	4,624	69	7,419	(1,597)
Total attributable income	60,283	44,318	211,843	159,383
Income attributable to depositors	(25,665)	(21,768)	(100,325)	(85,686)
	34,618	22,550	111,518	73,697
Income derived from investment of head office's funds	5,499	5,365	20,936	24,759
Total net income	40,117	27,915	132,454	98,456
Overhead expenses	(7,130)	(3,977)	(22,740)	(18,877)
Profit before zakat	32,987	23,938	109,714	79,579
Zakat	(20)	(1,049)	(3,725)	(5,555)
Profit after zakat	32,967	22,889	105,989	74,024

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EXPLANATORY NOTES

27. The Operation of Islamic Banking (continued)

27(iii) Financing, Advances and Other Loans

	Audited 31 December 2005 RM'000	Audited 31 December 2004 RM'000
Overdrafts	168,430	265,238
Term financing		
Housing financing	1,860,814	1,833,464
Hire purchase receivables	1,992,907	1,531,421
Other term financing	1,140,651	1,107,026
Trust receipts	2,398	3,374
Claims on customers under acceptance credits	65,869	26,164
Staff financing	40,697	41,169
Revolving credit	134,585	115,951
Other financing	5,434	6,526
	<u>5,411,785</u>	<u>4,930,333</u>
Less: Unearned income	(1,533,289)	(1,483,725)
	<u>3,878,496</u>	<u>3,446,608</u>
Less: Allowances for bad and doubtful financing:		
- General	(57,347)	(57,717)
- Specific	(55,356)	(51,406)
Total net financing, advances and other loans	<u><u>3,765,793</u></u>	<u><u>3,337,485</u></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 year	309,367	176,190
Reclassified as performing during the financial year	(120,108)	(84,064)
Amount recovered	(32,705)	(45,469)
Amount written off	(15,298)	(6,475)
Balance as at 31 December	<u>281,559</u>	<u>140,303</u>
Non-performing loans which have no adverse financial impact on the Group	(20,143)	(21,017)
	<u>261,416</u>	<u>119,286</u>
Specific allowance	(42,116)	(37,804)
Net non-performing financing, advances and other loans	<u><u>219,300</u></u>	<u><u>81,482</u></u>
Ratio of net non-performing financing, advances and other loans to total net financing, advances and other loans	<u><u>5.8%</u></u>	<u><u>2.4%</u></u>

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27. The Operation of Islamic Banking (continued)

27(iii) Financing, Advances and Other Loans (continued)

	Audited 31 December 2005	Audited 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 year	(370)	13,446
Balance as at 31 December	57,347	57,717
As % of total financing less specific allowance	1.5%	1.7%
<u>Specific allowance</u>		
Balance as at 1 January	51,406	31,138
Allowance made during the financial year	30,799	27,075
Allowance charged to deferred asset/other assets during the financial year	156	8,281
Amount recovered	(11,292)	(8,605)
Recoveries set-off against deferred asset	(414)	(8)
Amount written off	(15,299)	(6,475)
Balance as at 31 December	55,356	51,406

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EXPLANATORY NOTES

27. The Operation of Islamic Banking (continued)

27(iv) Deposits from Customers

	Audited 31 December 2005	Audited 31 December 2004
	RM'000	RM'000
<u>Non-Mudarabah:</u>		
Al-Wadiah demand deposits	425,570	264,684
Al-Wadiah savings deposits	120,941	120,817
	<u>546,511</u>	<u>385,501</u>
<u>Mudarabah:</u>		
Al-Fareed demand deposits	34,080	27,950
Al-Mudarabah savings deposits	32,055	23,069
Total demand and savings deposits	<u>612,646</u>	<u>436,520</u>
<u>Mudarabah:</u>		
General investment deposits	2,107,434	1,556,945
Special investment deposits	-	334,594
Bai Al-Inah HARI	265,316	289,491
Total investment deposits	<u>2,372,750</u>	<u>2,181,030</u>
	<u>2,985,396</u>	<u>2,617,550</u>

28. Significant Events During the Financial Quarter/Year ended 31 December 2005

- (1) The proposed acquisition of "Wisma Cyclecarri", as disclosed in our announcement to Bursa Malaysia on 31 May 2004, has been completed on 31 January 2005.
- (2) On 28 October 2005, EONCAP Securities Sdn Bhd (formerly known as Leong & Company Sdn Bhd), the stockbroking subsidiary of the Group, 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. 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 during the financial year ended 31 December 2005 that have not been disclosed in these condensed financial statements.

29. Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the financial quarter/year ended 31 December 2005.

30. Significant Event 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.

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31. Other Commitments

	Audited 31 December 2005 RM'000	Audited 31 December 2004 RM'000
- Authorised and contracted for	48,494	139,353
- Authorised but not contracted for	12,598	18,107
	<u>61,092</u>	<u>157,460</u>
Analysed as follows:		
- Property, plant and equipment	34,727	157,460
- Acquisition of a subsidiary company	26,365	-
	<u>61,092</u>	<u>157,460</u>

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

32. Taxation

The analysis of the tax expense for the financial quarter/year ended 31 December 2005 is as follows:-

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 December 2005 RM'000	Preceding year corresponding quarter ended 31 December 2004 RM'000	Current financial year ended 31 December 2005 RM'000	Preceding financial year ended 31 December 2004 RM'000
Malaysian income tax:				
- Charge for the financial quarter/year	4,449	23,334	100,295	125,725
- Under/(over) provision in respect of prior years	121	(1,209)	130	(5,958)
	4,570	22,125	100,425	119,767
Transfer (to)/from deferred tax asset	21,898	1,902	13,012	(7,137)
	26,468	24,027	113,437	112,630

The Group's effective tax rate for the financial quarter/year ended 31 December 2005 was higher than the statutory tax rate because certain expenses were not deductible for tax purposes.

33. 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.

Apart from the above, there were no sale of unquoted investments and properties for the financial quarter/year ended 31 December 2005 other than in the ordinary course of banking business.

34. Quoted Securities

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

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35. Status of Corporate Proposals Announced But Not Completed

On 28 October 2005, EONCAP Securities Sdn Bhd (formerly known as Leong & Company Sdn Bhd), the stockbroking subsidiary of the Group, has entered into a conditional share sale agreement 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.

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.

36. Long Term Borrowings

	<u>2005</u>	<u>2004</u>
	RM’000	RM’000
Secured fixed rate bonds, at par	250,000	300,000
Less: Unamortised discounts	(5,512)	(7,367)
	244,488	292,633
	244,488	292,633

The secured fixed rate bonds comprise of three tranches of RM50 million (Tranche 1 which matured on 12 December 2005), RM100 million (Tranche 2 maturing on 12 December 2007) and RM150 million (Tranche 3 maturing on 12 December 2009). Tranche 1 of the secured fixed rate bonds has been fully redeemed on 12 December 2005 as disclosed in Note 7 of these explanatory notes. In December 2005, 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.

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37. Subordinated Obligations

	<u>2005</u>	<u>2004</u>
	RM'000	RM'000
Subordinated obligations, at par	855,000	855,000
Fair value changes arising from fair value hedges	(34,758)	(15,424)
Foreign exchange translations	(4,533)	-
	815,709	839,576
Less: Unamortised discounts	(8,265)	(10,693)
	807,444	828,883

On 21 January 2004, the banking and finance subsidiary company issued USD225 million (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 the Notes will mature on 21 January 2014 and listed on the Luxembourg Stock Exchange. In March 2005, Moody's Investors Service Limited has reaffirmed the rating of the Notes of Baa3. The net proceeds arising from the issuance of the Notes have been utilised for general banking purposes. 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.

The Bank 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 the Bank decide 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 above Notes constitute unsecured liabilities of the Bank and are subordinated to all deposit liabilities and all other liabilities except 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 the Bank.

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38. Derivative Financial Instruments

Based on the balance sheet as at 21 February 2006, value of contracts of derivative financial instruments of the Group 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	3,065,109	1,264,859	867,556	911,595	21,099	-	-
Interest rate related contracts							
- Interest rate swaps	2,309,189	-	-	1,472,526	-	836,663	-

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 21 February 2006.

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 21 February 2006, the amount of contracts of the Group which were not hedged and, hence, exposed to market risk was RM13,347,824 (31 December 2004: RM5,017,976).

