

EON CAPITAL

A n n u a l R e p o r t

2002

EON CAPITAL BERHAD

(454644-K)

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notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting of EON CAPITAL BERHAD will be held at Nirwana Ballroom 1, Lower Lobby, Mutiara Hotel, Jalan Sultan Ismail, 50718 Kuala Lumpur on Monday, 26 May 2003 at 12.00 noon for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Reports of the Directors and Auditors and the Audited Financial Statements for the year ended 31 December 2002. **RESOLUTION 1**
2. To re-elect the following Directors pursuant to Article 102 of the Company's Articles of Association:
 - a. Y. Bhg. Tan Sri Dato' Seri Mohd Saleh bin Sulong **RESOLUTION 2**
 - b. Y. Bhg. Datin Dr. Umikalsum binti Mohd Noh **RESOLUTION 3**
 - c. Mr. Rin Kei Mei **RESOLUTION 4**
 - d. Y. Bhg. Dato' Maznah binti Abdul Jalil **RESOLUTION 5**
 - e. Dr. Tiong Ik King **RESOLUTION 6**
 - f. Mr. Wizayaratnam Somasundram **RESOLUTION 7**
3. To re-appoint Messrs. PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration. **RESOLUTION 8**
4. To transact any other ordinary business of the Company for which due notice has been given.

By Order of the Board.

LEE CHEAU PENG
(MAICSA 7005134)
Company Secretary

Kuala Lumpur
3 May 2003

Note i

A member entitled to attend the meeting may appoint a proxy who may but need not be a member of the Company. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

Note ii

The instrument appointing a proxy must be deposited at the Registered Office of the Company at 12th Floor, Wisma Cyclecarri, 288, Jalan Raja Laut, 50350 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting.

Note iii

If the member is a corporation, the proxy form should be executed under its Common Seal or under the hand of an officer or attorney duly authorised.

statement accompanying notice of annual general meeting

Pursuant to paragraph 8.28 of the Listing Requirements of the Kuala Lumpur Stock Exchange.

1. Name of Directors who are standing for re-election

Under Article 102 of the Company's Articles of Association

- i. Y.Bhg. Tan Sri Dato' Seri Mohd Saleh bin Sulong
- ii. Y.Bhg. Datin Dr. Umikalsum binti Mohd Noh
- iii. Mr. Rin Kei Mei
- iv. Y.Bhg. Dato' Maznah binti Abdul Jalil
- v. Dr. Tiong Ik King
- vi. Mr. Wizyaratnam Somasundram

2. Details of Attendance of Directors at Board Meetings

Three board meetings were held following the completion of the corporate exercise which led to the listing of the Company on 23 December 2002. Attendance of the Directors is shown below :-

No.	Directors	Attendance
1.	Y. Bhg. Tan Sri Dato' Seri Mohd Saleh bin Sulong	3 out of 3 meetings
2.	Y. Bhg. Datin Dr. Umikalsum binti Mohd Noh	3 out of 3 meetings
3.	Mr. Rin Kei Mei	2 out of 3 meetings
4.	Y. Bhg. Dato' Maznah binti Abdul Jalil	3 out of 3 meetings
5.	Dr. Tiong Ik King	3 out of 3 meetings
6.	Mr. Wizyaratnam Somasundram	3 out of 3 meetings

3. Date, time and place of Board Meetings

No.	Type of Meeting	Date	Time	Place
1.	1st Board of Directors Meeting for 2003	Wednesday, 22 January 2003	12.35 p.m.	Board Room EON Capital Berhad 12th Floor, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur
2.	EON Capital Special Board of Directors Meeting	Monday, 24 February 2003	12.50 p.m.	The Mauna Lani A Pan Pacific Glenmarie 1, Jalan Usahawan U 1/8 Seksyen U1 40250 Shah Alam Selangor
3.	2nd Board of Directors Meeting for 2003	Wednesday, 23 April 2003	3.30 p.m.	Board Room EON Capital Berhad 12th Floor, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur

4. The details of Directors who are standing for re-election are presented on page 7 to 9 of the Annual Report.

five-year financial highlights

FINANCIAL PERFORMANCE

The consolidated results of EON Capital Berhad incorporates the one month consolidated results of EON Bank Berhad and its subsidiary companies. EON Bank Berhad became a wholly-owned subsidiary company of EON Capital Berhad on 2 December 2002, pursuant to the EBB Scheme of Arrangement and Amalgamation between EBB and its shareholders under Section 176 of the Companies Act, 1965.

EON Capital Berhad was previously a dormant company and commenced its operations as an investment holding company upon the acquisition of EON Bank Berhad and its subsidiary companies on 2 December 2002. The five-year financial highlights of EON Bank Group is provided below to reflect the underlying business of the Group. For illustrative purposes, we have appended below the proforma results for 2002 to show the effects on the consolidated results of EON Capital Berhad had the EBB Scheme of Arrangement and Amalgamation been completed on 1 January 2002.

Amount in RM Millions	EON Bank Group					EON Capital Berhad Proforma	
	1998	1999	2000	2001	2002	2002	
INCOME							
Operating Income Before Loan Loss and Provision	168	337	412	549	562	565	
Profit (Loss) Before Taxation	(22)	209	319	328	390	393	
Profit (Loss) After Taxation	(35)	200	261	201	251	254	

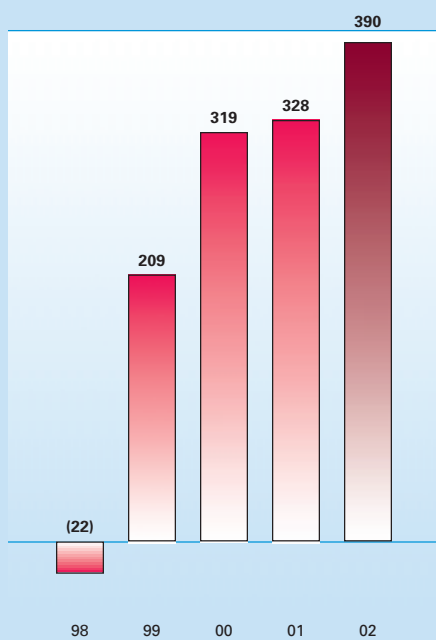
Actual

BALANCE SHEET							
Total Assets	12,890	13,597	17,792	24,721	30,876	30,573	
Net Loans and Advances	8,589	9,349	11,659	17,388	20,574	20,574	
Total Deposits	10,885	11,793	14,854	20,025	25,823	25,786	
Shareholders' Funds	1,241	1,442	1,775	2,075	2,405	1,850	
Net Tangible Assets Backing (RM)	1.1	1.3	1.4	1.4	1.6	2.67	

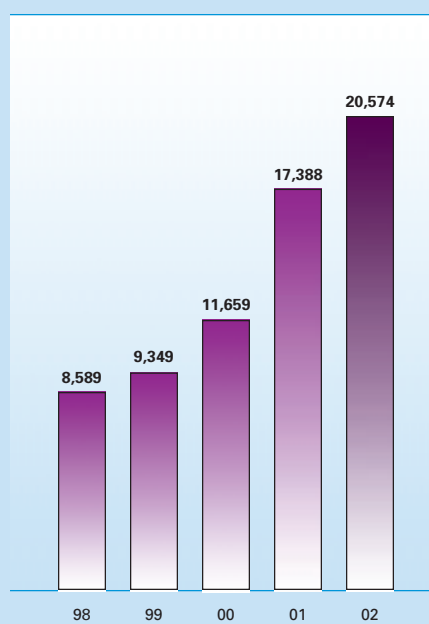
Proforma

FINANCIAL RATIOS							
Earnings per share (sen) - basic	(3.1)	17.9	23.2	16.7	19.6	36.7	
Return on Shareholders' Funds (%)	(2.8)	13.9	14.7	9.7	10.5	13.7	
Risk Weighted Capital Ratio (%) (EON Bank Berhad)	15.3	15.8	11.7	12.5	11.8	N/A	
Net Non Performing Loan Ratio (%)	4.2	5.1	5.2	5.7	4.9	N/A	

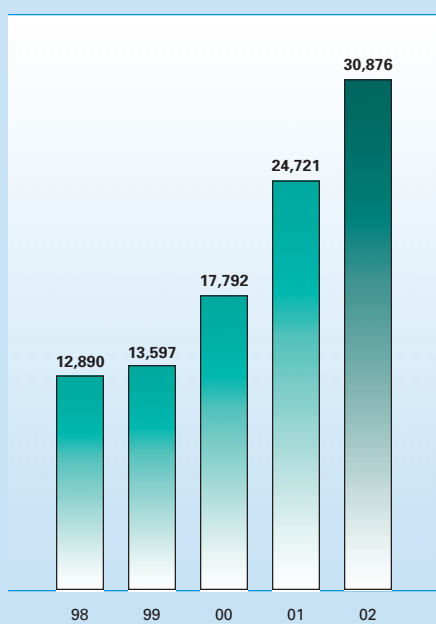
PROFIT BEFORE TAXATION (RM Million)



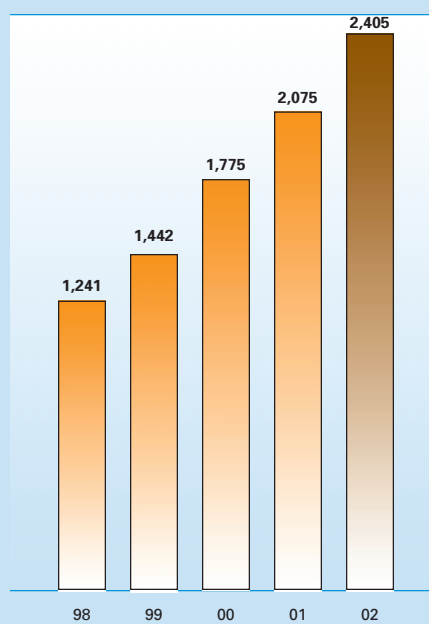
NET LOANS AND ADVANCES (RM Million)



TOTAL ASSETS (RM Million)



SHAREHOLDERS' FUNDS (RM Million)



corporate information

BOARD OF DIRECTORS

- Chairman** • Y. Bhg. Tan Sri Dato' Seri Mohd Saleh bin Sulong
- Deputy Chairman** • Y. Bhg. Datin Dr. Umikalsum binti Mohd Noh
- Members**
- Mr. Rin Kei Mei
 - Y. Bhg. Dato' Maznah binti Abdul Jalil
 - Dr. Tiong Ik King
 - Mr. Wizayaratnam Somasundram

COMPANY SECRETARY

- Lee Cheau Peng (MAICSA 7005134)

REGISTERED OFFICE

12th Floor, Wisma Cyclecarri, 288 Jalan Raja Laut, 50350 Kuala Lumpur
Telephone : 03-2694 1188
Facsimile : 03-2692 1851
Website : www.eonbank.com.my

SHARE REGISTRAR

Panama Resources Sdn. Bhd.
No. 23, Jalan Sri Hartamas 7, Sri Hartamas, 50480 Kuala Lumpur
Telephone : 03-6201 1120
Facsimile : 03-6201 3121

AUDITORS

PricewaterhouseCoopers
11th Floor, Wisma Sime Darby, Jalan Raja Laut, P.O. Box 10192, 50706 Kuala Lumpur

PRINCIPAL BANKER

- EON Bank Berhad

SOLICITOR

- Nik Saghir & Ismail

STOCK EXCHANGE LISTING

- The Main Board, Kuala Lumpur Stock Exchange (23 December 2002)

Y. Bhg. Tan Sri Dato' Seri Mohd Saleh bin Sulong



Y. Bhg. Tan Sri Dato' Seri Mohd Saleh bin Sulong, Malaysian, aged 51, was appointed as Chairman, Non-Independent Non-Executive Director of EON Capital Berhad on 23 December 2002. He is the Chairman of the Nominating Committee and Group Remuneration Committee and a member of the Audit Committee.

Tan Sri is the Group Chairman of DRB-HICOM Berhad. His other directorship of public companies include Eastern Pacific Industrial Corporation Berhad, Edaran Otomobil Nasional Berhad, EON Bank Berhad, EON Finance Berhad, Gadek (Malaysia) Berhad, HICOM Holdings Berhad, and Horsedale Development Berhad.

Tan Sri is a member of the Chartered Institute of Management Accountant, U.K., and worked as an accountant in Cycle & Carriage Bintang Berhad, Cycle & Carriage (M) Sdn Bhd and United Cycle Sdn Bhd for 10 years before his appointment as Executive Director of the Master-Carriage Group of Companies in 1984.

Tan Sri has no direct holding of securities in the Company. He has indirect holdings of 347,270,469 (50.10%) in the Company by virtue of his deemed interest of 31.53% in Edaran Otomobil Nasional Berhad.

Tan Sri has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past 10 years.

Tan Sri attended all the three Board Meetings held since the listing of the Company on 23 December 2002.

Y. Bhg. Datin Dr. Umikalsum binti Mohd Noh



Y. Bhg. Datin Dr. Umikalsum binti Mohd Noh, Malaysian, aged 56, was appointed as Deputy Chairman, Independent Non-Executive Director of EON Capital Berhad on 17 December 2002. She is the Chairman of the Audit Committee and a member of the Nominating Committee and Group Remuneration Committee.

She graduated with a degree in Bachelor of Economics (Hons) from the University of Malaya, and post-graduated with a Master of Arts (Public Policy & Administration) from the University of Wisconsin, U.S.A., and her doctorate in Ph. D (Economics - Public Finance) from the University of Malaya.

She was Assistant Director of Budget in Ministry of Finance (Budget Division), and was seconded to Malaysian Highway Authority as Director of Finance. She was the Deputy Secretary in Ministry of Finance (Supply & Contract Division), and in Ministry of Finance (Tax Division). While working for her Ph. D. (University of Malaya) she was attached to the Centre for Research on Federal Financial Relations, Australian National University. She was Head of Business Development Division, and subsequently was appointed as Managing Director of Kinta Kellas PLC.

She is also a Director of EON Bank Berhad, EON Finance Berhad and Malaysian International Merchant Bankers Berhad. She is also a member of the Board of Inland Revenue Board.

She has a direct holding of 79,006 ordinary shares in the Company. She has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company. She has no convictions for offences within the past 10 years.

She attended all the three Board Meetings held since the listing of the Company on 23 December 2002.

profile of the directors { continued }

Mr. Rin Kei Mei



Mr. Rin Kei Mei, Singaporean, aged 68, was appointed as Non-Independent Non-Executive Director of EON Capital Berhad on 23 December 2002.

Mr. Rin graduated with a degree in Chemical Engineering (University of Cheng Kung), Taiwan. He is a Company Director. His directorship in other public companies are Edaran Otomobil Nasional Berhad, EON Bank Berhad, and EON Finance Berhad. Previously he was Joint Managing Director of Perusahaan Sadur Timah (Malaysia) (PERSTIMA) Sdn. Bhd. and Managing Director of Kedah Cement Holdings Bhd.

He has a direct holding of 39,550 ordinary shares in the Company, and indirect holding of 2,073,817 (0.3%) (deemed interested by virtue of his substantial interest of 99.99% in Lintang Emas Sdn Bhd).

