

EON CAPITAL BERHAD
(454644-K)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED BALANCE SHEETS
AS AT 31 MARCH 2009

	Note	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
ASSETS			
Cash and short-term funds		5,533,851	7,849,181
Deposits and placements with banks and other financial institutions		1,351,086	249,440
Held for trading securities	9	396	27,931
Derivative financial instruments	10	12,608	13,393
Available-for-sale securities	11	3,595,975	3,076,980
Held-to-maturity securities	12	262,952	349,217
Loans, advances and financing	13	29,813,758	29,637,558
Other assets	14	699,035	780,988
Statutory deposits with Bank Negara Malaysia		280,607	940,952
Deferred tax assets		119,733	122,866
Property, plant and equipment		304,819	287,626
Goodwill		86,610	86,610
TOTAL ASSETS		<u>42,061,430</u>	<u>43,422,742</u>
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	16	30,035,742	30,117,575
Deposits and placements of banks and other financial institutions	17	6,193,273	6,532,135
Derivative financial instruments	10	84,022	80,624
Bills and acceptances payable		1,151,776	1,817,440
Provision for taxation and zakat		8,479	32
Other liabilities	18	738,975	820,676
Subordinated obligations	33	-	700,778
Subordinated medium term notes	34	372,293	-
Borrowings	35	179,173	148,894
TOTAL LIABILITIES		<u>38,763,733</u>	<u>40,218,154</u>
SHARE CAPITAL		693,209	693,209
RESERVES		2,604,488	2,511,379
SHAREHOLDERS' FUNDS		<u>3,297,697</u>	<u>3,204,588</u>
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		<u>42,061,430</u>	<u>43,422,742</u>
OFF-BALANCE SHEET EXPOSURES	24	<u>19,123,829</u>	<u>20,240,783</u>
Net assets per ordinary share (RM)		<u>4.76</u>	<u>4.62</u>

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2009

	Note	Individual quarter		Cumulative quarter	
		Current financial quarter ended 31 March 2009 RM'000	Preceding year corresponding quarter ended 31 March 2008 RM'000	Current financial period ended 31 March 2009 RM'000	Preceding year corresponding period ended 31 March 2008 RM'000
Interest income	19	452,879	478,844	452,879	478,844
Interest expense	20	(228,930)	(246,808)	(228,930)	(246,808)
Net interest income		223,949	232,036	223,949	232,036
Net income from Islamic Banking business	27	46,149	41,670	46,149	41,670
		270,098	273,706	270,098	273,706
Non-interest income	21	70,096	67,118	70,096	67,118
Net income		340,194	340,824	340,194	340,824
Other operating expenses	22	(189,596)	(151,478)	(189,596)	(151,478)
Operating profit		150,598	189,346	150,598	189,346
Allowances for losses on loans, advances and financing	23	(35,574)	(84,787)	(35,574)	(84,787)
Impairment losses on securities		(8,000)	(392)	(8,000)	(392)
Profit before taxation and zakat		107,024	104,167	107,024	104,167
Taxation		(27,455)	(26,428)	(27,455)	(26,428)
Zakat		(7)	(1,419)	(7)	(1,419)
Net profit for the financial quarter		79,562	76,320	79,562	76,320
Earnings per share (sen)					
- Basic	45	11.48	11.01	11.48	11.01
- Diluted	45	11.48	11.01	11.48	11.01

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2009

	Issued and fully paid ordinary shares of RM1 each			Available- for-sale securities reserve	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
Balance as at 1 January 2009	693,209	1,066,296	657,198	(25,311)	813,196	3,204,588
Net fair value changes in available-for-sale securities, net of tax	-	-	-	13,547	-	13,547
Income and expense recognised directly in equity	-	-	-	13,547	-	13,547
Net profit for the financial quarter	-	-	-	-	79,562	79,562
Total recognised income and expense for the financial quarter	-	-	-	13,547	79,562	93,109
Balance as at 31 March 2009	693,209	1,066,296	657,198	(11,764)	892,758	3,297,697
Balance as at 1 January 2008	693,209	1,066,296	608,326	40,444	782,292	3,190,567
Net fair value changes in available-for-sale securities, net of tax	-	-	-	(2,284)	-	(2,284)
Income and expense recognised directly in equity	-	-	-	(2,284)	-	(2,284)
Net profit for the financial quarter	-	-	-	-	76,320	76,320
Total recognised income and expense for the financial quarter	-	-	-	(2,284)	76,320	74,036
Balance as at 31 March 2008	693,209	1,066,296	608,326	38,160	858,612	3,264,603

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2009

	Current financial period ended 31 March 2009 RM'000	Preceding year corresponding period ended 31 March 2008 RM'000
Cash Flows From Operating Activities		
Net profit for the financial quarter	79,562	76,320
Adjustments for investing and financing items not involving movement of cash and cash equivalents	39,860	116,226
Operating profit before working capital changes	<u>119,422</u>	<u>192,546</u>
Increase in operating assets	(523,672)	(1,138,966)
(Decrease)/Increase in operating liabilities	<u>(1,133,720)</u>	<u>344,523</u>
Cash used in operations	<u>(1,537,970)</u>	<u>(601,897)</u>
Income tax paid	(19,126)	(24,339)
Income tax refunded	<u>-</u>	<u>4,063</u>
Net cash used in operating activities	<u>(1,557,096)</u>	<u>(622,173)</u>
Cash Flows From Investing Activities		
Purchase of available-for-sale and held-to-maturity securities, net of sale proceeds	(428,547)	325,717
Purchase of property, plant and equipment	(27,795)	(7,808)
Proceeds from disposal of property, plant and equipment	185	395
Interest/dividend received from available-for-sale and held-to-maturity securities	96,222	53,435
Net dividends received	<u>-</u>	<u>119</u>
Net cash (used in)/generated from investing activities	<u>(359,935)</u>	<u>371,858</u>
Cash Flows From Financing Activities		
Net proceeds from issuance of subordinated medium term notes	371,759	-
Interest paid on subordinated obligations	(19,667)	(20,004)
Net interest (paid)/received for interest rate related derivatives	(18,592)	1,286
Redemption of subordinated obligations	<u>(731,799)</u>	<u>-</u>
Net cash used in financing activities	<u>(398,299)</u>	<u>(18,718)</u>
Net decrease in cash and cash equivalents	(2,315,330)	(269,033)
Cash and cash equivalents:		
- as at beginning of the financial quarter	<u>7,849,181</u>	<u>5,547,918</u>
- as at end of the financial quarter	<u><u>5,533,851</u></u>	<u><u>5,278,885</u></u>

EXPLANATORY NOTES

Disclosure requirements pursuant to Malaysian Accounting Standards Board's (MASB) Standard No. FRS 134 (Interim Financial Reporting) and Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions (revised 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. FRS 134 (Interim Financial Reporting) and Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions (revised BNM/GP8), and should be read in conjunction with the financial statements of the Group for the financial year ended 31 December 2008.

The accounting policies, accounting estimates 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.

2. Audit Report

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

3. Seasonality or Cyclicity of Operations

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

4. Items Affecting Net Income and Cash Flow

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial quarter ended 31 March 2009.

5. Changes in Estimates

There were no significant changes in estimates arising from prior financial quarter that have a material effect on the financial results and position of the Group for the financial quarter ended 31 March 2009.

6. Issuance and Repayments

EON Bank Berhad ("EBB"), a wholly-owned subsidiary of the Company, has fully redeemed its USD225 million nominal value Subordinated Notes on the optional maturity date of 21 January 2009. Subsequently, on 27 February 2009, EBB issued RM410 million nominal value of the 10 non-callable 5 years Subordinated Medium Term Notes ("MTN") under the Subordinated MTN programme.

7. Dividends Paid During the Current Financial Quarter

There were no interim dividends paid or declared in respect of financial year ending 31 December 2009 during the financial quarter ended 31 March 2009.