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 21 February 2006, the amount of credit risk of the Group, measured in terms of the cost to replace the profitable contracts, was RM11,437,919 (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 currency forward contracts represent commitments to purchase or sell fixed amount of currency, including undelivered spot transactions. These 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

Interest rate swaps involve the exchange of interest obligations with a counterparty for a specified period without the exchange of the underlying principal amount. The fair values of these contracts are determined by the discounting the estimated net cash flows at zero coupon yield at each reporting date. 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.

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EXPLANATORY NOTES

39. 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 21 February 2006 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 sub-divide 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 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.

- (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 fixed on 17 November 2005 has been postponed to a further date for the mention pending the disposal of the Summary Judgement hearing, which is fixed on 23 February 2006.

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.

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39. Material Litigation (continued)

EON Bank Berhad ('EBB') (continued)

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. Hearing of Notice of Appeal has been fixed on 20 January 2006 and at this hearing, the Court ordered parties to file written submissions on or before 3 March 2006. Matter has been fixed for mention on 5 April 2006.

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

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 7 December 2005 has been postponed to 15 March 2006.

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

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EXPLANATORY NOTES

40. Profit Forecast

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

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

Compared with the immediate preceding financial quarter, the Group's net income before loan and financing loss and provision for the current financial quarter increased by 9.7% to RM310.7 million. The growth was mainly attributable to a rise in non-interest income by RM20.9 million and an increase in net interest income and income from Islamic Banking totalling RM6.5 million. The increase was partly offset by an increase in overhead expenses by RM46.1 million. As a result, the Group recorded a pre-tax profit of RM93.3 million, a 2.0% lower compared to pre-tax profit made in the immediate preceding financial quarter.

42. Review of performance for the financial quarter/year ended 31 December 2005 against the corresponding financial quarter/year of preceding year

Current financial quarter against corresponding financial quarter of preceding year

For the current financial quarter ended 31 December 2004, the Group recorded a net income of RM310.7 million, a 3.5% increase as compared to RM300.2 million achieved in the preceding year's corresponding quarter. The increase was mainly attributable to an increase in non-interest income and net income from Islamic banking business by RM26.3 million and RM5.6 million respectively. The increase was partly offset by lower net interest income of RM21.3 million as a result of the Group adopted the 3 month classification for non-performing loans. There was lower allowances for losses on loan, advances and financing of RM10.1 million and higher overhead expenses of RM33.4 million. As a result, the Group registered a pre-tax profit of RM93.3 million, a 12.1% lower compared to pre-tax profit made in the corresponding financial quarter of preceding year.

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

The Group recorded a pre-tax profit of RM400.3 million for the financial year ended 31 December 2004, a 0.3% decrease as compared to RM401.3 million achieved in the previous financial year. As compared to the previous financial year, the Group's total net income and income from Islamic banking increased by RM83.2 million and RM20.6 million respectively. On the other hand, there was a reduction in net interest income by RM41.3 million and an increase in overhead expenses by RM61.1 million.

43. Prospects for 2006

The economic condition in Malaysia is expected to remain favourable and conducive for the financial services industry for financial year 2006. With more liberalisation moves anticipated in the domestic banking environment, the Group will continue to build its presence in the retail and middle market segment via efficient and effective delivery services to remain competitive. Barring any unforeseen circumstances, the Group expects to achieve a satisfactory performance in 2006.

EON CAPITAL BERHAD
(454644-K)

EXPLANATORY NOTES

44. 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/year ended 31 December 2005 and 31 December 2004 respectively and the weighted average number of ordinary shares in issue during the respective financial quarter/year, are set out as follows:

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 December 2005	Preceding year corresponding quarter ended 31 December 2004	Current financial year ended 31 December 2005	Preceding financial year ended 31 December 2004
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	66,831	81,057	283,165	283,149
Weighted average number of ordinary shares in issue during the financial quarter/year	693,209	693,209	693,209	693,209
Basic earnings per share (sen) - basic/diluted	9.6	11.7	40.8	40.8

There were no dilutive potential ordinary shares outstanding as at 31 December 2005.

45. Proposed First and Final Dividend

The Board of Directors is pleased to recommend a first and final gross dividend of 16.0 (2004: 8.6) sen per share on 693,208,732 ordinary shares, less income tax of 28%, amounting to RM79,857,646 (2004: RM32,530,000) for the financial year ended 31 December 2005, which is subject to the members' approval at the forthcoming Annual General Meeting of the Company. The entitlement and payment date will be announced at a later date.