Mr. Rin has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past 10 years.

Mr. Rin attended two out of the three Board Meetings held since the listing of the Company on 23 December 2002.

Y. Bhg. Dato' Maznah binti Abdul Jalil



Y. Bhg. Dato' Maznah binti Abdul Jalil, Malaysian, aged 49, was appointed as Non-Independent Non-Executive Director of EON Capital Berhad on 23 December 2002. She is a member of the Group Remuneration Committee.

Dato' Maznah graduated with a Bachelor of Science and Masters degree in Business Administration (Finance) from Northern Illinois University, U.S.A. and Central Michigan University, U.S.A. respectively.

Dato' Maznah is an Executive Director of DRB-HICOM Berhad and Senior Group Director, Corporate Finance & Advisory of DRB-HICOM. She is a Chairman of EON CMG Life Assurance Berhad, and a Director of Eastern Pacific Industrial Corporation Berhad, EON Bank Berhad, EON Finance Berhad, Gadek (Malaysia) Berhad, Golden Pharos Berhad, HICOM Holdings Berhad, Horsedale Development Berhad, Labuan Reinsurance (L) Ltd, Malaysian International Merchant Bankers Berhad, South East Asia Insurance Berhad and several private limited companies under DRB-HICOM. She is a member of the Board of University Technology Mara and a Trustee (Treasurer) of Malaysian Aids Foundation.

Prior to joining DRB-HICOM, she was with a local merchant bank with exposure in varied corporate advisory assignments. In 1992, she joined Master-Carriage (Malaysia) Sdn Bhd as Director, Corporate Affairs.

She has no direct or indirect securities holding in the Company and its subsidiaries. She has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company. She has no convictions for offences within the past 10 years.

Dato' Maznah attended all the three Board Meetings held since the listing of the Company on 23 December 2002.

Dr. Tiong Ik King



Dr. Tiong Ik King, Malaysian, aged 52, was appointed as Non-Independent Non-Executive Director of EON Capital Berhad on 17 December 2002.

Dr. Tiong graduated with a medical degree in MBBS, Singapore (National University of Singapore) and is also member of MRCP, UK (Royal College of Physicians, United Kingdom).

Dr. Tiong is a Director of Jaya Tiasa Holdings Berhad. He was also Director of EON Bank Berhad and EON Finance Berhad until 24 February 2003.

Dr. Tiong has a direct holding of 43 ordinary shares in the Company. In addition, he has an indirect holding of 119,567,580 (17.25%) in the Company by virtue of his direct and indirect interest in R.H. Development Corporation Sdn. Bhd., and Tiong Toh Siong Holdings Sdn. Bhd.

Dr. Tiong has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past 10 years.

Dr. Tiong attended all the three Board Meetings held since the listing of the Company on 23 December 2002.

Mr. Wizayaratnam Somasundram



Mr. Wizayaratnam Somasundram, Malaysian, aged 63, was appointed as Independent Non-Executive Director of EON Capital Berhad on 17 December 2002. He is a member of the Audit Committee and Nominating Committee.

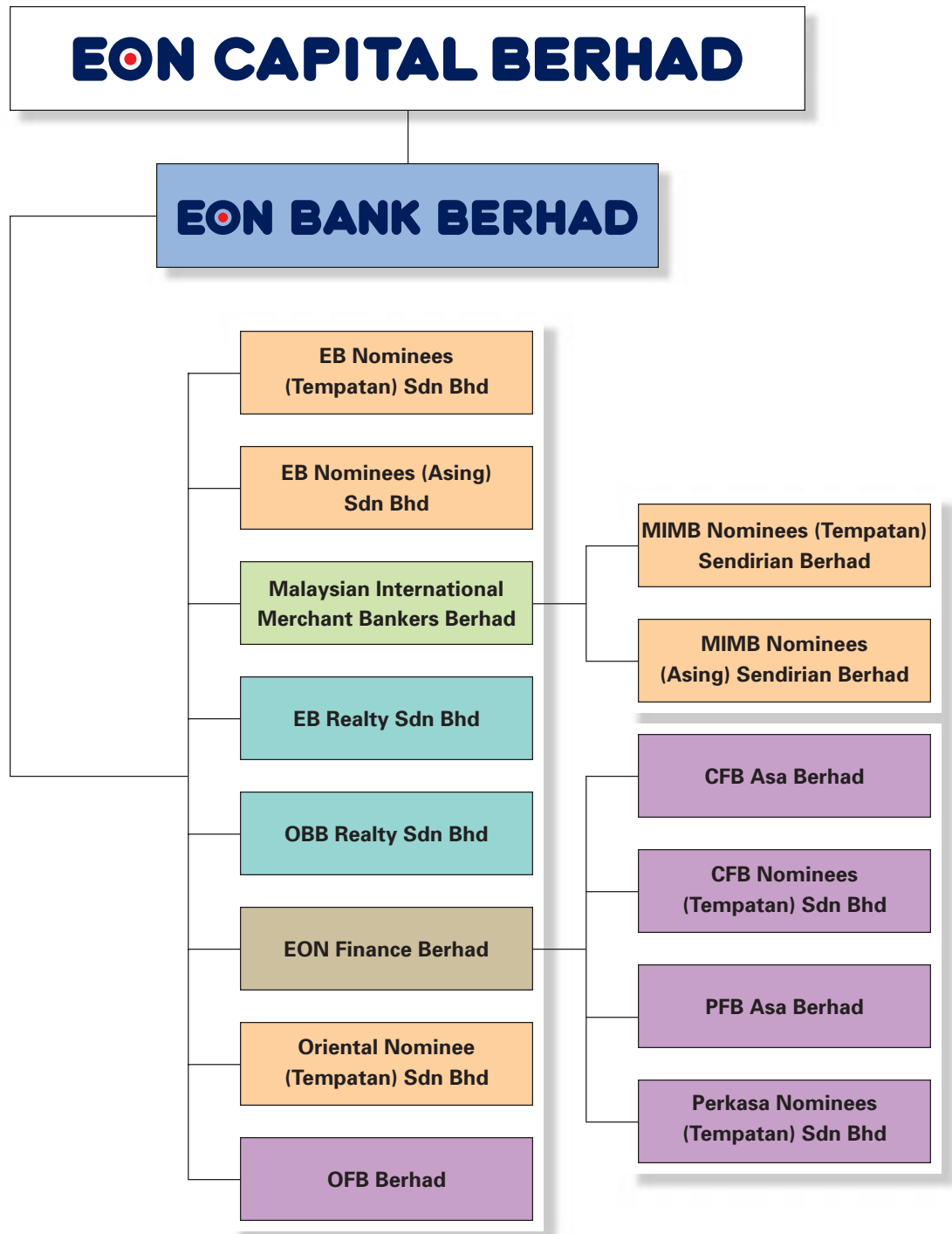
Mr. Somasundram graduated with a degree in Bachelor of Arts majoring in Economics, Money, Banking and Public Finance (University of Western Australia).

Mr. Somasundram is a Director of EON Bank Berhad. He was formerly working as an examiner of financial institutions with Bank Negara Malaysia.

Mr. Somasundram has no direct or indirect securities holding in the Company and its subsidiaries. He has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past 10 years.

Mr. Somasundram attended all the three Board Meetings held since the listing of the Company on 23 December 2002.

group structure



Commercial Banking

Merchant Banking

Nominee Services

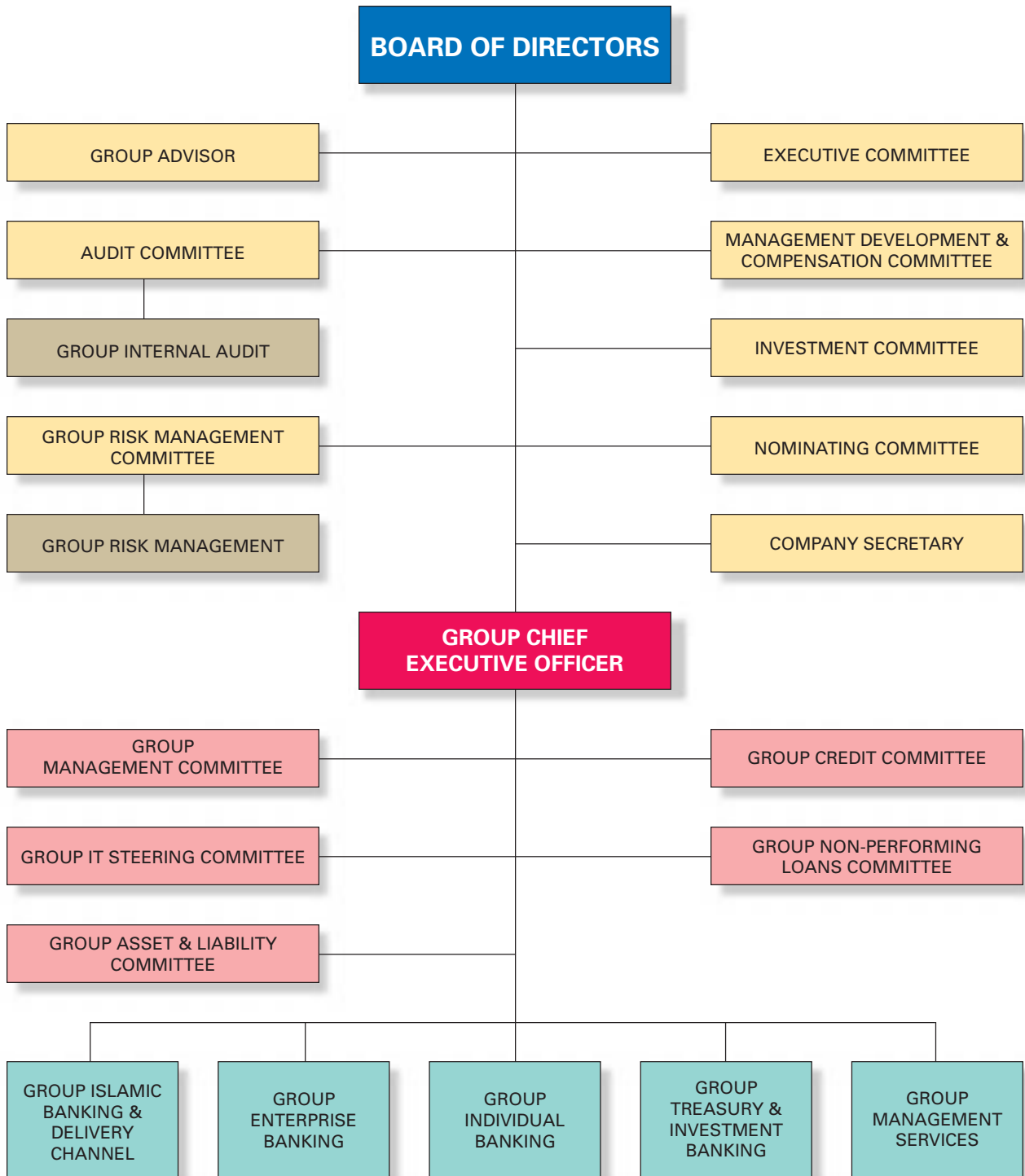
Finance Company

Property Investment

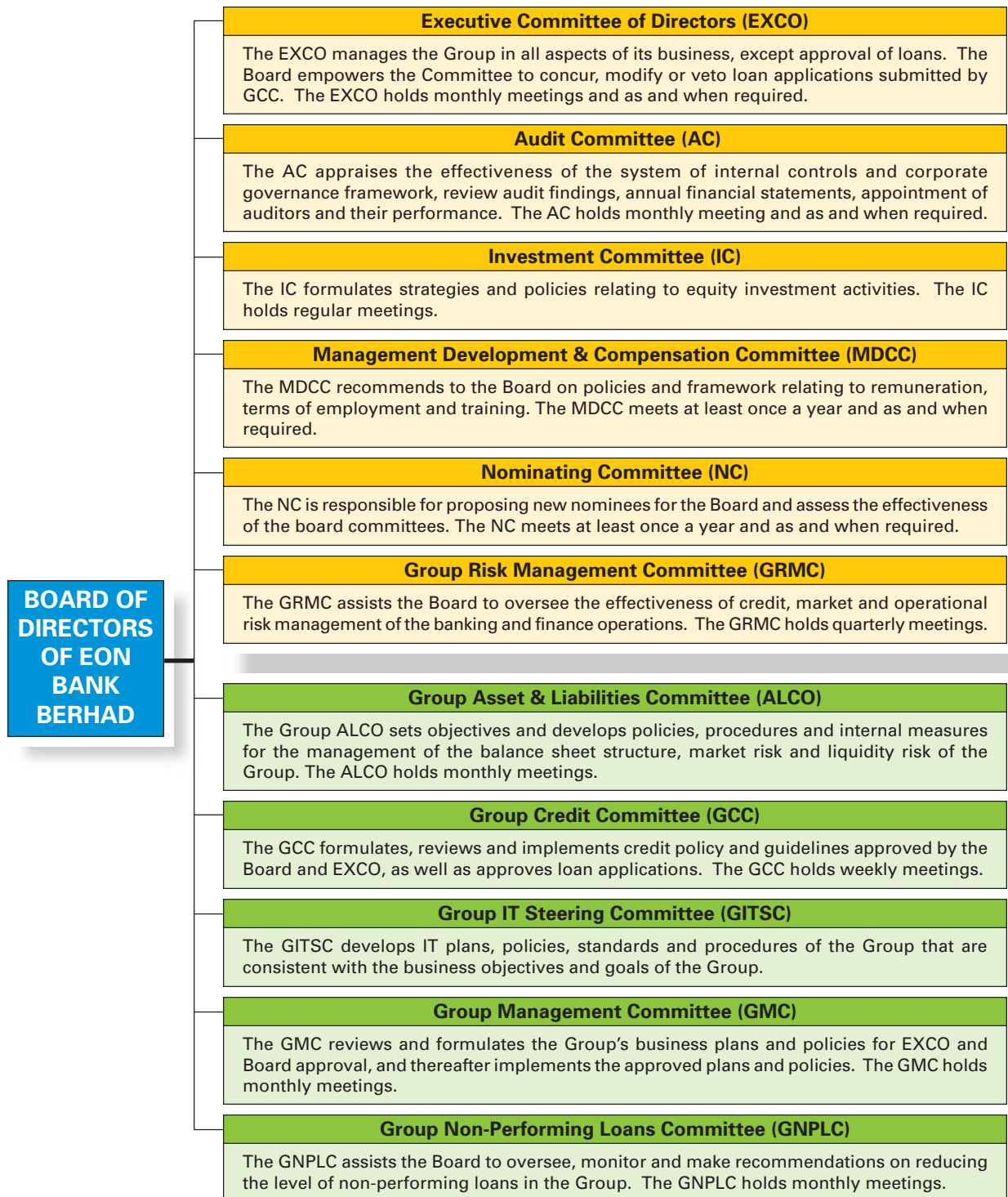
Dormant

group operational structure

EON Capital Berhad’s subsidiary, EON Bank Berhad has set up the following the Board and Group Management Committees, with clear terms of references. These Committees, which report to the Bank’s Board, meet regularly to review the Group’s business activities and operations.



board and management committees



The Board of Directors of EON Capital Berhad is assisted by a group management team in the day to day running of the EON Bank Group.