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EXPLANATORY NOTES

8. Segment reporting

The Group can be divided into four major business lines, i.e. Enterprise Banking, Retail Banking, Islamic Banking and Treasury and Investment Banking. The business lines are the basis on which the Group reports its primary segment information.

(a) Segment revenue and segment results

Group	Enterprise Banking	Retail Banking	Islamic Banking	Treasury and Investment Banking	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Current financial quarter/period ended 31 March 2009</u>					
Gross operating revenue from external parties ⁽¹⁾	122,845	297,277	82,946	101,345	604,413
Inter-segment gross operating revenue ⁽²⁾	3,305	11,878	-	-	15,183
Total segment revenue	126,150	309,155	82,946	101,345	619,596
Segment results	40,119	75,215	10,217	(16,101)	109,450
Unallocated costs					(2,426)
Profit before taxation and zakat					107,024
Taxation and zakat					(27,462)
Net profit for the financial quarter ended 31 March 2009					79,562
<u>Preceding year corresponding quarter/period ended 31 March 2008</u>					
Gross operating revenue from external parties ⁽¹⁾	133,986	286,076	83,356	125,567	628,985
Inter-segment gross operating revenue ⁽²⁾	2,861	10,342	-	-	13,203
Total segment revenue	136,847	296,418	83,356	125,567	642,188
Segment results	11,919	78,387	19,433	(3,515)	106,224
Unallocated costs					(2,057)
Profit before taxation and zakat					104,167
Taxation and zakat					(27,847)
Net profit for the financial quarter ended 31 March 2008					76,320

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8. Segment reporting (continued)

(b) Segment assets

Group	Enterprise Banking	Retail Banking	Islamic Banking	Treasury and Investment Banking	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>As at 31 March 2009</u>					
Segment assets	9,627,812	15,040,231	6,513,660	10,421,976	41,603,679
Unallocated assets					457,751
Total assets					<u>42,061,430</u>
Segment liabilities	14,271,280	11,837,014	5,828,249	6,077,155	38,013,698
Unallocated liabilities					750,035
Total liabilities					<u>38,763,733</u>
Other segment information					
Capital expenditure	45	27,232	14	504	27,795
Depreciation of property, plant and equipment	814	5,730	156	3,521	10,221
Other non-cash expenses	<u>13,065</u>	<u>22,400</u>	<u>19,143</u>	<u>1,083</u>	<u>55,691</u>
<u>As at 31 December 2008</u>					
Segment assets	9,100,745	14,745,282	7,077,924	11,972,945	42,896,896
Unallocated assets					525,846
Total assets					<u>43,422,742</u>
Segment liabilities	11,643,204	13,742,804	6,199,705	7,800,203	39,385,916
Unallocated liabilities					832,238
Total liabilities					<u>40,218,154</u>
Other segment information					
Capital expenditure	14,479	25,831	1,384	9,937	51,631
Depreciation of property, plant equipment	10,552	21,104	632	3,531	35,819
Other non-cash expenses	<u>224,788</u>	<u>279,939</u>	<u>66,806</u>	<u>30,039</u>	<u>601,572</u>

⁽¹⁾ Gross operating revenue comprised gross interest income received from loans, advances and financing (net of interest/income suspended), securities (net of amortisation of premium less accretion of discount) and inter-bank placements and deposits, fees income, gains or losses from sale of securities, 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.

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

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9. Held for Trading Securities

	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
Malaysian Government investment issues	-	27,538
Quoted equity securities in Malaysia	396	393
	396	27,931

10. Derivative Financial Instruments

	Unaudited 31 March 2008 RM'000	Audited 31 December 2008 RM'000
Derivatives at fair value through profit and loss:		
- Interest rate swaps	-	1,967
- Foreign currency forwards	11,910	11,405
Derivatives designated as fair value hedge:		
- Interest rate swaps	698	21
Total derivative financial instruments - assets	12,608	13,393
Derivatives at fair value through profit and loss:		
- Interest rate swaps	-	1,097
- Foreign currency forwards	6,072	12,540
- Cross currency interest rate swaps	-	275
Derivatives designated as fair value hedge:		
- Interest rate swaps	76,145	66,712
- Cross currency interest rate swaps	1,805	-
Total derivative financial instruments - liabilities	84,022	80,624

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11. Available-for-sale Securities

	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
Available-for-sale securities, at fair value:		
Bank Negara Malaysia monetary notes	167,942	40,916
Malaysian Government investment issues	351,304	349,460
Malaysian Government treasury bills	32,307	29,579
Malaysian Government Islamic treasury bills	29,805	29,546
Malaysian Government securities	504,975	501,909
Cagamas bonds	14,802	15,219
Khazanah bonds	98,986	73,305
Quoted equity securities in Malaysia	10,744	11,292
Quoted private debt securities	1,260	1,324
Private and Islamic debt securities	1,109,206	1,085,920
Negotiable instruments of deposit	860,793	800,432
Islamic negotiable instrument debt securities	168,772	109,475
Commercial papers	26,863	31,790
Islamic commercial papers	49,297	48,284
Islamic acceptance bills	37,724	-
Bankers' acceptances	190,471	-
Allowance for impairment	(66,710)	(58,710)
	<u>3,588,541</u>	<u>3,069,741</u>
Available-for-sale securities, at cost:		
Unquoted equity securities in Malaysia	6,215	6,215
Unquoted equity securities outside Malaysia	3,982	3,787
Allowance for impairment	(2,763)	(2,763)
	<u>7,434</u>	<u>7,239</u>
	<u>3,595,975</u>	<u>3,076,980</u>

12. Held-to-maturity Securities

	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
Held-to-maturity securities, at amortized cost:		
Private and Islamic debt securities	428,221	428,326
Credit link notes denominated in USD	-	86,688
	<u>428,221</u>	<u>515,014</u>
Held-to-maturity securities, at cost:		
Unquoted equity securities in Malaysia	18,082	18,082
	446,303	533,096
Allowance for impairment	(183,351)	(183,879)
	<u>262,952</u>	<u>349,217</u>

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13. Loans, Advances and Financing

	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
Overdrafts/cash line	2,464,157	2,483,658
Term loans/financing:		
Housing loans/financing	7,076,202	6,959,353
Syndicated term loans/financing	1,294,915	1,209,860
Hire purchase receivables	12,600,055	12,455,025
Other term loans/financing	5,785,758	5,694,939
Bills receivable	12,287	10,410
Trust receipts	126,610	176,496
Claims on customers under acceptance credit/financing	2,456,060	2,750,785
Staff loans/financing	182,755	181,285
Credit cards	1,221,972	1,192,801
Revolving credit/financing	1,414,189	1,319,936
Other loans/financing	103,594	108,363
	<u>34,738,554</u>	<u>34,542,911</u>
Less: Unearned interest/income	<u>(3,711,435)</u>	<u>(3,689,906)</u>
Gross loans, advances and financing	31,027,119	30,853,005
Fair value changes arising from fair value hedge	38,108	28,011
Less: Allowances for bad and doubtful debts and financing		
- Specific	(798,143)	(792,530)
- General	(453,326)	(450,928)
Net loans, advances and financing	<u>29,813,758</u>	<u>29,637,558</u>

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

Domestic non-bank financial institutions (of which: Stockbroking companies)	301,871	224,787
Domestic business enterprises (of which: Small and medium enterprises)	11,561,013	11,744,610
Government and statutory bodies	20,593	21,753
Individuals	18,689,074	18,448,240
Other domestic entities	24,559	25,724
Foreign entities	430,009	387,891
	<u>31,027,119</u>	<u>30,853,005</u>

(ii) Gross loans, advances and financing analysed by interest rate/profit rate sensitivity are as follows:

Fixed rate	14,033,367	13,905,535
(of which: (i) Housing loans/financing	1,555,609	1,571,018
(ii) Hire purchase receivables)	10,716,890	10,606,348
Variable rate	16,993,752	16,947,470
(of which: (i) Base lending rate plus	10,559,198	10,368,348
(ii) Cost plus)	4,837,691	5,028,424
	<u>31,027,119</u>	<u>30,853,005</u>

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EXPLANATORY NOTES

13. Loans, Advances and Financing (continued)

	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
(iii) Gross loans, advances and financing analysed by their sector are as follows:		
Agriculture, hunting, forestry and fishing	428,621	372,604
Mining and quarrying	91,234	94,048
Manufacturing	2,961,704	3,184,934
Electricity, gas and water	230,199	231,561
Construction	2,314,087	2,200,008
Wholesale and retail trade and restaurants and hotels	2,490,443	2,622,671
Transport, storage and communication	589,236	579,585
Finance, insurance and business services	985,967	931,514
Real estate	1,289,042	1,302,053
Community, social and personal services	311,316	304,260
Households	18,757,293	18,519,944
(comprise of : (i) Purchase of residential properties	6,045,790	5,938,134
(ii) Purchase of transport vehicles	9,554,584	9,475,724
(ii) Others	3,156,919	3,106,086
Others	577,977	509,823
	<u>31,027,119</u>	<u>30,853,005</u>
(iv) Gross loans, advances and financing analysed by their economic purpose are as follows:		
Purchase of securities	529,826	547,432
Purchase of transport vehicles	10,700,416	10,589,345
Purchase of landed properties	8,599,140	8,445,896
(comprise: (i) Residential	6,084,411	5,974,735
(ii) Non-residential)	2,536,553	2,471,161
Purchase of fixed assets (excluding landed properties)	277,943	267,744
Personal use	899,142	882,141
Credit card	1,221,937	1,191,898
Purchase of consumer durables	524	764
Construction	844,312	811,991
Mergers and acquisitions	13,056	13,033
Working capital	7,137,413	7,235,940
Others	803,410	866,821
	<u>31,027,119</u>	<u>30,853,005</u>

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EXPLANATORY NOTES

13. Loans, Advances and Financing (continued)

	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
(v) Movements in non-performing loans, advances and financing are as follows:		
Balance as at 1 January	1,545,655	1,847,443
Classified as non-performing during the financial quarter/year	1,251,982	4,152,844
Reclassified as performing during the financial quarter/year	(912,330)	(3,437,918)
Amount recovered	(147,167)	(662,074)
Amount written off	(56,290)	(354,641)
Balance as at 31 March/31 December	<u>1,681,850</u>	<u>1,545,654</u>
Less:		
Non-performing loans, advances and financing which have no adverse financing impact on the Group	<u>(57,476)</u>	<u>(64,425)</u>
	1,624,374	1,481,229
Specific allowance	<u>(694,280)</u>	<u>(728,059)</u>
Net non-performing loans, advances and financing	<u>930,094</u>	<u>753,170</u>
As % of total loans, advances and financing, net of specific allowance	<u>3.1%</u>	<u>2.5%</u>
(vi) Non-performing loans, advances and financing analysed by their sectors are as follows:		
Agriculture, hunting, forestry and fishing	4,988	5,107
Mining and quarrying	3,139	3,020
Manufacturing	290,683	275,981
Electricity, gas and water	91	250
Construction	186,321	146,137
Wholesale and retail trade and restaurants and hotels	184,045	191,096
Transport, storage and communication	17,917	17,349
Finance, insurance and business services	18,340	20,505
Real estate	65,970	65,364
Community, social and personal services	3,464	2,934
Households	840,393	800,825
(comprise of : (i) Purchase of residential properties	480,271	457,028
(ii) Purchase of transport vehicles	220,935	201,720
(ii) Others	139,187	142,077
Others	66,499	17,086
	<u>1,681,850</u>	<u>1,545,654</u>

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13. Loans, Advances and Financing (continued)

	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
(vii) Non-performing loans, advances and financing analysed by their economic purpose are as follows:		
Purchase of securities	20,286	31,027
Purchase of transport vehicles	257,303	235,539
Purchase of landed properties	602,747	584,738
(comprise: (i) Residential	481,775	458,727
(ii) Non-residential)	120,972	126,011
Purchase of fixed assets (excluding landed properties)	20,151	26,673
Personal use	47,838	44,048
Credit card	29,189	26,966
Purchase of consumer durables	35	158
Construction	30,047	32,239
Mergers and acquisitions	-	-
Working capital	622,536	510,813
Others	51,718	53,453
	<u>1,681,850</u>	<u>1,545,654</u>
(viii) Movements in allowances for bad and doubtful debts and financing:		
General allowance		
Balance as at 1 January	450,928	429,914
Allowance made during the financial quarter/year	2,398	21,014
Balance as at 31 March/31 December	<u>453,326</u>	<u>450,928</u>
As % of gross loans, advances and financing, net of specific allowance	<u>1.5%</u>	<u>1.5%</u>
Specific allowance		
Balance as at 1 January	792,530	644,214
Allowance made during the financial quarter/year	116,570	658,687
Allowance charged to deferred asset/other assets during the financial quarter/year	101	15,998
Amount written back in respect of recoveries/reclassification	(53,204)	(152,324)
Recoveries set-off against deferred asset	(1,564)	(19,404)
Amount written-off	(56,290)	(354,641)
Balance as at 31 March/31 December	<u>798,143</u>	<u>792,530</u>

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EXPLANATORY NOTES

14. Other Assets

	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
Unamortised handling fees	80,762	80,403
Trade receivables, net of allowances for bad and doubtful debts and interest-in-suspense of RM5,691,000 (31.12.2008: RM5,673,000)	18,129	8,803
Interest/income receivable	42,988	60,733
Other debtors, deposits and prepayment, net of allowances for bad doubtful debts of RM316,755 (31.12.2008: RM95,161)	334,423	383,135
Deferred asset account	202,519	226,407
Tax recoverable	19,480	20,772
Prepaid lease payments	734	735
	<u>699,035</u>	<u>780,988</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.

16. Deposits from Customers

	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
Demand deposits	3,604,578	3,750,973
Savings deposits	2,927,616	2,801,338
Fixed/investment deposits	22,310,419	21,124,639
Money market deposits	1,193,129	2,440,625
	<u>30,035,742</u>	<u>30,117,575</u>

(i) The maturity structure of fixed/investment deposits and money market deposits is as follows:

Due within six months	17,434,359	17,370,634
Six months to one year	5,156,215	5,221,329
One year to three years	868,993	911,881
Three years to five years	43,981	61,420
	<u>23,503,548</u>	<u>23,565,264</u>

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

Government and statutory bodies	3,943,333	4,578,710
Business enterprises	11,972,389	11,860,874
Individuals	12,422,354	12,221,749
Others	1,697,666	1,456,242
	<u>30,035,742</u>	<u>30,117,575</u>

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17. Deposits and Placements of Banks and Other Financial Institutions

	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
Licensed banks	1,450,097	957,408
Licensed Islamic banks	228,641	531,332
Licensed investment banks	37,836	119,510
Bank Negara Malaysia	1,478,302	1,476,867
Other financial institutions	2,998,397	3,447,018
	<u>6,193,273</u>	<u>6,532,135</u>

(i) The maturity structure of deposits and placements of banks and other financial institutions is as follows:

One year or less	4,674,870	5,024,806
More than one year	1,518,403	1,507,329
	<u>6,193,273</u>	<u>6,532,135</u>

Included in the above are negotiable certificates of deposit/
Islamic debt certificates issued by the Group

	<u>1,088,641</u>	<u>1,371,065</u>
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18. Other Liabilities

	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
Trade payable	30,721	35,014
Other liabilities	491,204	534,271
Interest/profit payable	217,043	251,383
Profit equalisation reserves	7	8
	<u>738,975</u>	<u>820,676</u>