Y. Bhg. Dato' Zulkifli bin Ali
Executive Director of EON Bank Berhad



Abdul Jamel bin Pawanteh
Deputy Group Chief Executive Officer,
Group Islamic Banking & Delivery Channel



Peter Chow Ying Choon
Deputy Chief Executive Officer,
Group Enterprise Banking



Albert Lau Yiong
Deputy Chief Executive Officer,
Group Individual Banking



Martin Chu Leong Meng
Deputy Chief Executive Officer,
Group Management Services



Gopala Krishnan
Deputy Chief Executive Officer,
Group Treasury & Investment Banking

chairman's statement



On behalf of the Board of Directors of EON Capital Berhad, I have the pleasure of presenting the first Annual Report and Financial Statements of EON Capital Berhad as a listed entity for the financial year ended 31 December 2002.

OVERALL BUSINESS ENVIRONMENT

The Malaysia economy continued to grow during the year of 2002 with the Gross Domestic Product (GDP) expanding by 4.2% for the year relative to a growth of 0.4% in year 2001; largely due to domestic demand stimulated by strong exports, continued recovery in investment activities, strong public expenditure and an expansion of private consumption. The expansion of private consumption reflected improved consumer confidence in an environment of supportive fiscal operations implemented by the government.

During 2002, the operating environment for commercial banking and financing businesses in Malaysian banking industry experienced intense competition resulting in erosion of net interest margin. There was a general trend to shift focus to the retail sector and small-and-medium-sized industries.

While expanding the lending and financing business, the banking sector will continue to monitor and improve its asset quality. The potential merging of the commercial banking and finance company of banking groups into single entities is expected to facilitate the banking sector on efficiency improvement and operations enhancement.

OVERVIEW OF THE GROUP

With its newly listed status, I am proud to announce that the Group has consolidated its position and the Group is poised to grow its business further as an established retail bank.

EON Capital Berhad which was listed on the Main Board of the Kuala Lumpur Stock Exchange on 23 December 2002 is the holding company of the EON Bank Group. Pursuant to the EON Bank Berhad (EBB) Scheme of Arrangement and Amalgamation between EBB and its shareholders under Section 176 of the Companies Act, 1965, EON Bank Berhad and its subsidiary companies became wholly owned subsidiaries of EON Capital Berhad on 2 December 2002. The EON Bank Group is an integrated financial institution with operations in commercial banking, finance company business, Islamic financing, merchant banking and nominee and custodian services. The principal subsidiaries of EON Bank Berhad are EON Finance Berhad and Malaysian International Merchant Bankers Berhad.

Since January 2001, the EON Bank Group has reorganized itself around customer segments by creating customer focused strategic business units structured on a group wide basis across the various legal entities. The Group is now aligned into five divisions. The Enterprise Banking Division, Individual Banking Division, Islamic Banking & Delivery Channel Division and the Treasury & Investment Banking Division focus on customers' needs to ensure that customers receive a wider spectrum of quality banking services. The Group Management Services Division provides the corporate and support services based on a group wide shared services concept.

The Group is reaping the synergistic benefits of cross selling products and services through the pooling of resources and expertise, increased efficiency and improved service quality. During the year, twenty eight branches were merged with other existing nearby branches or relocated as part of the Group's branch rationalisation exercise. In 2002, the Group has also successfully converted four of its branches into one-stop banking centres which offer the full range of services and products of both EON Bank Berhad and EON Finance Berhad under one roof. More of such centres will be opened in 2003.

FINANCIAL PERFORMANCE

EON Capital Berhad posted a pre-tax profit of RM37.3 million for the financial year ended 31 December 2002 after incorporating the one month consolidated results of EON Bank Berhad which became its subsidiary on 2 December 2002. The profit after taxation and zakat was RM23.7 million. As at 31 December 2002, the paid-up capital and total shareholders' funds amounted to RM693.2 million and RM1.8 billion respectively.

No comparative consolidated figures are disclosed under the EON Capital Group as EON Capital Berhad was previously a dormant company which commenced its operations as an investment holding company only upon

chairman's statement { continued }

acquisition of EON Bank Berhad and its subsidiary companies on 2 December 2002. Therefore, to better reflect the underlying business of the EON Capital Group, a review of the financial performance of the EON Bank Group is outlined below.

For the full year to 31 December 2002, the EON Bank Group posted a pre-tax profit of RM390.3 million, an increase of 18.9% from the previous year's RM328.2 million. This was achieved on the back of a net income of RM867.2 million, a 13.1% increase from RM766.7 million recorded last year. Group profit after taxation and zakat has also improved by 25.3% to RM251.4 million as compared to RM200.6 million achieved in the previous year.

As at 31 December 2002, total shareholders' funds of the EON Bank Group was RM2.4 billion whilst total assets amounted to RM30.9 billion. The risk weighted capital ratio of EON Bank Berhad and EON Finance Berhad were a healthy 11.8% and 12.2% respectively. In line with the Group's drive to expand and grow its Islamic financing operations, total assets operated under Syariah principles recorded an increase of 61.4% from RM1.8 billion in 2001 to RM2.9 billion in 2002.

Total net loans, advances and financing of the Group amounted to RM20.6 billion as at 31 December 2002; representing an increase of 18.3% over the RM17.4 billion recorded at end 2001. The Group's retail and consumer credit portfolio under the Individual Banking Division has shown a robust growth of 24.3% in 2002. Meanwhile, the Enterprise Banking Division reported a corporate and commercial loan growth of 5.4%, with emphasis on lending to the small and medium sized enterprises.

Consistent with the proactive management of the Group's credit risk exposure, the quantum of net non performing loans within the Group has decreased during the year. The net non-performing loan ratio of the Group has reduced from 5.7% in 2001 to 4.9% in 2002 as a result of the combined effect of a lower quantum of net non performing loans against a higher credit portfolio base.

GROUP BUSINESS DIRECTION

The outlook for the Malaysian economy is expected to remain positive in 2003. The main impetus is expected to continue to come from domestic demand, continued recovery in investment activities and the expansion in public sector expenditure. Private consumption picked up in 2002 to expand by 4.2% and the trend for 2003 is expected to be similar in direction, reflecting improved consumer confidence in an environment of supportive fiscal operations implemented by the government. This augurs well for the EON Bank Group as it continued to build on its strength in the retail segment of the financial services business.

The successful listing on the Main Board of the Kuala Lumpur Stock Exchange was a milestone event for the Group. Attaining a listed status affords the Group an avenue to raise capital from the market, should the need arise, to seize new business opportunities and meet new challenges. The Group now stands poised to expand its business areas. We are cautiously optimistic that moderate growth can be achieved in 2003 despite the prevailing uncertainties in the global economy.

IN CLOSING

On behalf of the Board of Directors, I would like to thank our employees who have been and continue to be the driving force of the Group's success. I wish to extend our sincere appreciation to our shareholders and our customers for their valued support. I would also like to express our gratitude to Bank Negara Malaysia and other authorities for their guidance and support.

Tan Sri Dato' Seri Mohd Saleh bin Sulong
Chairman

enterprise banking

Group Enterprise Banking offers credit facilities, both conventional and Islamic, to meet the financing needs of our customers which range from sole-proprietorships to major corporates.

Group Enterprise Banking

Apart from the branches and Regional Business Centres, the lending activities of Group Enterprise Banking are carried out or supported by specific business units in Head Office comprising Commercial Banking, Bumiputra Enterprise and Public Sector, Branch Credit and Corporate Banking. Commercial Banking focuses on increasing the Group's customer base of small and medium scale enterprises (SMEs) whilst Bumiputra Enterprise and Public Sector focus on the financing needs of the bumiputra and public sectors. Branch Credit ensures an efficient turnaround of all financing requests from our branches and continually improve on service quality to meet the expectations and needs of our customers. Corporate Banking provides financing to corporations in the form of loans, trade finance or private debt securities.

review of operations { continued }

In 2002, enterprise banking loans increased by 5.4% to RM7.8 billion from RM7.4 billion in the previous year. The increase was largely attributable to increase in financing towards the general commerce, telecommunications and manufacturing sectors. Enterprise banking loans constituted 35.3% of the Group's total loans and advances of RM22.1 billion at end of 2002.

In our effort to expand our loan base in the SME sector, a comprehensive financing package at attractive interest rates and tailored to the needs of the SMEs was launched in 2002. The 'EON Bank SME Easipac' combined three financing types, namely property financing, working capital financing and equipment financing into one easy financing package for SMEs.

Both Commercial Banking and Bumiputra Enterprise and Public Sector continued to participate actively in various exhibitions, seminars and conventions to further enhance relationship with the small and medium scale business community.

During the year, Bumiputra Enterprise and Public Sector also made significant inroads in providing training and financing to Bumiputra SMEs in co-operation with the Ministry of Entrepreneur Development, Bank Negara Malaysia and State Government agencies.

individual banking

Group Individual Banking includes all the retail banking business of EON Bank Berhad and the entire business of EON Finance Berhad.

Group Individual Banking

The main business activities relate to financing of motor vehicles, retail loans in the broad property sector, retail share margin financing, credit cards, prestige banking, retail deposits, and sale of third-party products and services like bancassurance and unit trusts.

For the year 2002, individual or retail banking has substantially increased its loan assets from RM11.1 billion to RM13.8 billion, an increase of 24.3%.

Despite the competitive low rates, the hire-purchase financing business has increased by 29.0% to reach RM7.7 billion for the year. Loan and financing for purchase of transport vehicles constituted 32.5% of the Group's total gross loan and financing portfolio at year end.

review of operations { continued }

In the broad property sector, the Group continues to provide financing for the purchase of low and medium cost housing units to encourage homeownership. Housing loans increased from RM2.9 billion to RM3.4 billion or 17.2% during the year under review.

In February 2003, the Group announced the results of the ““Around-the-World Trip” Contest and the grand prize was an all-expenses-paid vacation and the classic TD2000 car. The “Free for Life” credit card promotion was launched in August 2002 and successful applicants will enjoy a waiver of annual fees during the life of the cardholders. These two promotions had been successful and 220,000 new cards were issued.

Retail share financing made an impressive growth during the year from RM59.2 million to RM272.2 million or 359.8%, despite the sluggish share market activities.

The Prestige Banking Centre was set up at our Head Office to provide priority banking facilities for the convenience of the Group’s high value individual customers in an efficient and friendly manner.

In addition, the Group continues to draw retail deposits from customers by offering a variety of deposit products and services. Retail deposits have grown from RM17.3 billion to RM18.6 billion for the year.

Bancassurance, unit trust, and third-party products and services will be available at all branches. To further enhance better customer services, some of the branches have been converted to provide both banking and finance company business. Eventually, all branches will be equipped to be one-stop banking centres.

islamic banking

For the year 2002, Group Islamic Banking assets has reached RM2.9 billion while financing and deposits stood at RM1.8 billion and RM1.7 billion respectively.

Group Islamic Banking Division

For the year 2002, Group Islamic banking operations attained a profit before zakat of RM33.9 million, an increase of RM14.0 million or 70% over the previous year of RM19.9 million. Islamic banking has substantially increased its financing assets over the past year by RM0.7 billion or 54.1% from RM1.2 billion to RM1.9 billion. The main increase in financing assets came from the housing product of Al-Bai Bithaman Ajil which increased by RM370.6 million or 85.8% from RM431.9 million to RM802.5 million, while the financing of hire purchase product AITAB increased from RM757.2 million to RM1,045.0 million, registering an increase of RM287.8 million or 38%.

review of operations { continued }

The increase in customer deposits from RM1.2 billion to RM1.7 billion is mainly attributable to an increase from the Al-Mudharabah investment deposits.

At year end, the Group Islamic banking operations constituted 9.28% of the total banking assets, 8.87% of the total loans, advances and financing and 9.87% of the total deposits. These have exceeded the Bank Negara Malaysia's target of 8% of the total bank-wide assets, financing and deposits.

During the year, several new Islamic Banking products were launched, namely the Ar-Rahnu Pawn Broking facility, the Islamic overdraft facility and the Gratuity Islamic Financing for retired Armed Forces personnel.

In addition to the three full-fledged Islamic banking branches, two new branches were opened to further expand Group Islamic banking operations. The new full-fledged Islamic banking branch in Maju Junction, Kuala Lumpur was opened in December 2002 while the Purtrajaya branch was opened in March 2003.

treasury & investment banking

Group Treasury manages the funding, liquidity and interest rate exposure within the group by supporting both the branches and business units at head office by delivering advice and providing solutions to help customers achieve their goals.

Group Treasury & Investment Banking

Group Treasury consists of the following business lines :- Interest Rate & Capital Market, Islamic Treasury & Capital Market, Corporate Sales, Foreign Exchange, Equity Trading and Financial Institutions & Correspondent Banking.

Group Treasury and Liquidity Management

The Group's funding and liquidity position was proactively managed resulting in an improvement in deposit mix and lowering of cost of funds while at the same time ensuring adequate liquidity. Marketing efforts were intensified to maintain close rapport with depositors and to increase the Group's deposit base during the year.

review of operations { continued }

Ample liquidity in banking system provided conducive market conditions for fixed income trading which resulted in the Group recording an improved performance in 2002. The overall local bond market moved in tandem with a rising US bond market, as the low yields of the US Treasuries and a weak stock market in the US gave rise to a bullish global bond market. Group Treasury was able to take advantage of the decline in yields by selectively purchasing quality assets for trading, investment and liquidity requirements. During the year, Group Treasury had stepped up its activities particularly in the distribution, trading and investment of money and capital market instruments.

The Division had continued to provide value-added services to other business units of the Group with regard to marketing, funding, pricing and distribution of the Group's products and services.

The Division's team of experienced dealers represents the Group's presence in the Ringgit money market and capital market. The money market instruments traded include Malaysian Government Securities, Bank Negara Securities, Banker Acceptances, Negotiable Instruments of Deposit, Cagamas Bonds, Government Agencies Securities, Islamic Money Market Instruments and Corporate Debt Securities.

Foreign Exchange

Foreign exchange activities of major currencies in the second half of 2002 were largely influenced by the weakening of the US dollar amidst mounting concerns of corporate accounting and auditing practices.

In light of the volatility of the foreign exchange market in recent years, it has been the focus of Group Treasury to enhance and market foreign exchange services to the Bank's retail and corporate customers to help them mitigate foreign exchange risk. This has been successfully achieved by the increase in marketing personnel in Group Treasury to develop customer relationships and also through constant review of existing and potential agencies. Correspondent relationships with major international banks were also established in order to provide customers with quality remittance and trade finance facilities. During the year, Group Treasury was able to increase fee income from foreign exchange business despite slimmer margins and increased competition.