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19. Interest Income

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	<u>Current financial quarter ended 31 March 2009</u>	<u>Preceding year corresponding quarter ended 31 March 2008</u>	<u>Current financial period ended 31 March 2009</u>	<u>Preceding year corresponding period ended 31 March 2008</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Loans, advances and financing				
- Interest income other than recoveries	375,537	372,480	375,537	372,480
- Recoveries from non-performing loans, advances and financing	11,403	13,528	11,403	13,528
Money at call and deposit placements with financial institutions	41,079	57,241	41,079	57,241
Held for trading securities	8,421	8,910	8,421	8,910
Available-for-sale securities	30,050	35,743	30,050	35,743
Held-to-maturity securities	1,856	5,511	1,856	5,511
	<u>468,346</u>	<u>493,413</u>	<u>468,346</u>	<u>493,413</u>
Amortisation of premium less accretion of discount	(881)	(3,525)	(881)	(3,525)
Interest suspended	(14,586)	(11,044)	(14,586)	(11,044)
	<u>452,879</u>	<u>478,844</u>	<u>452,879</u>	<u>478,844</u>

20. Interest Expense

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	<u>Current financial quarter ended 31 March 2009</u>	<u>Preceding year corresponding quarter ended 31 March 2008</u>	<u>Current financial period ended 31 March 2009</u>	<u>Preceding year corresponding period ended 31 March 2008</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Deposits and placements of banks and other financial institutions	31,530	35,951	31,530	35,951
Deposits from customers	188,908	193,586	188,908	193,586
Subordinated medium term notes	794	-	794	-
Subordinated obligations	4,252	13,815	4,252	13,815
Long term borrowings	2,846	2,782	2,846	2,782
Others	600	674	600	674
	<u>228,930</u>	<u>246,808</u>	<u>228,930</u>	<u>246,808</u>

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21. Non-interest Income

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	<u>Current financial quarter ended 31 March 2009</u>	<u>Preceding year corresponding quarter ended 31 March 2008</u>	<u>Current financial period ended 31 March 2009</u>	<u>Preceding year corresponding period ended 31 March 2008</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Fee and commission income:				
- Commissions	9,143	10,996	9,143	10,996
- Service charges and fees	44,807	28,096	44,807	28,096
- Guarantee fees	4,031	3,002	4,031	3,002
- Advisory and arrangement fees	2,034	3,729	2,034	3,729
- Underwriting commissions	275	1,599	275	1,599
- Brokerage	871	2,907	871	2,907
Net (losses)/gains arising from sale of:				
- held for trading securities	(780)	535	(780)	535
- available-for-sale securities	(227)	-	(227)	-
Net gains from redemption of held-to-maturity securities	528	1,665	528	1,665
Dividend income from available-for-sale securities	120	119	120	119
Net unrealised gains/(losses) on fair value changes on held for trading securities	270	(86)	270	(86)
Net unrealised (losses)/gains on fair value changes on derivatives held at fair value through profit and loss:				
- interest rate derivatives	(1,140)	3,498	(1,140)	3,498
- foreign currency forwards	6,973	(131)	6,973	(131)
Net unrealised gains on fair value changes between hire purchase receivables and interest rate swaps designated as fair value hedge	262	-	262	-
Net unrealised losses on fair value changes between foreign currency loans and cross currency interest rate swaps designated as fair value hedge	(182)	-	(182)	-
Net (losses)/gains from foreign exchange translations	(209)	8,629	(209)	8,629
Other income/(expenditure):				
- Rental income from premises	397	701	397	701
- Gains on disposal of property, plant and equipment	161	9	161	9
- Other operating income	2,388	2,090	2,388	2,090
- Other non-operating income	551	510	551	510
- Net amount provided in respect of other bad and doubtful debts	(177)	(750)	(177)	(750)
	<u>70,096</u>	<u>67,118</u>	<u>70,096</u>	<u>67,118</u>

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22. Other Operating Expenses

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 March 2009	Preceding year corresponding quarter ended 31 March 2008	Current financial period ended 31 March 2009	Preceding year corresponding period ended 31 March 2008
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	112,662	86,388	112,662	86,388
Promotion and marketing related expenses	6,109	3,325	6,109	3,325
Establishment related expenses	30,512	29,319	30,512	29,319
General administrative expenses	40,313	32,446	40,313	32,446
	<u>189,596</u>	<u>151,478</u>	<u>189,596</u>	<u>151,478</u>
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	89,180	70,630	89,180	70,630
Defined contribution plan	14,723	11,798	14,723	11,798
Other employee benefits	8,759	3,960	8,759	3,960
	<u>112,662</u>	<u>86,388</u>	<u>112,662</u>	<u>86,388</u>
(ii) Promotion and marketing related expenses comprise the following:				
Travelling and transport	5,021	2,634	5,021	2,634
Entertainment	314	317	314	317
Others	774	374	774	374
	<u>6,109</u>	<u>3,325</u>	<u>6,109</u>	<u>3,325</u>
(iii) Establishment related expenses comprise the following:				
Depreciation of property, plant and equipment	10,221	9,139	10,221	9,139
Repair and maintenance	4,457	5,471	4,457	5,471
Rental of premises	6,416	5,998	6,416	5,998
Hire of equipment	362	887	362	887
Others	9,056	7,824	9,056	7,824
	<u>30,512</u>	<u>29,319</u>	<u>30,512</u>	<u>29,319</u>
(iv) General administrative expenses comprise the following:				
Communication costs	4,904	4,548	4,904	4,548
Printing and stationeries	3,260	4,310	3,260	4,310
Property, plant and equipment written off	-	45	-	45
Loss on disposal of property, plant and equipment	18	44	18	44
Legal and other professional charges	10,633	10,476	10,633	10,301
Others	21,498	13,023	21,498	13,198
	<u>40,313</u>	<u>32,446</u>	<u>40,313</u>	<u>32,446</u>

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23. Allowances for Losses on Loans, Advances and Financing

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 March 2009 RM'000	Preceding year corresponding quarter ended 31 March 2008 RM'000	Current financial period ended 31 March 2009 RM'000	Preceding year corresponding period ended 31 March 2008 RM'000
Allowances for bad and doubtful debts and financing				
(a) Specific allowance:				
- Made	116,570	134,060	116,570	134,060
- Written back	(53,204)	(27,118)	(53,204)	(27,118)
(b) General allowance:				
- Made/(written back)	2,398	(3,917)	2,398	(3,917)
Bad debts on loans, advances and financing				
- Recovered	(30,190)	(18,238)	(30,190)	(18,238)
	35,574	84,787	35,574	84,787

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24. Off-Balance Sheet Exposures

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:

	Group			
	Unaudited			
	31 March 2009			
	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount *	Risk Weighted Amount *
	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	556,500	-	556,500	556,500
Transaction related contingent items	1,183,779	-	591,890	591,890
Short term self liquidating trade related contingencies	99,223	-	19,844	19,844
Forward asset purchases	77,000	-	-	-
Obligations under an on-going underwriting agreement	47,480	-	-	-
Foreign exchange related contracts:				
One year or less	1,570,494	11,910	25,411	7,162
Interest/profit rate related contracts:				
One year or less	300,000	-	600	120
Over one year to five years	2,035,000	698	51,348	10,270
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				-
Over one year	3,112,770	-	1,556,385	1,343,922
Up to one year	6,930,170	-	-	-
Unutilised credit card lines	3,211,413	-	642,283	481,712
Total	19,123,829	12,608	3,444,261	3,011,420

* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors and risk-weights as defined in Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework ("RWCAF") and Capital Adequacy Framework for Islamic Banks ("CAFIB").

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24. Off-Balance Sheet Exposures (continued)

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

	Group			
	Audited			
	31 December 2008			
	Principal	Positive Fair Value of Derivative	Credit Equivalent	Risk Weighted
	Amount	Contracts	Amount *	Amount *
	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	551,878	-	551,878	551,878
Transaction related contingent items	1,161,767	-	580,884	580,884
Short term self liquidating trade related contingencies	82,014	-	16,403	16,403
Forward asset purchases	82,000	-	-	-
Obligations under an on-going underwriting agreement	56,660	-	-	-
Foreign exchange related contracts:				
One year or less	802,053	11,405	21,779	7,117
Interest/profit rate related contracts:				
One year or less	2,640,562	1,967	5,058	1,012
Over one year to five years	1,985,000	21	49,670	9,934
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
Over one year	3,263,085	-	1,631,543	1,413,037
Up to one year	6,700,773	-	1,340,154	1,219,604
Unutilised credit card lines	2,914,991	-	582,998	437,248
Total	20,240,783	13,393	4,780,367	4,237,117

* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors and risk-weights as defined in Bank Negara Malaysia's revised RWCAF and CAFIB.

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25. Capital Adequacy

(i) Banking Units

The capital adequacy ratios of the Banking Units of the Group are analysed as follows:

	Unaudited 31 March 2009	Audited 31 December 2008
Core capital ratio	9.48%	9.17%
Risk-weighted capital ratio	12.04%	12.63%
Core capital ratio (net of proposed dividend)	9.35%	9.05%
Risk-weighted capital ratio (net of proposed dividend)	11.91%	12.50%

The components of Tier I and Tier II Capital for the Banking Units of the Group are as follows:

Tier I Capital:		
Paid-up share capital	1,329,807	1,329,807
Share premium	39,337	39,337
Retained profits	991,096	991,096
Other reserves	1,123,050	1,123,050
	<u>3,483,290</u>	<u>3,483,290</u>
Less: Goodwill	(333,861)	(333,861)
Deferred tax assets	(114,429)	(114,429)
Cumulative net unrealised losses on fair value changes on available-for-sale securities	25,310	25,310
Total Tier I Capital	<u>3,060,310</u>	<u>3,060,310</u>
Tier II Capital:		
Subordinated medium term notes	372,293	-
Subordinated obligations	-	700,778
General allowance for bad and doubtful debts and financing	453,326	450,928
Total Tier II Capital	<u>825,619</u>	<u>1,151,706</u>
Total Capital	3,885,929	4,212,016
Less: Investment in subsidiaries	(690)	(690)
Capital Base	<u><u>3,885,239</u></u>	<u><u>4,211,326</u></u>

The capital adequacy ratios of the Banking Units of the Group consist of capital base and risk-weighted assets derived from consolidated balances of its banking subsidiaries which comprise EON Bank Berhad, EONCAP Islamic Bank Berhad and MIMB Investment Bank Berhad.

The capital adequacy ratios of EON Bank Berhad and MIMB Investment Bank Berhad are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework ("RWCAF") – Basel II. The capital adequacy ratios of EONCAP Islamic Bank Berhad are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks ("CAFIB"), which is based on the Basel II capital accord. The Group has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

The risk-weighted capital adequacy of the commercial banking subsidiary, EON Bank Berhad, of 11.52%, the Islamic banking subsidiary, EONCAP Islamic Bank Berhad, of 11.86%, and the investment banking subsidiary, MIMB Investment Bank Berhad, of 107.81% as at 31 March 2009, exceeded the minimum requirements of 8.00% prescribed by Bank Negara Malaysia.

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25. Capital Adequacy (continued)

(ii) Group

The Group is not required to maintain any capital adequacy ratio requirements. The following disclosure of capital adequacy ratios of the Group is made on a voluntary basis for information only.

The capital adequacy ratios of the Group are analysed as follows:

	Unaudited 31 March 2009	Audited 31 December 2008
Core capital ratio	9.35%	9.06%
Risk-weighted capital ratio	11.91%	12.51%
Core capital ratio (net of proposed dividend)	9.23%	8.94%
Risk-weighted capital ratio (net of proposed dividend)	11.78%	12.39%

The components of Tier I and Tier II Capital for the Group are as follows:

Tier I Capital:		
Paid-up share capital	693,209	693,209
Share premium	1,066,296	1,066,296
Retained profits	813,196	813,196
Other reserves	631,887	631,887
	<u>3,204,588</u>	<u>3,204,588</u>
Less: Goodwill		
Deferred tax assets	(86,610)	(86,610)
Cumulative net unrealised losses on fair value changes on available-for-sale securities	(122,866)	(122,866)
	<u>25,311</u>	<u>25,311</u>
Total Tier I Capital	<u>3,020,423</u>	<u>3,020,423</u>
Tier II Capital:		
Subordinated medium term notes	372,293	-
Subordinated obligations	-	700,778
General allowance for bad and doubtful debts and financing	453,326	450,928
Total Tier II Capital	<u>825,619</u>	<u>1,151,706</u>
Capital Base	<u><u>3,846,042</u></u>	<u><u>4,172,129</u></u>

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26. Interest 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					RM'000	RM'000	%
Group												
As at 31 March 2009												
Assets:												
Cash and short-term funds	5,251,260	-	-	-	-	282,591	-	5,533,851	2.25			
Deposits and placements with banks and other financial institutions	-	1,170,600	154,698	25,788	-	-	-	1,351,086	3.54			
Held for trading securities	-	-	-	-	-	-	396	396	-			
Derivative financial statements	-	-	-	-	-	12,608	-	12,608	-			
Available-for-sale securities	644,462	493,517	866,507	993,317	578,354	19,818	-	3,595,975	3.10			
Held-to-maturity securities	-	-	35,015	173,051	36,803	18,083	-	262,952	2.86			
Loans, advances and financing												
- performing	15,420,389	407,866	459,328	4,605,943	8,455,913	33,938	-	29,383,377	6.65			
- non-performing	-	-	-	-	-	430,381	-	430,381	-			
Other assets ⁽¹⁾	5,778	-	-	-	-	1,485,026	-	1,490,804	8.00			
Total assets	21,321,889	2,071,983	1,515,548	5,798,099	9,071,070	2,282,445	396	42,061,430				

Note:

^ 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 allowances for bad and doubtful debts and financing.

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

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26. Interest Rate Risk (continued)

	← Non-trading book →					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	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				
Group									
As at 31 March 2009									
Liabilities:									
Deposits from customers	11,844,990	5,504,355	8,161,384	912,974	-	3,612,039	-	30,035,742	1.43
Deposits and placements of banks and other financial institutions	2,575,171	1,178,309	879,853	1,500,529	25,526	33,885	-	6,193,273	2.12
Derivative financial instruments	-	-	-	-	-	84,022	-	84,022	-
Bills and acceptances payable	-	-	-	-	-	1,151,776	-	1,151,776	-
Borrowings	-	30,000	150,000	-	-	(827)	-	179,173	6.35
Subordinated medium term notes	-	-	-	-	403,140	(30,847)	-	372,293	5.75
Other liabilities ⁽²⁾	37,406	-	-	-	-	710,048	-	747,454	-
Total liabilities	14,457,567	6,712,664	9,191,237	2,413,503	428,666	5,560,096	-	38,763,733	
Shareholder's funds	-	-	-	-	-	3,297,697	-	3,297,697	-
Total liabilities and shareholder's funds	14,457,567	6,712,664	9,191,237	2,413,503	428,666	8,857,793	-	42,061,430	
On-balance sheet interest sensitivity gap	6,864,322	(4,640,681)	(7,675,689)	3,384,596	8,642,404				
Off-balance sheet interest sensitivity gap	269,999	2,065,001	(300,000)	(2,035,000)	-				
Total interest sensitivity gap	7,134,321	(2,575,680)	(7,975,689)	1,349,596	8,642,404				

Note:

(1) The negative balance represents (i) unamortised discounts of the long term secured fixed rate bonds, and (ii) unamortised discounts of the subordinated medium term notes, calculated in accordance with the Group's accounting policy.