Investment in Equity

The Kuala Lumpur stock market was one of the best performing Asian markets in 2002. Unfortunately, it was a profitless performance. The plantation sector was the top performer on the back of rising CPO prices whereas the worst performing sectors were electronics and telecommunications. The Kuala Lumpur Composite Index (KLCI) reached a high of 808 in April 2002 on expectation of a strong cyclical recovery. However, the recovery was threatened by a sequence of external factors, ranging from accounting scandals and geopolitical tensions to renewed economic weakness. The KLCI ended the year at 646 amidst the slump in global equity markets.

Notwithstanding the choppy market conditions, the division managed to outperform the KLCI through prudent investment strategies adopted during the year.

Merchant Banking

The merchant banking arm of EON Bank Group, Malaysian International Merchant Bankers Berhad (“MIMB”) continued to focus on growing its transactional and fee-based income. During the year, MIMB has successfully advised and completed several capital raising, debt restructuring and mergers and acquisitions exercises, with total transaction value in excess of RM4.1 billion. MIMB also successfully completed several Initial Public Offers with total market capitalisation of more than RM700 million. In addition, MIMB acted as the Arranger and Lead Manager of several Conventional and Islamic Private Debt Securities issues with a total value of RM1.8 billion during the year.

EON CAPITAL BERHAD

(454644-K)

Annual Report 2002

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statement on corporate governance

The Board of Directors of EON Capital Berhad is committed to ensure that the highest standards of corporate governance are practiced throughout EON Capital Berhad and its group of companies as a fundamental part of discharging its responsibilities to protect and enhance shareholders value and financial performance.

Set out below is a statement by the Board of Directors of EON Capital Berhad on the application by the Group of the principles contained in the Malaysian Code on Corporate Governance ('Code'), and the extent of compliance with the best practices of the Code, since the listing of the Company on the Main Board of Kuala Lumpur Stock Exchange (KLSE) on 23 December 2002.

BOARD OF DIRECTORS

Composition of the Board

The new Board, formed on 17 December 2002, currently has six (6) members, all of whom are Non-Executive Directors; of which four (4) are non-independent and two (2) are independent. This is in line with the Listing Requirements of KLSE which requires at least two (2) directors or one third (1/3) of the Board of Directors to be independent Directors. The Independent Non-Executive Directors provide an independent judgement to the decision making of the Board and Board Committees, with Y.Bhg. Datin Dr. Umikalsum binti Mohd Noh as the Senior Independent Non-Executive Director to whom concerns may be conveyed.

The Directors bring together a wide range of business management skills and banking and financial experience to the Board. Their background, diversity, quality, skills and experience lends strength to strategic directions of the Group. Decision making is by majority and no single Board member can make any decision on behalf of the Board, unless duly authorised by the Board.

The profiles of the members of the Board are presented on page 7 to 9 of the Annual Report.

Board Responsibilities

The Board has the responsibility for the overall corporate governance and performance of the Group. The Board:

- Charts the direction of the Group by setting objectives and strategies and establishing policy guidelines and performance targets.
- Monitors Management's running of the business to ensure implementation is in accordance with the agreed framework.
- Through the Audit Committee, liaises with the external auditors on accounting policies and practices, compliance issues and reporting to shareholders.

Board Meetings

Following the completion of the corporate exercise on 23 December 2002, three board meetings have been held in January, February and April 2003. The Board plans to meet at least 4 times a year with additional meetings to be convened as and when necessary.

Details of attendance of Board of Directors at board meetings are presented on page 3 of the Annual Report.

The Board of EON Bank Berhad meets on a monthly basis to consider and deliberate key business and financial issues relating to the banking and finance company business. The Board met twelve (12) times during the year 2002. All Directors have attended at least 75% of the board meetings convened.

At each regularly scheduled meeting, there will be a financial and business review for discussion. The agenda for each board meeting, together with detailed reports and proposition papers to be tabled at the board meeting, will be circulated to the Directors prior to the board meeting to give Directors time to consider and deliberate on the issues to be raised at the board meetings. The Directors have full access to senior management and the advice of the Company Secretary and may seek external professional advice if required.

Board Committee

The Audit Committee of EON Capital Berhad has been established on 23 December 2002 to implement and support the oversight function of the Board. Separate Audit Committee of its principal subsidiaries, namely EON Bank Berhad, EON Finance Berhad, and Malaysian International Merchant Bankers Berhad are in operation. All Audit Committees appraises the effectiveness of the system of internal controls and corporate governance framework, review annual financial statements, audit findings from internal auditors, external auditors and regulatory authorities and recommends appropriate remedial action to their respective Boards.

The Report of the Board of Audit Committee is set out on pages 33 to 35 of the Annual Report.

Nominating Committee and Group Remuneration Committee

The Board has established the Nominating Committee and the Group Remuneration Committee on 23 April 2003 with the objective to enhance the Group's corporate governance.

The members of the Nominating Committee and Group Remuneration Committee are as follows :-

Nominating Committee	Group Remuneration Committee
Y. Bhg. Tan Sri Dato' Seri Mohd Saleh bin Sulong (Chairman)	Y. Bhg. Tan Sri Dato' Seri Mohd Saleh bin Sulong (Chairman)
Y. Bhg. Datin Dr. Umikalsum binti Mohd Noh	Y. Bhg. Datin Dr. Umikalsum binti Mohd Noh
Mr. Wizayaratham Somasundram	Y. Bhg. Dato' Maznah binti Abdul Jalil

The Nominating Committee meets at least once a year and is responsible to:

- Recommend on the appointment of Directors to the Board of the Company and its subsidiaries after taking into account the required mix of expertise and experience;
- Recommend on the appointment of chief executive officer of the Company and to endorse appointment of chief executive officers within the EON Bank Group as recommended by EON Bank Nominating Committee; and
- Perform any other functions as authorised by the Board.

The Group Remuneration Committee meets at least once a year and is responsible to:

- Recommend to the Board the remuneration of the executive directors in all its form, drawing from outside advice as necessary;
- Recommend to the Board the Directors' fees, allowance and other remuneration; and
- Perform any other functions as authorised by the Board.

statement on corporate governance { continued }

The Board of EON Bank Berhad is also assisted by its Nominating Committee and Management Development and Compensation Committee in identifying and nominating new Directors to the Board and evaluate the performance and remuneration of its Executive Directors and Senior Management.

Other Board and Management Committees set up in EON Bank Group with clear terms of reference are presented on page 11 to 12 of the Annual Report.

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme conducted by Research Institute of Investment Analysts Malaysia. Directors are encouraged to attend continuous education programmes and seminars to keep abreast with developments in the market place.

Appointment of Directors

New appointments to the Board are recommended by the Nominating Committee to the Board for consideration and approval with due consideration given to the mix of expertise and experience required for an effective Board. As the Company is the holding company of a licensed financial institution, the appointment of Board members also requires the prior written approval of Bank Negara Malaysia pursuant to the Banking and Financial Institutions Act, 1989.

Re-Election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by shareholders at the Annual General Meeting following their appointments.

The Articles also provide that one third of the Directors shall retire from office at each Annual General Meeting, provided always that all the Directors shall retire from office at least once in every three years.

DIRECTORS' REMUNERATION

The Directors' remuneration is determined to ensure that the Group attracts and retains Directors with relevant experience and calibre that is needed to manage the Group successfully.

In view that all the Board members are Non-Executive Directors, the determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole. The Directors concerned are abstained from participating in the review of their own remuneration.

The remuneration of the Non-Executive Directors reflects the level of responsibilities undertaken by them, which mainly consist of annual fees and attendance allowances for each meeting that they attend. All fees received by the Directors for their services will be tabled at the Annual General Meeting for shareholders' approval before payment is made.

The aggregate remuneration paid to Non-Executive Directors by the Group during the year, analysed into bands of RM50,000 are as follows:

Directors' Remuneration	No. of Directors
RM50,001 - RM100,000	1
RM150,001 - RM200,000	2
RM200,001 - RM250,000	1
RM250,001 - RM300,000	2

The aggregate remuneration paid to Non-Executive Directors, analysed by category are disclosed in Note 26 to the financial statements as set out in page 105 of the Annual Report.

The only area of non-compliance with the Code is the recommended disclosure of details of the remuneration of each Director. The Board of EON Capital Berhad is of the view that the disclosure of the remuneration by bands of its Directors is sufficient to meet the objective of the Code.

Investor Relations and Shareholders Communications

EON Capital Berhad recognises the need to keep communications lines clear and accessible to both Investors and Shareholders. Besides the mandatory reporting and the public announcements of the Group's financial results to KLSE, regulatory bodies and other relevant authorities, the Company keeps the members of the investing community and the shareholders abreast of its developments through press releases and the Group's web site.

The Annual General Meeting (AGM) is the principal forum for dialogue between the company and its shareholders. Shareholders are given ample notice to prepare or present questions to the Board at the AGM. The AGM is also an excellent opportunity for shareholders to direct questions to the Board in relation to the company's financial performance and the company's activities.

In 2003, the Company intends to promote and elevate the profile of the Company with quarterly briefings to the investing community via the fund managers, investment analysts, shareholder groups and the public at large.

The Company has also established a page dedicated to the investing community on the Group's web site at www.eonbank.com.my. Investors and members of the public who wish to contact the company and its subsidiaries on any matters, relating to the their shareholdings and investments can channel their queries through e-mail, via the Bank's website or contact the following personnel:

Name	Telephone No.	E-mail address
Group Corporate Affairs	03-2694 1188 Ext. 2230, 2158, 2816	caf@eonbank.com.my

statement on corporate governance { continued }

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors have a responsibility to present a balanced and understandable assessment of the Group's position and prospects in the quarterly report to KLSE and the annual report to shareholders. The Audit Committee assists the Board in scrutinising information for disclosure to ensure the accuracy, adequacy and completeness.

The Statement of Directors' responsibility for preparing the financial statements is set out on page 32 of the Annual Report.

Internal Control

The Board has overall responsibility for the Group's approach to assessing risks and implementing controls. The Board, through the Audit Committee, oversees that a system of internal controls is properly maintained and regularly reviewed to ensure effectiveness. It entrusts the Audit Committee with the review of the audit plan, audit processes and most important of all, audit independence. The Audit Committee keeps the Board notified of the identification and management of risks and the controls that minimize and mitigate such risks.

The Group's Statement of Internal Control is set up on page 36 to 37 of the Annual Report.

Relationship with Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with its internal and external auditors. The Audit Committee would on a yearly basis hold a special meeting with the external auditors without the presence of management in the review of the overall affairs of the Group. Audit fees, audit plan and work scope of the auditors would be duly reviewed and evaluated by the Audit Committee.

additional compliance information

The following information is provided in conformance to paragraph 9.25 of the Listing Requirements of Kuala Lumpur Stock Exchange:

1. Utilisation of Proceeds raised from Corporate Proposal

The Corporate Exercise mentioned in Company's Directors' Report set out in page 61 was completed at the date of this Report. The proceeds raised from the issuance of new ordinary shares capital pursuant to the KCHB Scheme of Arrangement and the secured fixed rate bonds were utilised to finance the cash consideration arising from the acquisition of EON Bank Group pursuant to the EBB Scheme of Arrangement.

2. Sanctions and/or Penalties

During the financial year, there are no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

3. Non-Audit Fees

The amount of non-audit fees paid and payable by the Company and its subsidiaries to the external auditors and their affiliated companies for the financial year ended 31 December 2002 was RM498,000.

4. Material Contracts

There are no material contracts relating to loans (not being contracts entered into in the ordinary course of business) of the Company and its subsidiaries, involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous year.

5. Recurrent Related Party Transactions

In relation to Recurrent Related Party Transactions ('Recurrent Transactions') of a revenue or trading nature which are necessary for the Group's day-to-day operations and transacted in the ordinary course of business with related parties, the Company will make an immediate announcement to the Kuala Lumpur Stock Exchange where the consideration, value of the assets, capital outlay or costs of the Recurrent Transaction is equal to or exceeds RM1 million; or the percentage ratio of such Recurrent Transaction is equal to or exceeds 1%, whichever is the lower. The Board has no intention to obtain Shareholders' Mandate for Recurrent Transactions after considering the frequency or regularity of such transactions, as well as cost and benefit involved.

statement of directors' responsibility for preparing the financial statements

In the course of preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible in ensuring that these financial statements are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, Bank Negara Guidelines, the provisions of the Companies Act, 1965 and the Listing Requirements of the Kuala Lumpur Stock Exchange.

It is the responsibility of the Directors to ensure that the financial reporting of the Group and of the Company present a true and fair view of the state of affairs of the Group and of the Company as of the end of the financial year and the results and cash flows for the financial year then ended.

The Directors have adopted and applied the appropriate and relevant accounting policies on a consistent basis and made judgements and estimates that are prudent and reasonable in preparing the financial statements of the Group and of the Company.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept so as to enable the preparation of the financial statements with reasonable accuracy.

The Directors have also taken the necessary steps to ensure that appropriate systems are in place to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, loss and fraud.

The Statements by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 67 of the Annual Report.

audit committee report

1. MEMBERSHIP

The Audit Committee serves to implement and support the oversight function of the Board. Details of its membership are as follows;

Composition	Designation/directorship status
Y. Bhg. Datin Dr. Umikalsum binti Mohd Noh	Chairperson/Independent Non-Executive Director
Y. Bhg. Tan Sri Dato' Seri Mohd Saleh bin Sulong	Member/Non-Independent Executive Director
Mr. Wizayaratnam Somasundram	Member/Independent Non-Executive Director

The Audit Committee was established on 23 December 2002. Since its establishment, there were two (2) meetings convened in January and April 2003. The details of the attendance of each member are as follows:

No.	Directors	Attendance
1.	Y. Bhg. Datin Dr. Umikalsum binti Mohd Noh	2 out of 2 meetings
2.	Y. Bhg. Tan Sri Dato' Seri Mohd Saleh bin Sulong	2 out of 2 meetings
3.	Mr. Wizayaratnam Somasundram	2 out of 2 meetings

The EON Bank Berhad's Audit Committee meet regularly to appraise the effectiveness of the system of internal controls and corporate governance framework, review annual financial statements, audit findings from internal auditors, external auditors and regulatory authorities and recommends appropriate remedial action to their respective Boards. The Committee met thirteen (13) times during 2002. All members have attended at least 75% of the meetings convened.

2. COMPOSITION AND TERMS OF REFERENCE

2.1 Members

The members of the Committee are appointed by the Board of Directors. The Committee shall consist of not less than 3 members, the majority of whom shall be independent non-executive directors. A quorum shall consist of two members, all of whom shall be independent non-executive directors.

2.2 Chairman

The Chairman of the Committee must be an independent non-executive director.

2.3 Secretary

All proceedings of the meetings are minuted by the Secretary of the Committee, who shall be the Company Secretary or such other person appointed by the Board.

2.4 Meetings

Meetings are to be held on a quarterly basis of which one would specifically be a private meeting with the internal and external auditors to discuss issues relating to the financial condition, risk, governance and control aspects of the EON Bank Group.

2.5 Authority

The Board authorises the Committee to seek any information or legal and professional advice it requires in carrying out its role and responsibility. All employees are directed to cooperate with any requests made by the Committee.

audit committee report { continued }

3. DUTIES & RESPONSIBILITIES

The duties and responsibilities of the Audit Committee are, in relation to the following;

i. External auditor

- Consider the appointment, resignation or dismissal of the external auditor
- Discuss on audit engagement letters, audit scope and methodology, audit fees, changes in statutory and accounting requirements and non-audit services
- Review assistance given by the management and its staff to the auditors and any findings and action to be taken
- Review internal controls of the Group and disclosure through the Statement of Internal Control
- Review the audit report including differences in views between auditors and management, cooperation extended for the audit, accounting methods, implementation of audit recommendations, compliance with regulations and statutory requirements, financial information consistent with business of the company and any sensitive reporting, unusual or significant issues
- Review the adequacy of the scope, functions and resources of the internal audit function and coordination of audit work with the internal auditors

ii. Internal auditor

- Review the internal audit plan and performance
- Evaluate compliance with internal auditing standards
- Discuss critical or major findings in the various operations audited by the Internal Audit Department of the EON Bank Group
- Review the minutes of the audit committee meetings or any other committee meetings if so required
- Ensure management response and action to audit findings and recommendations
- Review the statements of internal control of the Group including the adequacy and integrity of the EON Bank Group's management information systems and systems for compliance with applicable laws, regulations, rules, directives and guidelines
- Review the appointment, performance and remuneration of the Chief Internal Auditor
- Appraise the risk management and corporate governance framework of the Group

iii. Others

- Review the timeliness of quarterly and year-end financial results and that there is adequacy of provisions against contingencies, and bad and doubtful debts, any changes in accounting practices or policies and significant adjustments if any
- Ensure promptness in publication of annual report with necessary disclosure
- Evaluate the control environment in relation to audit and control issues, emerging issues and trends
- Consider significant legal claims or contingent liabilities
- Consider any related party transactions that may arise within the Company or Group
- Report to the board on its activities, significant results and findings
- Undertake such other responsibilities as agreed with the Board

4. THE INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The Company's internal audit function is carried out by the Group Internal Audit Department established in EON Bank Berhad. The Group Internal Audit has in place a charter that covers its independence in the organization structure to provide objective evaluation of risks and controls in the auditable activities.

During the year, the Group Internal Audit presented its audit plans, audit budget and scope of work to the EON Bank's Audit Committee for approval. In accordance with the Bank Negara Malaysia guidelines (BNM GP10), the audit planning is on a risk-based approach. The scheduled audits are conducted and audit reports are duly tabled to the respective audit committees in the EON Bank Group. Audit findings and recommendations in the reports are followed up for rectification and resolution and the status is duly reported to the respective audit committees. Deadlines are set for rectification or resolution of audit issues. Where the result of an audit is not satisfactory, a formal follow-up audit is conducted and reported to the respective audit committees.

In addition to audit assignments, the Group Internal Audit was also involved actively in the various information technology and product development projects as well as in the review of policy and operational guidelines and manuals on an advisory capacity. Such participation is deemed important in reviewing the controls of project management and the setting up of pertinent controls of the system or product prior to implementation. All activities of the Group Internal Audit Department are reported to the EON Bank's Audit Committee on a quarterly basis. The Audit Committee regularly appraises the resources and training needs of Group Internal Audit to meet the competencies and skills required for effective performance of internal auditing for the Group.

statement of internal control

The Board is responsible for the internal control systems in EON Capital Berhad and its subsidiaries and reviews the adequacy and integrity of those systems in addressing business and operations risks. It should be noted that such systems are designed to manage rather than eliminate risk of failure to achieve business objectives. Moreover, such systems can provide only reasonable and not absolute assurance against material misstatement or loss. EON Capital Berhad relies entirely on the EON Bank Group throughout the financial period under review and up to date of this report for internal control. The Directors of EON Capital Berhad have been made aware that no events have occurred between the period end to the date of approval of the Annual Report, which would materially affect the Statement of Internal Control.

The key controls of the EON Bank Group are :

Business and Organisational Structure

Financial planning and budgets are prepared on an annual basis. They are reviewed and approved by the Board and results are monitored on a monthly basis to assess performance. The organisation is structured into business and support functions with delegation of signing authorities and lending powers in meeting business objectives and operational needs. The appointment of executives to the most senior positions within the Group is reviewed and approved by the Board. Functional, operational and financial reporting standards and guidelines are established by the management for its application across the entire Group. Exception incidents and any deviation from approved standards or guidelines are reviewed, and remedial steps including disciplinary action taken where appropriate. Such incidents and deviations are included in the audit reports tabled to the Audit Committee of the Board and where serious, reported also to the Board.

Financial reporting

The Group has in place, documented accounting policies and procedures for guidance and compliance with regulatory and statutory requirements. Financial information prepared for submission are duly checked and authorised for release to the governing authorities and to the various committees and the Board.

Risk Management

The Board ensures that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. It has put in place the Group Risk Committee (established on 23 June 2001) as the driver with a Group Risk Management function that supports it. Group Risk Management assists with the establishment of policies on market risk, credit risk and operational risk, reviews compliance with set risk limits and identifies emerging risk issues. It has representation in decision-making meetings of the Group Asset & Liability Committee and Group Credit Committee. The Board also receives risk reports for its review and decision.

The Operational Risk unit under the Group Risk Management function is tasked with the responsibility of promoting risk and control awareness. Operational risks are inherent in the complexity of banking operations particularly in branch and other delivery channels and in IT infrastructure and activities. The branch network is overseen by a Branch Supervision function which has in place, a self-audit checklist to institute continual awareness and implementation of controls. Audit reports on the compliance level for controls as well as adequacy and integrity of management information systems, are reviewed regularly by the Audit Committee, with reports to the Board on emerging issues and trends.

Currently, the Group is embarking on various projects to enhance its IT infrastructure to meet business needs and the overall risk management framework to meet regulatory requirements and as an enhancement to the business process.

Procedural guidelines and training and development programs

Policy and procedural manuals are established to guide and support business operations. Approved policies on IT security, internal controls and human resources management are disseminated group-wide with relevant training programs in place to enhance implementation. The training programs are designed to build and strengthen human capital, which the Group recognises as crucial to its achievement of corporate goals. Job rotation and enrichment and management development programs are also put in place to support succession planning to ensure continuity of business.

Internal audit

An internal audit function is established at the Group to assist the Board in monitoring compliance, making recommendations for continuous improvement to processes, systems and people development and reviewing the effectiveness of the internal control structures. The internal audit function also participates in risk management and IT projects to provide assurance of good governance and application of security controls.

The Audit Committee regularly reviews the adequacy and integrity of the system of internal controls and the Group's management information systems. It deliberates on the dissemination of information and establishment of proper communication channels so as to ensure that the compliance with applicable laws, regulations, rules, directives and guidelines are in place.

The Audit Committee reports to the Board on a monthly basis on its meetings and findings on reports and papers tabled. The Board also obtains a summary on the review of the adequacy and integrity of the system of internal controls through reports from the Audit Committee as well as the Chief Internal Auditor. The Board also reviews actions taken by Management in addressing audit or risk issues and the implementation of audit recommendations.

risk management framework

The Group of companies is exposed to various types of risk: market risk, the potential loss arising from adverse changes in interest rates, foreign exchange, and equity prices; liquidity risk, the difficulty in meeting current and, or future contractual payment obligations as they arise; credit risk, the potential loss arising from customers or counterparties failing to meet their contractual obligation to repay principal and, or interest as they fall due; and finally operational risk, the potential loss arising from inadequate or failed internal processes, people and systems, or from external events.

The Group manages these risk as follows:

Market risk: interest rate risk is managed by way of portfolio limit, interest rate repricing gap and stop loss limits; foreign exchange risk is managed by the aggregate net open position limit, currency net open position limit and stop loss limits; and equities risk is managed by way of portfolio limit, sectoral limit, individual stocks limit and stop loss limits.

Liquidity risk: In addition to the New Liquidity Framework approved by Bank Negara Malaysia, the Group has a set of "Management Action Triggers" which are intended to forewarn potential liquidity risk, and once these "Management Action Triggers" are exceeded and confirmed, a Board approved Contingency Funding Plan would be activated to resolve the problem proactively.

Credit risk is managed by way of approved credit policy, a structured process that is guided by credit concentration levels: by sector; by product; and large borrower class, and by prevailing business and economic conditions.

Operational risk is managed by way of policies, manuals, structured process and control processes that are reviewed and strengthened periodically. And introduction of new products in the Group undergoes a stringent vetting process by several authorities within the Group as guided by the "New Product Process" methodology approved by the Board. The Group also has a Business Continuity Plan that addresses business resumption in an organized and timely manner in time of disaster.

calendar of significant events and activities

For year 2002

January 2002

- Signing of a conditional agreement between EON Bank, Edaran Otomobil Nasional Berhad, Kedah Cements Holdings Berhad, Malayan Cement Berhad, and EON Capital Berhad to facilitate the listing of EON Bank Group through EON Capital Berhad

February 2002

- EON Bank gave away the Grand Prize of a classic TD2000 car to the winner of the Around-the-World Trip Contest.

March 2002

- MIMB held a seminar in Penang to introduce the availability of domestic debt and equity markets opportunities to small and medium-scale enterprise in the Northern Region.

May 2002

- MIMB signed a strategic alliance agreement with Macquarie (Malaysia) Sdn Bhd to enhance their business and activities in Malaysia.
- MIMB is the co-arranger/primary subscriber for the RM185 million Nominal Value Redeemable Secured Serial Bonds issued by Ikatan Perkasa Sdn Bhd

August 2002

- Dato' Zulkifli, Executive Director of EON Bank launched the country's first Army Gratuity Islamic Financing for retired Armed Forces personnel by donating a sum of RM5,000 to the Tabung Rayuan Hari Pahlawan. On hand to receive the donation was the Minister of Defence, YB Dato' Najib.
- EON Bank launched the industry's first-ever "FREE for LIFE" credit card. The Visa or Master membership is applicable to all new and existing cardholders.

September 2002

- MIMB arranged a RM100 million Murabahah Commercial paper/Murabahah Medium Term Note for Edaran Komputer Sdn Bhd.
- MIMB was appointed lead arranger and primary subscriber for Grand Saga Sdn Bhd's RM210 million Islamic private debt securities.
- MIMB held a signing ceremony with KESAS Sdn Bhd for a RM900 million Islamic loan-refinancing programme. MIMB was the lead arranger for BaIDS and Munif/IMTN and the primary subscriber for BaIDS, while the sole underwriter for Munif was EON Bank Bhd

December 2002

- EON Bank Group entered into a strategic alliance with EON CMG Life and South East Asia (SEA) Insurance Berhad to provide Bancassurance. EON Bank Group will offer five life products with four riders namely investment, education, retirement, mortgage and critical illness protection. Bancassurance will also provide four types of general insurance products.
- EON Capital Berhad was listed on the Main Board of KLSE on 23 December.

analysis of shareholdings

As At 31 March 2003

Class of Shares : Ordinary Shares of RM1.00 each fully paid
 Voting Rights : One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholding	No. of Shareholders	% of Shareholders	Total Holdings	% of Total holdings
Less than 1,000	1,562	15.09	922,837	0.13
1,000 to 10,000	7,420	71.69	23,663,134	3.41
10,001 to 100,000	1,222	11.81	33,776,862	4.87
100,001 to less than 5% of issued shares	143	1.38	138,819,902	20.03
5% and above of issued shares	3	0.03	496,025,997	71.56
Total	10,350	100.00	693,208,732	100.00

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares Held Direct	No. of Shares Held Indirect	Percentage
1. Edaran Otomobil Nasional Berhad (EON)	347,270,469	-	50.10
2. R.H. Development Corporation Sdn Bhd (RHD)	112,717,213	-	16.26
3. Ceria Alam Sdn Bhd (CA)	60,364,381	-	8.71
4. HICOM Holdings Berhad (HICOM)	-	347,270,469 ^A	50.10
5. DRB-HICOM Berhad	-	347,270,469 ^B	50.10
6. Mega Consolidated Sdn Bhd	-	347,270,469 ^C	50.10
7. Gadek (Malaysia) Berhad	-	347,270,469 ^C	50.10
8. Tan Sri Dato' Seri Mohd Saleh bin Sulong	-	347,270,469 ^C	50.10
9. Citaria Sdn Bhd	-	347,270,469 ^C	50.10
10. Sharikat Manhamat Sdn Bhd	-	347,270,469 ^C	50.10
11. Billiards Distributors Sdn Bhd	-	347,270,469 ^C	50.10
12. Estate of Allahyarham Tan Sri Dato' Seri Yahaya bin Ahmad	-	347,270,469 ^C	50.10
13. Dato' Yatina bte Yahaya	-	347,270,469 ^C	50.10
14. Dato' Tik bin Mustaffa	-	347,270,469 ^C	50.10
15. Ahmad Othman bin Yahaya	-	347,270,469 ^C	50.10

Name	No. of Shares Held Direct	No. of Shares Held Indirect	Percentage
16. Ahmad Faez bin Yahaya	-	347,270,469 ^C	50.10
17. Jardine Strategic Malaysian Investments Pte Ltd (held through Hwang-DBS Custodian Nominees (Asing) Sdn Bhd) (JSMI)	-	347,270,469 ^D	50.10
18. JSH Asian Holdings Limited (JSHA)	-	347,270,469 ^E	50.10
19. Jardine Strategic Holdings Limited	-	347,270,469 ^F	50.10
20. Tan Sri Datuk Diong Hiew King @ Tiong Hiew King	-	119,567,580 ^G	17.25
21. Tiong Ik King	43	119,567,580 ^G	17.25
22. Tiong Kiong King	-	119,567,580 ^G	17.25
23. Tiong Kiu King	-	119,567,580 ^G	17.25
24. Tiong Thai King	-	119,567,580 ^G	17.25
25. Tiong Chiong Ong	-	119,567,580 ^G	17.25
26. Tiong Chiew	-	119,567,580 ^G	17.25
27. Dato' Zulkifli bin Ali	308,436	60,364,381 ^H	8.75
28. Datuk Hassan bin Che Abas	-	60,364,381 ^H	8.71

Notes:

- ^A Deemed interested in ECB through its substantial interest in EON.
- ^B Deemed interested in ECB through its effectively wholly-owned subsidiary HICOM, which is a major shareholder of EON.
- ^C Deemed interested in ECB by virtue of its/his/her deemed substantial interest in EON.
- ^D Deemed interested in ECB through its substantial interest in EON.
- ^E Deemed interested in ECB through its wholly-owned subsidiary, JSMI, which is a major shareholder of EON.
- ^F Deemed interested in ECB through its wholly-owned subsidiary, JSHA which in turn is deemed interested through its wholly-owned subsidiary, JSMI, which is a major shareholder of EON.
- ^G Deemed interested in ECB via his/her substantial direct and indirect interest in RHD and in Tiong Toh Siong Holdings Sdn Bhd.
- ^H Deemed interested in ECB via his substantial direct interest in CA.

analysis of shareholdings { continued }

STATEMENT ON DIRECTORS' INTERESTS

Name	No. of Shares Held Direct	No. of Shares Held Indirect	Percentage
1. Tan Sri Dato' Seri Mohd Saleh bin Sulong	-	347,270,469 *	50.10
2. Datin Dr. Umikalsum binti Mohd Noh	79,006	-	0.01
3. Mr. Rin Kei Mei	39,550	2,073,817 ^	0.31
4. Dato' Maznah binti Abdul Jalil	-	-	-
5. Dr. Tiong Ik King	43	119,567,580 #	17.25
6. Mr. Wizayaratnam Somasundram	-	-	-

Notes:

* Deemed interested in ECB by virtue of his deemed substantial interest in EON.