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

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26. Interest 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			
Group									
As at 31 December 2008									
Assets:									
Cash and short-term funds	7,607,136	-	-	-	-	242,045	-	7,849,181	3.19
Deposits and placements with banks and other financial institutions	-	187,500	37,500	24,440	-	-	-	249,440	4.17
Held for trading securities	-	-	-	-	-	-	27,931	27,931	3.18
Derivative financial statements	-	-	-	-	-	13,393	-	13,393	-
Available-for-sale securities	407,838	618,883	322,847	1,172,417	534,761	20,234	-	3,076,980	3.76
Held-to-maturity securities	86,688	-	35,029	172,615	36,803	18,082	-	349,217	7.17
Loans, advances and financing									
- performing	15,282,064	447,527	616,135	4,568,410	8,382,281	38,945	-	29,335,362	6.50
- non-performing	-	-	-	-	-	302,196 [^]	-	302,196	
Other assets ⁽¹⁾	8,475	-	-	-	-	2,210,567	-	2,219,042	8.00
Total assets	23,392,201	1,253,910	1,011,511	5,937,882	8,953,845	2,845,462	27,931	43,422,742	

Note:

[^] 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 allowances for bad and doubtful debts and financing.

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

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26. Interest Rate Risk (continued)

	← Non-trading book →					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	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				
Group									
As at 31 December 2008									
Liabilities:									
Deposits from customers	10,487,344	6,583,732	8,317,151	973,301	-	3,756,047	-	30,117,575	2.98
Deposits and placements of banks and other financial institutions	2,726,590	1,567,255	739,153	1,459,587	5,095	34,455	-	6,532,135	3.79
Derivative financial instruments	-	-	-	-	-	80,624	-	80,624	
Bills and acceptances payable	634,788	937,962	139,554	-	-	105,136	-	1,817,440	
Borrowings	-	-	150,000	-	-	(1,106) ¹⁽ⁱ⁾	-	148,894	6.75
Subordinated obligations	768,930	-	-	-	-	(68,152) ¹⁽ⁱⁱ⁾	-	700,778	5.38
Other liabilities ⁽²⁾	38,375	-	-	-	-	782,333	-	820,708	3.10
Total liabilities	14,656,027	9,088,949	9,345,858	2,432,888	5,095	4,689,337	-	40,218,154	
Shareholder's funds	-	-	-	-	-	3,204,588	-	3,204,588	
Total liabilities and shareholder's funds	14,656,027	9,088,949	9,345,858	2,432,888	5,095	7,893,925	-	43,422,742	
On-balance sheet interest sensitivity gap	8,736,174	(7,835,039)	(8,334,347)	3,504,994	8,948,750				
Off-balance sheet interest sensitivity gap	620,000	1,665,000	(375,000)	(1,910,000)	-				
Total interest sensitivity gap	9,356,174	(6,170,039)	(8,709,347)	1,594,994	8,948,750				

Note:

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

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

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27. Islamic Banking Operations

27(i) Islamic banking assets and liabilities

Included in the Group's balance sheets are Islamic banking assets and liabilities of a subsidiary company as follows:

	Note	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
ASSETS			
Cash and short-term funds		1,179,093	1,783,860
Deposits and placements with banks and other financial institutions		100,000	-
Available-for-sale securities		515,657	353,004
Financing and advances	27(iii)	4,592,009	4,702,496
Other assets		76,356	89,223
Statutory deposits with Bank Negara Malaysia		50,763	150,811
Deferred tax assets		13,075	13,663
Property, plant and equipment		2,020	2,162
TOTAL ASSETS		<u>6,528,973</u>	<u>7,095,219</u>
LIABILITIES			
Deposits from customers	27(iv)	3,964,246	3,970,663
Deposits and placements of banks and other financial institutions		2,012,774	2,398,376
Bills and acceptances payable		11,831	183,273
Provision for zakat		32	25
Other liabilities		71,793	81,264
TOTAL LIABILITIES		<u>6,060,676</u>	<u>6,633,601</u>
NET ISLAMIC BANKING ASSETS		<u>468,297</u>	<u>461,618</u>
OFF-BALANCE SHEET EXPOSURES		<u>1,065,408</u>	<u>951,001</u>

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27. Islamic Banking Operations (continued)

27(ii) Financial results contribution from operations of Islamic Banking

The financial results contribution from Islamic banking operation to the Group's financial results are as follows:

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	<u>Current financial quarter ended 31 March 2009 RM'000</u>	<u>Preceding year corresponding quarter ended 31 March 2008 RM'000</u>	<u>Current financial period ended 31 March 2009 RM'000</u>	<u>Preceding year corresponding period ended 31 March 2008 RM'000</u>
Income derived from investment of depositors' funds	76,629	75,279	76,629	75,279
Income derived from investment of shareholder's funds	6,317	8,077	6,317	8,077
	<u>82,946</u>	<u>83,356</u>	<u>82,946</u>	<u>83,356</u>
Allowances for losses on financing and advances	(16,796)	(7,081)	(16,796)	(7,081)
Transfer to profit equalisation reserves	-	(700)	-	(700)
Total distributable income	66,150	75,575	66,150	75,575
Income attributable to depositors	<u>(36,797)</u>	<u>(40,986)</u>	<u>(36,797)</u>	<u>(40,986)</u>
Total net income	29,353	34,589	29,353	34,589
Other operating expenses	<u>(21,096)</u>	<u>(18,063)</u>	<u>(21,096)</u>	<u>(18,063)</u>
Profit before taxation and zakat	8,257	16,526	8,257	16,526
Taxation	(2,065)	(4,157)	(2,065)	(4,157)
Zakat	<u>(7)</u>	<u>(1,419)</u>	<u>(7)</u>	<u>(1,419)</u>
Net profit for the financial quarter	<u><u>6,185</u></u>	<u><u>10,950</u></u>	<u><u>6,185</u></u>	<u><u>10,950</u></u>

27(iii) Financing and advances

	<u>Unaudited 31 March 2009 RM'000</u>	<u>Audited 31 December 2008 RM'000</u>
Cash line	329,371	352,054
Term financing:		
Housing financing	2,693,662	2,719,508
Hire purchase receivables	2,042,764	2,045,590
Syndicated financing	102,760	96,710
Other term financing	1,265,602	1,268,379
Bills receivable	6,094	1,074
Trust receipts	5,539	6,515
Claims on customers under acceptance financing	197,809	275,583
Staff financing	26,600	27,488
Revolving financing	156,930	154,844
Other financing	79,681	76,990
	<u>6,906,812</u>	<u>7,024,735</u>
Less: Unearned income	<u>(2,141,920)</u>	<u>(2,164,386)</u>
Gross financing and advances	4,764,892	4,860,349
Less: Allowances for bad and doubtful financing		
- Specific	(102,954)	(86,242)
- General	<u>(69,929)</u>	<u>(71,611)</u>
Total net financing and advances	<u><u>4,592,009</u></u>	<u><u>4,702,496</u></u>

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EXPLANATORY NOTES

27. Islamic Banking Operations (continued)

27(iii) Financing and advances (continued)

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

Balance as at 1 January	224,462	245,756
Classified as non-performing during the financial quarter/year	336,596	898,297
Reclassified as performing during the financial quarter/year	(193,179)	(800,487)
Amount recovered	(19,765)	(78,613)
Amount written off	(3,458)	(40,491)
Balance as at 31 March/31 December	<u>344,656</u>	<u>224,462</u>
Specific allowance	<u>(101,847)</u>	<u>(86,242)</u>
Net non-performing financing and advances	<u>242,809</u>	<u>138,220</u>
As % of total financing and advances, net of specific allowance	<u>5.2%</u>	<u>2.9%</u>

(b) Movements in allowances for bad and doubtful financing:

General allowance

Balance as at 1 January	71,611	69,338
Allowance made during the financial quarter/year	(1,682)	2,273
Balance as at 31 March/31 December	<u>69,929</u>	<u>71,611</u>
As % of gross financing and advances, net of specific allowances	<u>1.5%</u>	<u>1.5%</u>