^ Deemed interested in ECB by virtue of his substantial direct interest in Lintang Emas Sdn Bhd.

Deemed interested via his substantial direct and indirect interest in RHD and in Tiong Toh Siong Holdings Sdn Bhd.

EON CAPITAL BERHAD - LIST OF 30 LARGEST SHAREHOLDERS

Registered Shareholder Beneficial Owner	Shares	%
1. EDARAN OTOMOBIL NASIONAL BERHAD	347,270,469	50.10
2. R.H. DEVELOPMENT CORPORATION SDN BHD	112,717,213	16.26
3. CERIA ALAM SDN BHD	60,364,381	8.71
4. MUSMAN HOLDINGS SDN BHD	11,891,157	1.72
5. TIONG TOH SIONG HOLDINGS SDN BHD	6,850,367	0.99
6. KENANGA NOMINEES (TEMPATAN) SDN BHD FOR LEMBAGA KEMAJUAN BINTULU	6,124,588	0.88
7. MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EMPIRE WOOD SDN BHD	5,040,000	0.73
8. LING PUNG SUNG@ LING BENG SUNG	4,528,091	0.65
9. EMPLOYEES PROVIDENT FUND BOARD	4,011,000	0.58
10. HSBC NOMINEES (ASING) SDN BHD HSBC SG FOR LEE RUBBER COMPANY PTE LTD	3,750,000	0.54
11. RINWOOD SDN BHD	3,445,448	0.50

Registered Shareholder <i>Beneficial Owner</i>	Shares	%
12. MALAYSIAN NATIONAL REINSURANCE BERHAD	3,341,000	0.48
13. EMPIRE WOOD SDN BHD	3,142,450	0.45
14. CITICORP NOMINEES (TEMPATAN) SDN BHD <i>ORIENTAL RUBBER & PALM OIL SDN BHD</i>	3,000,000	0.43
15. YENG HO HONG COMPANY SDN BHD	2,573,128	0.37
16. SBBAM NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	2,459,000	0.35
17. YEOH KEAN HUA	2,370,000	0.34
18. LINTANG EMAS SDN BHD	2,073,817	0.30
19. PAN SARAWAK HOLDINGS SDN BHD	1,959,868	0.28
20. DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>DEUTSCHE BANK AG LONDON FOR CS OPPORTUNISTIC STRATEGY LTD</i>	1,745,000	0.25
21. DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>DEUTSCHE BANK AG LONDON FOR DIVERSIFIED ASIAN STRATEGIES FUND</i>	1,744,000	0.25
22. UNIVERSAL TRUSTEE (MALAYSIA) BERHAD <i>SBB PREMIUM CAPITAL FUND</i>	1,600,000	0.23
23. EE HOCK LEONG LAWRENCE	1,593,000	0.23
24. PERTUBUHAN KESELAMATAN SOSIAL	1,500,000	0.22
25. HSBC NOMINEES (TEMPATAN) SDN BERHAD <i>LEE RUBBER (SELANGOR) SDN BHD</i>	1,500,000	0.22
26. MALAYSIA NOMINEES (ASING) SENDIRIAN BERHAD <i>OVERSEA-CHINESE BANK NOMS P/L-LEE LATEX (PTE) LTD</i>	1,500,000	0.22
27. HSBC NOMINEES (ASING) SDN BHD <i>JPMORGAN INTERNATIONAL BANK-ROXTON INVESTMENTS LTD</i>	1,029,000	0.15
28. QUARRY LANE SDN BHD	1,017,000	0.15
29. MALAYSIAN NATIONAL REINSURANCE BERHAD	996,000	0.14
30. HSBC NOMINEES (ASING) SDN BHD <i>FIDELITY INSTITUTIONAL EMERGING MARKETS FUND</i>	876,900	0.13
TOTAL	602,012,877	86.84

list of properties held by the group

As at 31 December 2002

No.	Address	Description (Land or Building)	Appro- ximate Area (sq. ft.)	Appro- ximate age of building (years)	Existing Usage	Tenure & Expiry Date	Net Book Value (RM'000)	Date of Acquisi- tion
EB REALTY								
1	No. 7, Jalan Tun Perak 50100 Kuala Lumpur	2 units of double storey building.	3,374	25	Branch storage.	Freehold	1,023.7	15/7/1991
2	No. 122, Kapit By-Pass 96807 Kapit, Sarawak	4 storey building.	1,200	10	Branch premises.	Leasehold (29/4/2045)	224.8	30/4/1985
OBB REALTY								
1	No. 12A, Block B, Level 2 Fraser's Hill Condominium Bukit Fraser's 49000 Pahang	1 unit apartment	1,792	16	Staff recreation.	Leasehold (23/05/2082)	220.5	24/5/1983
EON BANK								
1	Lot 171, Jalan Council 95000 Bandar Sri Aman Sarawak	3 storey building.	1,740	7	Branch premises.	Leasehold (20/6/2050)	303.8	21/6/1990
2	No. 1, Jalan Sie Poi Kieng, Sibu, Sarawak	Double storey house.	15,682	42	Residential premises.	Leasehold (31/12/2916)	228.0	9/8/1966
3	No. 23, Jalan Tun Abang Haji Openg, Kuching, Sarawak	2 storey building.	2,691	36	Branch premises.	Leasehold (5/8/2784)	872.7	17/2/1966
4	Ground and First Floor, Merdeka Plaza, Kuching, Sarawak	2 units office space	3,078	6	Branch premises.	Leasehold (3/8/2782)	1,114.0	12/1/1996
5	No. 21, Jalan Wong Nai Siong Sibu, Sarawak	4 storey building.	3,050	41	Branch premises.	Leasehold (31/12/2022)	856.0	5/12/1964
6	No. 3, Jalan Bandar Satu Pusat Bandar Puchong Puchong, Selangor	4 storey building.	4,687	8	Branch premises.	Freehold	2,346.1	4/3/1997

No.	Address	Description (Land or Building)	Approximate Area (sq. ft.)	Approximate age of building (years)	Existing Usage	Tenure & Expiry Date	Net Book Value (RM'000)	Date of Acquisition
7	Lot 4 & 5, Jalan TMR 1 Taman Melaka Raya Melaka	2 units 3 storey shop-office.	3,132	6	Branch premises.	Leasehold (20/3/2094)	855.0	17/4/1998
8	No. 3/G14, 3/G15 & 3/G16 Block 3, Api-Api Centre Kota Kinabalu, Sabah	3 units of shoplots	4,141	8	Branch premises.	Leasehold (31/12/2086)	2,930.5	2/4/1997
9	No. 9, Jalan Cheng Lock, 50000 Kuala Lumpur Wilayah Persekutuan	3 1/2 storey office building	2,199	30	For investment.	Freehold	401.6	18/9/1972
10	No. 177, Limbok Hill Seremban Negeri Sembilan	Single- storey detached house	6,700	30	For investment.	Freehold	19.5	16/8/1972
11	No. 1, Jalan Hang Lekiu, 50100 Kuala Lumpur Wilayah Persekutuan	21 Storey office building.	21,108	8	Training Centre - (2 floors) Branch premises (4 floors) Vacant - 15 floors	Freehold	43,102.2	24/1/1996
12	No. J09-06 and J02-06 Paradise Lagoon Holiday Apartment Batu 3 1/2, Jalan Pantai 70100 Port Dickson Negeri Sembilan	2 units apartment.	2,088	7	Staff recreation.	Leasehold (6/7/2087)	306.4	21/4/1994
13	No. C05-07 Genting Permai Park & Resort, 6th Mile 69000 Genting Highland Pahang	1 unit apartment.	1,029	4	Staff recreation.	Freehold	259.0	2/9/1996

list of properties held by the group { continued }

No.	Address	Description (Land or Building)	Appro- ximate Area (sq. ft.)	Appro- ximate age of building (years)	Existing Usage	Tenure & Expiry Date	Net Book Value (RM'000)	Date of Acquisi- tion
14	No. 21 & 23 Jalan Indah 15/1 Bukit Indah 81200 Johor Bahru Johor	2 units of 3 storey shop office.	5,090	1	Branch premises.	Freehold	1,960.1	27/5/2002
15	Lot No. 2013 Jalan Pisang Barat Kuching	3 storey building.	1,390	10	Branch storage.	Leasehold (31/12/2038)	1	23/9/1992
16	No. 41, Brooke Drive 16 Rejang Park, 96000 Sibu	3 storey building.	1,599	10	Branch premises	Leasehold (31/12/2031)	1	08/10/1992
EON FINANCE								
1	No.80, Jalan Market 96007 Sibu	5 storey shop-house	1,400	30	Branch premises	Leasehold (31/12/2029)	526.6	07/3/1991
2	No.1, Jln SS15/4E 47500 Subang Jaya, Petaling Jaya, Selangor	3 storey shop-house	3,261	21	Branch premises	Freehold	525.7	12/2/1991
3	No.32 & 34, Jln 21/19 46300 Petaling Jaya Selangor	2 storey terrace shop- houses	3,080	40	Branch premises	Freehold	2,329.7	19/8/1997
4	No.1, Jalan Goh Hock Huat 41400 Klang Selangor	41/2 storey shop-house	2,776	20	Branch premises	Freehold	1,946.1	7/9/1998
5	B-278 & B-280 Jalan Beserah 25300 Kuantan Pahang	4 storey shop-house	3,208	4	Branch premises	Freehold	1,822.0	8/4/1999
6	No.26 & 27 Jalan Kenari 1 Bandar Puchong Jaya 47100 Puchong Selangor	31/2 storey shop-house	3,600	7	Branch premises	Freehold	1,847.5	22/1/1999

No.	Address	Description (Land or Building)	Appro- ximate Area (sq. ft.)	Appro- ximate age of building (years)	Existing Usage	Tenure & Expiry Date	Net Book Value (RM'000)	Date of Acquisi- tion
7	No. 21, Jalan Permas 10/1 Bandar Baru Permas Jaya 81750 Masai, Johor	4 storey shop-house	2,624	6	Branch premises	Freehold	1,371.7	4/5/1999
8	No. 67 & 69 Jalan Merdeka 75000 Taman Merdeka Raya, Melaka	3 storey shop-house	3,080	8	Branch premises	Leasehold (07/07/2093)	900.0	15/8/1999
9	No.26 & 27 Jalan Permatang Gedong Taman Sejati Indah 08000 Sungai Petani, Kedah	3 storey terrace shoplot	2,800	6	Branch premises	Freehold	761.9	3/9/1999
10	S-3, Kompleks Negeri Jalan Dr. Krishnan 70000 Seremban Negeri Sembilan	3 storey shop-house	1,680	19	Branch Storage place	Leasehold (30/01/2078)	517.6	29/6/1981

group corporate directory



EON BANK BERHAD

HEAD OFFICE

12th Floor, Wisma Cyclecarri, 288, Jalan Raja Laut
50350 Kuala Lumpur
Telephone : 03-2694 1188
Facsimile : 03-2694 9588
Website : www.eonbank.com.my

REGIONAL OFFICES

EAST MALAYSIA

General Line : 082-230 788
Fax Line : 082-251 488

NORTHERN REGION

General Line : 04-226 5388
Fax Line : 04-228 2145

EAST COAST REGION

General Line : 09-623 6288

SELANGOR REGION

General Line : 03-3343 6488
Fax Line : 03-3343 1488

BRANCHES DIRECTORY

SABAH

Kota Kinabalu (BKI)

Lot 3-0-14 to 3-0-16
Block 3, Lrg. Api-Api 2
Api-Api Centre, 88000 Kota Kinabalu
Telephone : 088-247 688
Facsimile : 088-246 327

Kota Kinabalu (KKU)

8, Jalan Pantai, Locked Bag No. 124
88999 Kota Kinabalu
Telephone : 088-214 733
Facsimile : 088-233134

Inanam (INM)

Lot 11 & 12, Inanam Plaza
Lrg Inanam Plaza
88450 Kota Kinabalu
Telephone : 088-437 601
Facsimile : 088-437 596

Tawau (TWU)

TB-318, Blok 37
Fajar Commercial Complex
91000 Tawau
Telephone : 089-755 386
Facsimile : 089-755 391

SARAWAK

Bandar Sri Aman (SGG)

Lot 171, Jalan Council
95000 Bandar Sri Aman
Telephone : 083-322 117
Facsimile : 083-320 512

Bintulu (BTU)

153 & 155
Jalan Masjid, Taman Sri Dagang
97997 Bintulu
Telephone : 086-312 941
Facsimile : 086-313 617

Central Park (CPB)

345-347, Central Park
Commercial Centre, 3rd mile
Jalan Tun Ahmad Zaidi Aduce
93200 Kuching
Telephone : 082-254 224
Facsimile : 082-243 618

Kapit (KPI)

122, Kapit By Pass
P.O. Box 15 Kapit
Telephone : 084-796 413
Facsimile : 084-796 939

Kuching (KCH)

Lot 619 - 623, Ground Floor
Jalan Padungan
93100 Kuching
Telephone : 082-420 101
Facsimile : 082-246 010

Kuching (KUC)

Lot 230 & 231, Seksyen 49
Jalan Abell, 93746 Kuching
Telephone : 082-243 621
Facsimile : 082-420 229

Limbang (LMN)

49A, Buangsiol Road
P.O. Box 69, 98707 Limbang
Telephone : 085-212 097
Facsimile : 085-212 897

Miri (MYM)

G & 1st Floor, Lot 715 Merbau Road
98008 Miri
Telephone : 085-415 371
Facsimile : 085-411 176

Rejang Park (RJP)

41, Brooke Drive 16, Rejang Park
96000 Sibul
Telephone : 084-321 463
Facsimile : 084-320 561

★ **Sibu (SBW)**

No. 10-18, Mission Road
96000 Sibu
Telephone : 084-322 188
Facsimile : 084-313 177

FEDERAL TERRITORY**Kuala Lumpur Main (KLM)**

Ground Floor, Wisma Cyclecarri
No. 288 Jalan Raja Laut
50350 Kuala Lumpur
Telephone : 03-2694 2288
Facsimile : 03-2694 7588

Bandar Park (BPK)

152, Jalan Mega Mendung
Kompleks Bandar Batu 5
Off Jalan Kelang Lama
58000 Kuala Lumpur
Telephone : 03-7982 9400
Facsimile : 03-7981 5824

Bangsar Baru (BSR)

38 & 40, Jalan Telawi
Bangsar Baru
59000 Kuala Lumpur
Telephone : 03-2283 6288
Facsimile : 03-2283 1288

Brickfields (BKF)

150, Jalan Tun Sambanthan
50470 Kuala Lumpur
Telephone : 03-2274 7100
Facsimile : 03-2274 9568

Bukit Bintang (BBB)

Ground Floor, Wisma KLIH
126, Bukit Bintang
55100 Kuala Lumpur
Telephone : 03-2148 8077
Facsimile : 03-2148 3488

Jalan Hang Lekiu (HQB)

Ground, Mezzanine & 1st Floor
No. 1, Jalan Hang Lekiu
55100 Kuala Lumpur
Telephone : 03-2032 4700
Facsimile : 03-2031 9537

Jalan Tun Razak (JTR)

Ground Floor, Wisma SHL
Jalan Tun Razak
50400 Kuala Lumpur
Telephone : 03-2163 1457
Facsimile : 03-2163 1469

Kepong (KPG)

60, Jalan Dua Kepong Baru
52100 Kuala Lumpur
Telephone : 03-6258 5931
Facsimile : 03-6251 4855

Pandan Jaya (PDN)

13G - 17G, Jalan Pandan 3/6
Pandan Jaya, Cheras
55100 Kuala Lumpur
Telephone : 03-9283 7988
Facsimile : 03-9282 9788

Segambut (SGB)

36-38, Jln Segambut Utara
51200 Kuala Lumpur
Telephone : 03-6252 3598
Facsimile : 03-6252 3606

Selayang (SLY)

166 - 168 Jalan 2/3A
Off KM 12 Jalan Ipoh
68100 Batu Caves, Kuala Lumpur
Telephone : 03-6138 8988
Facsimile : 03-6136 0388

Sri Hartamas (TSH)

2 & 8, Jalan Sri Hartamas
50490 Kuala Lumpur
Telephone : 03-6201 2743
Facsimile : 03-6201 2751

Taman Cheras Indah (TCI)

Ground Floor
Wisma Dergahayu
26, Jalan Indah 23
Taman Cheras Indah
56100 Kuala Lumpur
Telephone : 03-9282 7058
Facsimile : 03-9282 0043

Taman Sungai Besi (TSB)

38, Jalan 7/108C
Jalan Sungai Besi
Taman Sungai Besi
57100 Kuala Lumpur
Telephone : 03-7980 0747
Facsimile : 03-7980 3652

Wangsa Maju (WMJ)

10, Jalan 1/27B, Sek 1
Bandar Baru Wangsa Maju
53300 Kuala Lumpur
Telephone : 03-4142 2989
Facsimile : 03-4142 2930

▲ **Maju Junction (MJM)**

LG 08 & 09
Lower Ground
Maju Junction Mall
No 1001, Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone : 03-2694 7688
Facsimile : 03-2694 4588

▲ **Putrajaya (PTJ)**

Tingkat Bawah, Lot T00-U01
No. 5, Jalan P16 Precinct 16
62150 Putrajaya
Telephone : 03-8888 2188
Facsimile : 03-8888 7288

SELANGOR DARUL EHSAN**Balakong (BKG)**

S-7, Jalan 1/6, Taman Indah
Batu 11, Jalan Balakong
43200 Cheras
Telephone : 03-9074 4205
Facsimile : 03-9074 7194

Bandar Baru Ampang (APG)

2-G & 4-G
Jalan Wawasan Ampang 2/4
Bandar Baru Ampang
68000 Ampang
Telephone : 03-4296 3488
Facsimile : 03-4295 0988

Bandar Sungai Long (SLG)

5, Jalan SL 1/4
Bandar Sungai Long
43000 Kajang
Telephone : 03-9074 9950
Facsimile : 03-9075 0902

Kajang (KJG)

36, Jalan Sulaiman
43000 Kajang
Telephone : 03-8734 1093
Facsimile : 03-8734 2082

Klang (KLA)

No. 26-32, Jalan Kapar
41400 Klang
Telephone : 03-3343 1188
Facsimile : 03-3343 2988

Pandamaran (PMN)

268, Jalan Bukit Unjur 7
Bayu Perdana
41200 Klang
Telephone : 03-3324 3303
Facsimile : 03-3324 3305

PJ New Town (PJA)

2, Jalan 52/10
Petaling Jaya New Town Centre
46200 Petaling Jaya
Telephone : 03-7958 6488
Facsimile : 03-7957 1405

PJ Old Town (PJO)

86A, Jalan Othman
46000 Petaling Jaya
Telephone : 03-7785 2904
Facsimile : 03-7785 3250

Port Klang (PKG)

90, Persiaran Raja Muda Musa
42000 Pelabuhan Klang
Telephone : 03-3166 1188
Facsimile : 03-3167 1488

Puchong (PCH)

3, Jalan Bandar Satu
Pusat Bandar Puchong
47100 Puchong
Telephone : 03-5882 4388
Facsimile : 03-8075 1433

Rawang (RWG)

17 & 19, Jalan Bandar Rawang 5
48000 Rawang
Telephone : 03-6093 5288
Facsimile : 03-6093 5388

Seri Kembangan (SKM)

1501, A-G Jalan Besar
43300 Sri Kembangan
Telephone : 03-8943 6788
Facsimile : 03-8943 9088

Shah Alam (SHM)

34, Jalan Perbahan Satu
Seksyen 26/2A
40000 Shah Alam
Telephone : 03-5191 8888
Facsimile : 03-5191 6298

SS2, Petaling Jaya (SS2)

2, Jalan SS2/61
47300 Petaling Jaya
Telephone : 03-7877 6800
Facsimile : 03-7877 6686

USJ (USJ)

Lot 43, Jalan USJ10/14
47500 Subang Jaya
Petaling Jaya
Telephone : 03-5637 1984
Facsimile : 03-5637 1989

Sungai Buloh (BUL)

51 & 53, Jalan TSB 10A
Taman Industri Sungai Buloh
47000 Sungai Buloh
Telephone : 03-6157 5811
Facsimile : 03-6157 5812

KEDAH DARUL AMAN**▲ Alor Setar (AST)**

1546, Jalan Sultan Badlishah
05000 Alor Setar
Telephone : 04-734 6988
Facsimile : 04-734 4988

Alor Setar (ASR)

26 & 28, G&1st Floor
Jalan Putera
05100 Alor Setar.
Telephone : 04-730 6461
Facsimile : 04-730 6458

Gurun (GRN)

18K, Jalan Raya
08300 Gurun
Telephone : 04-468 4785
Facsimile : 04-468 4766

Sungai Petani (SPT)

22 & 23, Jalan Permatang Gedong
Taman Sejati Indah
08000 Sungai Petani
Telephone : 04-431 0588
Facsimile : 04-431 0488

Sungai Petani (SPI)

Lot 525B-C, Jalan Kuala Ketil
08000 Sungai Petani.
Telephone : 04-422 4352
Facsimile : 04-422 4355

PULAU PINANG**Bukit Jambul (BJL)**

10A, Jalan Rumbia
Pusat Perniagaan Bukit Jambul
11900 Bayan Lepas
Telephone : 04-642 4851
Facsimile : 04-642 7807

Bukit Mertajam (BMJ)

62 & 63, Jalan Aston
14000 Bukit Mertajam
Telephone : 04-538 1549
Facsimile : 04-539 8466

group corporate directory { continued }

Butterworth (BTW)

4962 & 4963, Jalan Chain Ferry
Seberang Prai Utara
12000 Butterworth
Telephone : 04-324 3288
Facsimile : 04-324 8288

Prai (PRA)

37, Tingkat Kikik 7
Taman Inderawasih
13600 Prai.
Telephone : 04-399 3134
Facsimile : 04-390 6913

Pulau Pinang (PEN)

Ground Floor, Wisma Wang, 251-A
Jalan Burma
10350 Pulau Pinang
Telephone : 04-229 6288
Facsimile : 04-229 7288

Pulau Pinang (PNG)

Ground Floor, Bangunan FOP
123, Jalan Anson
10400 Pulau Pinang
Telephone : 04-226 4177
Facsimile : 04-226 3946

Seberang Jaya (SJA)

33, Jalan Todak 2
Pusat Bandar Seberang Jaya
13700 Seberang Jaya
Telephone : 04-397 1129
Facsimile : 04-397 1136

Sungai Bakap (SBK)

1435 & 1436, Jalan Besar
14200 Sungai Bakap
Seberang Prai Selatan
Telephone : 04-582 1134
Facsimile : 04-582 5826

Sungai Dua (SGD)

32 & 34, Lorong Murni 10
Taman Desa Murni
Sungai Dua, 13800 Butterworth
Telephone : 04-356 2688
Facsimile : 04-356 5288

Jelutong (JLG)

No. 300, Jalan Jelutong
11600 Pulau Pinang
Telephone : 04-282 6688
Facsimile : 04-281 9650

PERAK DARUL RIDZUAN

Ayer Tawar (ATW)

86 & 88, Jalan Besar
32400 Ayer Tawar
Telephone : 05-672 7470
Facsimile : 05-672 7478

Ipoh (IPO)

No. 44 & 48, Persiaran Greentown 1
Greentown Business Centre
30450 Ipoh
Telephone : 05-255 7688
Facsimile : 05-255 5788

Langkap (LKP)

Lot 63, Jalan Chui Chak
36700 Langkap
Telephone : 05-659 2840
Facsimile : 05-659 2843

Parit Buntar (PBR)

Lot 75, Jalan Maharaja
Pusat Bandar Baru
34200 Parit Buntar
Telephone : 05-716 8766
Facsimile : 05-716 8771

Simpang Pulai (SPP)

738 & 740, Jalan Gopeng
Taman Chandan Desa
Simpang Pulai, 31300 Ipoh
Telephone : 05-357 5073
Facsimile : 05-357 5077

NEGERI SEMBILAN DARUL KHUSUS

Lukut (LKT)

Lot 3120 & 3121, Jalan Besar
Lukut, 71010 Port Dickson
Telephone : 06-651 1878
Facsimile : 06-651 1900

Nilai (NLI)

PTD 7463, Jalan BBN 1/1A
Putra Point 1, Bandar Baru Nilai
71800 Nilai
Telephone : 06-850 0668
Facsimile : 06-850 0667

Seremban (SMB)

Ground Floor, Wisma UMNO
Jalan Dato Sheikh Ahmad
70000 Seremban
Telephone : 06-762 8566
Facsimile : 06-762 6445

MELAKA

Melaka (MLK)

105 & 107, Jalan TMR
Taman Melaka Raya
75000 Melaka
Telephone : 06-281 2688
Facsimile : 06-281 2588

Melaka (MLA)

Ground Floor, Bangunan Graha Maju
Lot 315, Jalan Graha Maju
75300 Melaka
Telephone : 06-283 8229
Facsimile : 06-283 6795

Batu Berendam (BBD)

Lot BB-371A & B, Taman Melaka Baru
Batu Berendam, 75350 Melaka
Telephone : 06-317 3235
Facsimile : 06-317 2660

Masjid Tanah (MJT)

Lot 215 & 310, Jalan Besar
78300 Masjid Tanah
Telephone : 06-384 7137
Facsimile : 06-384 7232

JOHOR DARUL TAKZIM**Bukit Indah (BIN)**

21 & 23, Jalan Indah 15/1
Bukit Indah
81200 Johor Bahru
Telephone : 07-239 1388
Facsimile : 07-232 5988

Batu Pahat (BPT)

9 - 11, Jalan Kundang
Taman Bukit Pasir
83000 Batu Pahat
Telephone : 07-433 7488
Facsimile : 07-434 1488

Desa Cemerlang (DCM)

37 & 39, Jalan Johar 1
Taman Desa Cemerlang
81800 Ulu Tiram
Telephone : 07-861 7488
Facsimile : 07-861 4588

Gelang Patah (GPH)

14, Jalan Besar
81550 Gelang Patah
Telephone : 07-510 4188
Facsimile : 07-510 4088

Johor Bahru (JBU)

Ground Floor, Asia Life Bldg
33, Jalan Segget
80000 Johor Bahru
Telephone : 07-223 5488
Facsimile : 07-224 3488

Masai (MAS)

105 & 106, Jalan Besar
81750 Masai
Telephone : 07-252 2960
Facsimile : 07-252 2963

Pasir Gudang (PGG)

30, Jalan Mawar 1, Taman Mawar
81700 Pasir Gudang
Telephone : 07-252 2740
Facsimile : 07-252 2723

Senai (SNI)

1-1A-1B & 1C, 38 Jalan Belimbing
81400 Senai
Telephone : 07-599 4598
Facsimile : 07-599 4231

Taman Pelangi (TPI)

12, Jalan Serampang, Taman Pelangi
80050 Johor Bahru
Telephone : 07-332 1323
Facsimile : 07-332 5841

Tampoi (TMP)

1 & 3, Jalan Persiaran Tanjung Susur
Taman Bukit Alif, Tampoi
81200 Johor Bahru
Telephone : 07-235 5930
Facsimile : 07-235 5927

PAHANG DARUL MAKMUR**Kuantan (KTN)**

A-127, Lorong Tun Ismail 16
Sri Dagangan Kuantan, 25000 Kuantan
Telephone : 09-513 1888
Facsimile : 09-514 6688

Kuantan (KNT)

5, Jalan Bukit Ubi 26
25200 Kuantan
Telephone : 09-514 3377
Facsimile : 09-513 6733

Mentakab (MTB)

(Opening on 17 February 2003)
119 & 121, Jalan Temerloh
28400 Mentakab
Telephone : 09-277 0400
Facsimile : 09-277 9929

TERENGGANU DARUL IMAN**▲ Kuala Terengganu (KTG)**

Ground Floor
Menara Yayasan Islam Terengganu
Jalan Sultan Omar
20300 Kuala Terengganu
Telephone : 09-623 6288
Facsimile : 09-622 6588

Kuala Terengganu (KTU)

15, Jalan Batas Baru
20300 Kuala Terengganu
Telephone : 09-622 7701
Facsimile : 09-622 1337

KELANTAN DARUL NAIM**▲ Kota Bharu (KBH)**

PT 174 & 175
Blok C, Jalan Parit Dalam
Seksyen 8
15000 Kota Bharu
Telephone : 09-743 8188
Facsimile : 09-743 6188

Kota Bharu (KBU)

Ground & Mezzanine Floor
Bangunan Hotel Anda
2529, Jalan Kebun Sultan
15350 Kota Bharu
Telephone : 09-747 0790
Facsimile : 09-747 0833

Puchong Recovery Centre

Telephone : 03-8075 5659

Training Centre (OBB Bldg)

Telephone : 03-2076 5659
Facsimile : 03-2026 1022

OBB Bldg

Telephone : 03-2032 4600

Butterworth BPC (E)

Telephone : 04-310 4488
Facsimile : 04-310 4466

Tampoi BPC (E)