Specific allowance

Balance as at 1 January	86,242	66,199
Allowance made during the financial quarter/year	25,740	83,722
Amount recovered	(5,570)	(23,188)
Amount written-off	(3,458)	(40,491)
Balance as at 31 March/31 December	<u>102,954</u>	<u>86,242</u>

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27. Islamic Banking Operations (continued)

27(iv) Deposits from Customers

	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
<u>Non-Mudharabah:</u>		
Al-Wadiah demand deposits	882,175	984,742
Al-Wadiah savings deposits	181,919	173,296
<u>Mudharabah:</u>		
Al-Fareed demand deposits	112,828	111,258
Al-Mudrabah savings deposits	85,163	78,917
Total demand and savings deposits	1,262,085	1,348,213
<u>Non-Mudharabah:</u>		
Bai Al-Inah HARI	10,592	11,464
<u>Mudharabah:</u>		
General investment deposits	2,691,569	2,610,986
Total investment deposits	2,702,161	2,622,450
	3,964,246	3,970,663

28. Significant Events During the Financial Quarter Ended 31 March 2009

Other than those disclosed in Note 33, 34 and 38, there were no significant events during the financial quarter ended 31 March 2009 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 during the financial quarter ended 31 March 2009 that have not been disclosed in these condensed financial statements.

30. Significant Events Subsequent to the Balance Sheet Date

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

31. Other Commitments

	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
Authorised and contracted for	5,724	56,750
Authorised but not contracted for	1,948	2,773
	7,672	59,523
Analysed as follows:		
- Property, plant and equipment	7,672	59,523

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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 respective financial quarter is as follows:

	Individual quarter		Cumulative quarter	
	Current financial quarter ended 31 March 2009 RM'000	Preceding year corresponding quarter ended 31 March 2008 RM'000	Current financial period ended 31 March 2009 RM'000	Preceding year corresponding period ended 31 March 2008 RM'000
Malaysian income tax:				
- Charge for the financial quarter	28,411	26,992	28,411	26,992
- Underprovision in respect of prior years	-	52	-	52
	28,411	27,044	28,411	27,044
Transfer to deferred taxation	(956)	(616)	(956)	(616)
	27,455	26,428	27,455	26,428

33. Subordinated Obligations

	Unaudited 31 March 2009 RM'000	Audited 31 December 2008 RM'000
Subordinated obligations, at par	-	768,930
Foreign exchange translations	-	(67,281)
	-	701,649
Less: Unamortised discounts	-	(86)
Unamortised fair value changes arising from the discontinued fair value hedge	-	(785)
	-	700,778

On 21 January 2004, the commercial banking subsidiary issued USD225 million (equivalent to RM855 million) 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). The Notes will mature on 21 January 2014 and are listed on the Luxembourg Stock Exchange. In December 2008, Moody's Investors Service Limited has reaffirmed the rating of the Notes of Baa2. The net proceeds arising from the issuance of the Notes were utilised for general banking purposes.

The commercial banking subsidiary 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 commercial banking subsidiary 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 commercial banking subsidiary 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 II capital for the purpose of determining the capital adequacy ratio of the commercial banking subsidiary.

The commercial banking subsidiary has fully redeemed the Notes on the optional maturity date of 21 January 2009.

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34. Subordinated Medium Term Notes

	Unaudited 31 March 2009	Audited 31 December 2008
	RM'000	RM'000
Subordinated medium term notes, at par	403,140	-
Less: Unamortised discounts	(30,847)	-
	372,293	-

On 27 February 2009, the commercial banking subsidiary issued RM410.0 million nominal value of the 10 non-callable 5 years Subordinated Medium Term Notes (“MTN”) callable on 27 February 2014 (and thereafter) and due on 27 February 2019 under the Subordinated MTN Programme. The coupon rate of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should the commercial banking subsidiary 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 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is higher, from the beginning of the sixth (6) year to the final maturity date.

The Subordinated MTN was issued via a private placement at discount to the face value of the Subordinated MTN based on agreed yield to maturity between the commercial banking subsidiary and the identified placees. The Subordinated MTN Programme is part of the initiatives by the commercial banking subsidiary to achieve an efficient capital structure so as to support the continuing growth of the Group. The Subordinated MTN issued under the Subordinated MTN Programme has been assigned a long term rating of A2 by Rating Agency Malaysia Berhad.

35. Borrowings

	Note	Unaudited 31 March 2009	Audited 31 December 2008
		RM'000	RM'000
Short-term borrowing:			
Revolving credit facility	(i)	30,000	-
Long-term borrowing:			
Secured fixed rate bonds, at par	(ii)	150,000	150,000
Less: Unamortised discounts		(827)	(1,106)
Total borrowings		179,173	148,894

- (i) Short-term borrowing is an unsecured revolving credit facility granted by a licensed bank, which has a rollover tenure of one, three and six months.
- (ii) The secured fixed rate bonds bear interest at 6.75% per annum on the nominal value of the outstanding bonds of RM150 million, payable semi annually and will mature on 12 December 2009.

In February 2008, Rating Agency Malaysia Berhad has reaffirmed the Bond rating of A2, which was awarded in December 2002.

36. Unquoted Investments and Properties

There were no sale of unquoted investments and properties for the financial quarter ended 31 March 2009 other than in the ordinary course of banking business.

37. Quoted Securities

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

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38. Status of Corporate Proposals Announced But Not Completed

- (i) Proposed issue of RM655.0 million nominal value unsecured subordinated bonds (“Bonds”) by EON Bank Berhad, a wholly-owned subsidiary of the Company (“Proposed Bond Issue”) and proposed issue of 93.8 million warrants (“Warrants”) by the Company (“Proposed Issue of Warrants”).

On 5 February 2008, the Company announced the proposed issuance of 93.8 million new warrants by the Company in conjunction with the proposed issuance of RM655.0 million in nominal value of 10 years Bonds by EON Bank Berhad (“collectively known as the Issuance”). The Bonds will be issued at a fixed coupon rate of 5.65% per annum payable semi-annually in arrears each year (subject to the revision of interest rates as explained below). In September 2008, Rating Agency Malaysia Berhad has assigned A2 ratings to the Bonds. The net proceeds arising from the issuance of the Bonds will be utilised for general banking purposes and financing activities.

Upon issuance of the Bonds, EON Bank Berhad may, at its option (but subject to the prior approval of Bank Negara Malaysia (“BNM”)), redeem all of the Bonds, at any time on or after the fifth (5) year from the issue date at the principal amount together with accrued interest. Should EON Bank Berhad 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 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is the higher, from the beginning of the sixth (6) year to the final maturity date.

Relevant approvals for the Issuance have been obtained from BNM and the Securities Commission (“SC”) as at the balance sheet date.

On 13 February 2009 and 24 February, the SC had granted its approval for the issuance to be implemented on a staggered basis under a programme format, on the following basis:

- (i) the first issuance of the Bonds shall be no later than twelve (12) months from the date of the SC’s approval for the programme format; and
- (ii) the last issuance shall be no later than twenty four (24) months from the date of the first issuance.

- (ii) Proposed acquisition of a substantial equity stake in MCIS Zurich Insurance Berhad

On 16 January 2009, EON Bank Berhad announced that BNM has granted approval to EON Bank Berhad to commence discussions with Koperasi MCIS Berhad, Atalantik Sdn Bhd and other minority shareholders of MCIS Zurich Insurance Berhad for the proposed acquisition of up to 40% equity stake in MCIS Zurich Insurance Berhad, a composite insurance company.

Pursuant to the above, on 5 May 2009, EON Bank Berhad announced that the negotiations with Koperasi MCIS Berhad, Atalantik Sdn Bhd and other minority shareholders of MCIS Zurich Insurance Berhad for the above acquisition have ceased.

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39. Derivative Financial Instruments

Based on the balance sheet as at 8 May 2009, value of contracts of financial instruments of the Group with off-balance sheet risk, traded in the ordinary course of business, classified by remaining year 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
Foreign exchange related contracts: - Forward contracts	1,268,981	821,145	149,574	154,109	144,153	-
Interest rate related contracts: - Interest rate swaps	2,655,000	-	-	100,000	200,000	2,355,000

Foreign exchange and interest rate related contracts are subject to market risk and credit risk. There were no material equity and commodity related contracts as at 8 May 2009.

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 8 May 2009, the amount of contracts of the Group, which were not hedged and, hence, exposed to market risk was RM13,777,770 (31 December 2008: RM5,414,070).

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 8 May 2009, the amount of credit risk of the Group, measured in terms of the cost to replace the profitable contracts, was RM23,960,462 (31 December 2008: RM9,395,167). 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 foreign exchange 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 year in which they arise.

Interest rate swaps

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 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

40. 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 8 May 2009.

EON Bank Berhad ('EBB')

- (1) A Writ of Summons was filed by the borrower/Plaintiff on 25 June 2007 against EBB and 7 other syndicated lenders (now collectively known as “the Lenders”) for RM121.4 million, claiming breach of an alleged agreement made between the borrower and the Lenders for the restructuring of the borrower’s existing loans with the said Lenders. EBB has denied that there was such an alleged agreement. The solicitors are of the opinion that the suit is defensible.
- (2) A Writ of Summons was filed on 25 January 2005 by the Plaintiff against EBB, claiming RM138 million as a result of EBB wrongfully claiming on a foreclosure action for an alleged unsecured claim. Both parties are appealing against the quantum of damages awarded by the court amounting to RM1.3 million. Our solicitors are of the view that the damages and costs to be awarded should be substantially lower than the amount claimed and would not have a material adverse impact on the financial position of the Group.
- (3) A Writ of Summons and statement of claim was filed by the borrower on 29 November 2002 against EBB, alleging that EBB refused to give consent for the borrower’s application to sub-divide the land, which was charged to EBB. The borrower alleged that it had suffered loss and is claiming an amount of RM21.6 million plus damages and interest yet to be quantified.
- (4) A writ of summons was filed on 30th October 2000 by employees and ex-employees against an employer company, its shareholders, director and senior management staff for losses suffered as a result of breach of fiduciary duties and misrepresentation amounting to RM1.22m. This company was later acquired by EBB in early 2001 by way of a vesting order. The plaintiffs are seeking to substitute the employer company with EBB as the acquirer. Our solicitors are of the opinion that the liabilities are not part of the liability transferred under Acquisition Agreement.
- (5) A writ of summons was filed on 25 July 2007 by the plaintiff against EBB claiming inter alia the sum of RM27.9 million as a result of the EBB refusal to extend the bank guarantee and wrongfully withdrawing the end-financing facility granted to the plaintiff. The solicitors of EBB are of the opinion that there is a reasonable good chance of having the suit be dismissed by the court.
- (6) EBB filed a writ of summons in 2001 to recover monies disbursed under a facilities provided by EBB to borrower and guarantors. In response, Defendants filed a counter claim alleging that they had suffered loss and damages by reason of EBB’s delay / refusal to disburse the facility in full amount. The Defendant’s claim is in the nature of unliquidated damages. The Bank's secured summary judgment against the First defendant on 11.04.2008. The First Defendant is no longer represented and has not applied to proceed further on its counterclaim. The Second and Third Defendants are both bankrupt. EBB solicitors advise that First Defendant has no authority to act as they were instructed by the bankrupt directors

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40. Material Litigation (continued)

MIMB Investment Bank Berhad ('MIMB')

- (7) 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. The solicitors are of the opinion that the suit is defensible.
- (8) A Writ of Summons was filed by MIMB on 10 December 2003 for RM0.2 million against the Defendant for providing advisory, consultancy and administrative services to Defendant wherein the Defendant was supposed to pay the professional fees for the services rendered by MIMB. Defendant filed a Defence and Counter claim which was served on MIMB on 12 January 2006. In the Counter claim, the Defendant alleged that MIMB was negligent and failed to carry out its duty diligently. The Defendant is claiming for compensation totalling RM23.9 million being expenses and costs incurred by the Defendant and damages. Solicitors are of the opinion that the Defendant's claim is defensible.
- (9) A writ of summons was filed by plaintiff for a defamation claiming general damages, aggravated damages and special damages on certain statements in a circular caused to be published by MIMB as the advisor, to a scheme of restructure. The reliefs are in the nature of unliquidated claims, there is no definite figure asked for. Given the lack of evidence as of now, it is difficult to state what is the quantum of damages will be (or if there be any) awarded to the plaintiff. The solicitors for MIMB are of the opinion that MIMB ought to have a good defence in law simply for the reason that what it published was what it was legally obliged to do and on the basis of the factual information as conveyed to it. If that defence succeeds then there will be zero damages payable to the Plaintiff. Further, in the year 2006, plaintiff was adjudged a bankrupt but the Director of Insolvency has not taken any further step since.
- (10) MIMB granted banking facilities amounting to RM7.5 million secured against, among others, a first legal charge over numerous properties belonging to Borrower. Subsequently, Borrower obtained financing from another financier, namely, Arab Malaysian Merchant Bank (AMMB) to redeem the properties charged to MIMB. MIMB gave an undertaking to discharge the properties upon receipt of the redemption sum and to forward the security documents for affecting the discharge of charge to AMMB. However, there was delay in forwarding the issue document of title as it was lodged at the Land Office. Borrower filed a Writ of Summons on 14.6.02 claiming for damages and reasonable compensation for all losses sustained as a result of MIMB's failure to forward the security documents within the stipulated time.

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41. Profit Forecast

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

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

Compared with the immediate preceding financial quarter ended 31 December 2008, the Group's pre-tax profit decreased by RM2.2 million from RM109.2 million to RM107.0 million. This was mainly due to the decrease in net interest income, net income from Islamic Banking business and non-interest income by RM42.9 million, RM7.2 million and RM7.0 million respectively. On the other hand, there was a substantial reduction in allowances for losses on loans, advances and financing by RM28.2 million while other operating expenses and impairment losses on securities decreased by RM10.1 million and RM6.9 million respectively.

43. Review of performance for the financial quarter ended 31 March 2009 against the corresponding financial quarter of preceding year.

For the financial quarter ended 31 March 2009, the Group recorded a pre-tax profit of RM107.0 million, an increase of RM2.8 million as compared to RM104.2 million achieved for the preceding year's corresponding financial quarter. The improvement was mainly attributable to a reduction in allowances for loans, advances and financing by RM49.2 million which was, however, offset substantially by the increase in other operating expense by RM38.1 million and increase in impairment losses on securities by RM7.6 million as compared to the corresponding financial quarter of the previous year.

44. Prospects for 2009

Due to external uncertainties and increasingly challenging domestic and global economies, the Group expects the operating environment in the financial services industry to remain competitive and challenging in the second half of 2009. Notwithstanding that, the Group will continue to build its presence in the retail and middle market segment and the Group expects to achieve a satisfactory performance in 2009.

45. Earnings Per Share

The calculation of the earnings per share of the Group, which is based on the net profit for the financial quarter ended 31 March 2009 and 31 March 2008 respectively and the weighted average number of ordinary shares in issue during the respective financial quarter, are set out as follows:

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	<u>Current financial quarter ended 31 March 2009</u>	<u>Preceding year corresponding quarter ended 31 March 2008</u>	<u>Current financial period ended 31 March 2009</u>	<u>Preceding year corresponding period ended 31 March 2008</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net profit for the financial quarter	79,562	76,320	79,562	76,320
Weighted average number of ordinary shares in issue during the financial quarter	693,209	693,209	693,209	693,209
Earnings per share (sen)				
- Basic/diluted	11.48	11.01	11.48	11.01

There were no dilutive potential ordinary shares outstanding as at 31 March 2009 and 31 March 2008.