Telephone : 07-239 1688
Facsimile : 07-239 1788

group corporate directory { continued }

EON FINANCE BERHAD**HEAD OFFICE**

11th Floor, Wisma Cyclecarri, 288, Jalan Raja Laut

50350 Kuala Lumpur

Telephone : 03-2694 8888

Facsimile : 03-2694 5876

Website : www.eonfin.com.my

FEDERAL TERRITORY**UOA Centre (UOA)**

Lot 19A-1-1, UOA Centre, Level 1

No. 19 Jalan Pinang

50450 Kuala Lumpur

Telephone : 03-2164 6451

Facsimile : 03-2164 6454

Jalan Raja Laut (JRL)

G2.01 - G2.02, Ground Floor

Wisma Cyclecarri

No.288, Jalan Raja Laut

50350 Kuala Lumpur

Telephone : 03-2694 8229

Facsimile : 03-2694 8519

Kepong (KPG)

No. 3, Ground Floor, Jalan 2/32

Off Jalan Kepong, 6th mile

52000 Kuala Lumpur

Telephone : 03-6257 1870

Facsimile : 03-6251 4631

Setapak (STP)

No. 46, Jalan 2/23A

Taman Danau Kota

53000 Kuala Lumpur

Telephone : 03-4143 9580

Facsimile : 03-4143 9594

Taman Midah Cheras (TM)

No. 15, 16 & 17, Jalan Midah Satu

Taman Midah Cheras

56000 Kuala Lumpur

Telephone : 03-9131 9388

Facsimile : 03-9132 6388

SELANGOR DARUL EHSAN**Klang (KLG)**

No. 1, Jalan Goh Hock Huat

41400 Klang

Telephone : 03-3341 1050

Facsimile : 03-3341 0703

Petaling Jaya (PJ)

32 & 34, Jalan 21/19

SEA Park

46300 Petaling Jaya

Telephone : 03-7874 5968

Facsimile : 03-7874 5488

Puchong Jaya (PCH)

26 & 27, Jalan Kenari 1

Bandar Puchong Jaya

47100 Puchong

Telephone : 03-5882 7100

Facsimile : 03-5882 7116

Serendah (SRD)

No. 5&7, Jalan Chempaka 1

Taman Chempaka

48200 Serendah, Hulu Selangor

Telephone : 03-6081 3182

Facsimile : 03-6081 3186

Shah Alam (SHM)

No. 10, Jalan Tuanku Ampuan

Zabedah D9/D, Seksyen 9

40100 Shah Alam

Telephone : 03-5512 9888

Facsimile : 03-5512 9889

Subang Jaya (SJ)

No. 1, Jalan SS15/4E

City Centre Subang Jaya

47500 Subang Jaya.

Telephone : 03-5633 2516

Facsimile : 03-5634 8161

PERLIS INDERA KAYANGAN**Kangar (KGR)**

No. 10E, Lot 17

Jalan Raja Syed Alwi

01000 Kangar

Telephone : 04-977 3392

Facsimile : 04-977 3396

KEDAH DARUL AMAN**Langkawi (LKW)**

No. 33, Kelana Mas

07000 Kuah, Langkawi

Telephone : 04-966 8118

Facsimile : 04-966 8228

Sungai Petani (SP)

26 & 27, Jalan Permatang Gedong

Taman Sejati Indah

08000 Sungai Petani

Telephone : 04-431 2288

Facsimile : 04-431 1627

PULAU PINANG**Bandar Baru Ayer Itam 1 (AIT)**

No. 71-A-B-C, Lintang Angsana
Bandar Baru Ayer Itam
11500 Pulau Pinang
Telephone : 04-827 1688
Facsimile : 04-827 1632

Bayan Baru (BYB)

No. 58 & 60, Taman Sri Tunas
Jalan Tengah
Bandar Bayan Baru
11950 Bayan Lepas
Telephone : 04-645 2881
Facsimile : 04-645 2995

Bukit Mertajam (BMJ)

No. 11 & 11A
Lorong Usahaniaga Satu
Taman Usahaniaga
14000 Bukit Mertajam
Telephone : 04-537 0745
Facsimile : 04-537 0752

Jalan Burmah (PNG)

No. 421 & 423, Jalan Burmah
10350 Pulau Pinang
Telephone : 04-228 3202
Facsimile : 04-228 1654

Nibong Tebal (NT)

No. 52 & 54
Jalan Besar Air Lintas
Taman Merbah
14300 Nibong Tebal
Telephone : 04-593 8988
Facsimile : 04-593 7988

Prai (PRI)

No. 7 & 9, Tingkat 7
Taman Inderawasih
13600 Prai
Telephone : 04-398 0286
Facsimile : 04-398 0204

PERAK DARUL RIDZUAN**Ipoh (IPH)**

No. 56 & 58
Jalan Kamaruddin Isa
31400 Ipoh, Perak
Telephone : 05-547 4203
Facsimile : 05-547 2777

★ **Sitiawan (STW)**

No. 33 & 34
Taman Sentosa, Jalan Lumut
32000 Sitiawan
Telephone : 05-691 9988
Facsimile : 05-691 8988

Tanjung Malim (TGM)

No. 5, Jalan Chong Ah Peng
35900 Tanjung Malim
Telephone : 05-459 8272
Facsimile : 05-458 3178

★ **Kamunting (KMT)**

No. 396 & 398
Taman Saujana
34600 Kamunting, Taiping
Telephone : 05-807 8915
Facsimile : 05-807 8905

NEGERI SEMBILAN DARUL KHUSUS**Seremban 1 (SBN)**

No. 120 & 121
Jalan Dato' Bandar Tunggal
70000 Seremban
Telephone : 06-761 7075
Facsimile : 06-761 7078

Nilai (NLI)

Lot PT 5730, Jalan TS 2/1D
Taman Semarak
71800 Nilai
Telephone : 06-799 5289
Facsimile : 06-799 5292

MELAKA**Melaka (MLK)**

No. 67 & 69, Jalan Merdeka
Taman Melaka Raya
75000 Melaka
Telephone : 06-283 7675
Facsimile : 06-284 1151

Malim Jaya (ML2)

No. 26, Jalan Suria Dua
Taman Malim Jaya
75250 Melaka
Telephone : 06-334 2173
Facsimile : 06-337 3188

JOHOR DARUL TAKZIM**Bandar Baru Permas Jaya (PMS)**

No. 21, Jalan Permas 10/1
Bandar Baru Permas Jaya
81750 Masai
Telephone : 07-387 1828
Facsimile : 07-387 5330

Bandar Baru Uda (UDA)

No. 70, Jalan Padi Satu
Bandar Baru Uda
81200 Tampoi, Johor Bahru
Telephone : 07-234 0309
Facsimile : 07-234 0363

★ **Muar (MUR)**

No. 55-2 & 55-3
Jalan Bentayan
84000 Muar
Telephone : 06-954 2888
Facsimile : 06-954 8333

Pontian (PTN)

No. 188, Jalan Bakek
82000 Pontian
Telephone : 07-687 5002
Facsimile : 07-687 4998

group corporate directory { continued }

Segamat (SGT)

No. A-1 & A-1-1
 Jalan Genuang
 Taman Tan Leng Ann
 85000 Segamat
 Telephone : 07-943 3650
 Facsimile : 07-943 3560

Taman Abad 1 (TAB)

No. 20-21, Jalan Harimau Tarum
 Taman Abad
 80250 Johor Bahru
 Telephone : 07-331 1421
 Facsimile : 07-331 1409

Taman Molek (TMO)

No. 29 & 31, Jalan Molek 2/4
 Taman Molek
 81100 Johor Bahru
 Telephone : 07-353 7003
 Facsimile : 07-353 6997

Yong Peng (YPG)

No. 242 & 244, Jalan Besar
 Taman Sembrong Baru
 83700 Yong Peng
 Telephone : 07-467 4850
 Facsimile : 07-467 3170

Kulai (KLI)

No. 2 & 3, Jalan Anggerik 1
 Taman Kulai Utama
 81000 Kulai
 Telephone : 07-662 6388
 Facsimile : 07-662 6366

PAHANG DARUL MAKMUR**Kuantan (KTN)**

B278 & B280, Jalan Beserah
 25300 Kuantan
 Telephone : 09-566 4100
 Facsimile : 09-566 4800

TERENGGANU DARUL IMAN**Kuala Terengganu (KTG)**

No. 38A & 38B
 Ground & Mezzanine Floor
 Jalan Tok Lam
 20100 Kuala Terengganu
 Telephone : 09-624 2505
 Facsimile : 09-624 2372

KELANTAN DARUL NAIM**Kota Bharu (KB)**

PT No. 321, Seksyen 25
 Jalan Sultan Yahya Petra
 15200 Kota Bharu
 Telephone : 09-748 6888
 Facsimile : 09-748 6288

SABAH**Kota Kinabalu 1 (KK)**

Lot 3 & 4, Block 2
 Api-Api Centre, Phase 1A
 Jalan Centre Point
 88000 Kota Kinabalu
 Telephone : 088-263 320
 Facsimile : 088-263 315

Sandakan (SDK)

Lot 46 & 47, Bandar Pasaraya
 Mile 4, Jalan Utara
 90000 Sandakan
 Telephone : 089-222 202
 Facsimile : 089-222 209

★ **Lahad Datu (LHD)**

MDLD 4712, Lot 4
 Jalan Kastam Lama
 91100 Lahad Datu
 Telephone : 089-884 488
 Facsimile : 089-884 848

Tawau (TWU)

TB 4282 - TB 4285
 Jalan Haji Karim
 91000 Tawau
 Telephone : 089-779 441
 Facsimile : 089-763 899

SARAWAK**Kuching 2 (KC2)**

No. 293, Lot 2654
 Central Park Commercial Centre
 3rd Mile, Rock Road
 93250 Kuching
 Telephone : 082-413 773
 Facsimile : 082-410 880

Krokop (KRP)

Lot 2499 & 2500, Ground Floor
 Boulevard Commercial Centre
 Jalan Miri-Pujut, Km 3
 98000 Miri
 Telephone : 085-424 521
 Facsimile : 085-424 520

Kuching (KCH)

Lot 122 & 123
 Jalan Song Thian Cheok
 93100 Kuching
 Telephone : 082-246 661
 Facsimile : 082-414 446

★ **Sibu (SBW)**

No. 10-18, Mission Road
 96000 Sibu
 Telephone : 084-322 188
 Facsimile : 084-313 177

Sri Aman (SA)

Ground Floor
 175, Council Road
 95000 Sri Aman
 Telephone : 083-320 599
 Facsimile : 083-320 601



MALAYSIAN INTERNATIONAL MERCHANT BANKERS BERHAD

HEAD OFFICE

21st Floor, Wisma Cyclecarri, 288, Jalan Raja Laut
50350 Kuala Lumpur

Telephone : 03-2691 0200 (10 Lines)

Facsimile : 03-2698 5388/2692 7488

Website : www.eonbank.com.my

PULAU PINANG

Tingkat 4, Wisma Leader
8, Jalan Larut, 10050 Pulau Pinang
Peti Surat 789, 10800 Pulau Pinang
Telephone : 03-2283 021
Facsimile : 03-2288 192

EON CAPITAL BERHAD

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directors' report

The Directors have pleasure in submitting their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2002.

The financial results of the Group for the financial year incorporates the one month consolidated results of EON Bank Berhad and its subsidiary companies. EON Bank Berhad became a wholly-owned subsidiary company of the Company on 2 December 2002 pursuant to the Corporate Exercise as disclosed in this report and Note 35 to the financial statements.

PRINCIPAL ACTIVITIES

During the financial year, the Company commenced its operations as an investment holding company upon the acquisition of EON Bank Berhad as disclosed in Note 35 to the financial statements. The Group is involved in commercial banking, merchant banking, finance company business and nominee and custodian services.

The principal activities of the subsidiaries are as stated in Note 10 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit/(loss) before taxation and zakat	37,268	(1,301)
Taxation	(13,192)	(40)
Zakat	(328)	-
Net profit/(loss) for the financial year	23,748	(1,341)

The financial results of the Group reflects inclusion of results of EON Bank Berhad group from the date of acquisition, i.e 2 December 2002 to 31 December 2002.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2002.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements and notes to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 21 January 2002, Edaran Otomobil Nasional Berhad ('EON Berhad') together with Kedah Cement Holdings Berhad ('KCHB'), Malayan Cement Berhad ('MCB'), EON Bank Berhad ('EBB') and EON Capital Berhad ('ECB') had entered into a conditional agreement in relation to the Corporate Exercise to facilitate the listing of EON Bank Group through ECB. The Corporate Exercise was completed as at the date of this report.

The Corporate Exercise comprised the following:

(a) KCHB Scheme of Arrangement

Pursuant to the KCHB Scheme of Arrangement between KCHB and its shareholders under Section 176 of the Companies Act, 1965, ECB allotted and issued 94,787,685 ordinary shares of RM1 each to the KCHB Minority Shareholders on the basis of one new ECB share for every one KCHB share originally held by the KCHB Minority Shareholders. The total cash consideration of RM216,683,488 for the issuance of ordinary shares was fully paid-up by MCB.

(b) EBB Scheme of Arrangement

Pursuant to the EBB Scheme of Arrangement and Amalgamation between EBB and its shareholders under Section 176 of the Companies Act, 1965, EBB shares were transferred and vested in ECB for a total consideration of RM2,011,000,000. The total consideration was satisfied partly by issuance of 598,411,047 new ECB ordinary shares at an issue price of RM2.58 per ordinary share and the balance via cash consideration of RM467,099,444. The cash consideration was financed via issuance of RM300 million nominal value of secured fixed rate bonds, at a discount and proceeds from the payment made by MCB as mentioned in paragraph (a) above.

(c) Transfer of Listing Status

On completion of the above schemes, KCHB's Listing Status on the Main Board of the Kuala Lumpur Stock Exchange ('KLSE') was transferred to ECB and, consequently KCHB was delisted from the Official List of the Main Board of the KLSE.

(d) Proposed Offer by EON Berhad

As EON Berhad effectively held 322,944,403 of ECB shares, representing 46.59% of the total equity interest in ECB upon the completion of the above schemes, EON Berhad was required to extend a conditional mandatory offer for the 10,000 ECB shares held by the Subscriber Shareholders of ECB prior to the KCHB Scheme of Arrangement and the 94,787,685 ECB shares held by the KCHB Minority Shareholders, at a cash offer price of RM2.67 per ECB share, pursuant to the Malaysian Code on Take-Over and Mergers. The proposed offer closed on 28 January 2003 with the result that EON Berhad now holds 50.09% interest in ECB.

directors' report { continued }

ISSUE OF SHARES

During the financial year, the Company increased its authorised share capital from RM100,000 comprising 100,000 ordinary shares of RM1 each to RM2,000,000,000 comprising 2,000,000,000 ordinary shares of RM1 each by creation of an additional 1,999,900,000 ordinary shares of RM1 each.

Upon completion of the Corporate Exercise, the issued and paid-up ordinary share capital of the Company was increased from RM2 to RM693,208,732 by the issue of 693,208,730 fully paid up ordinary shares of RM1.00 each.

	RM'000
As at 1 January 2002	_.*
Number of shares issued in respect of non renounceable rights issue**	10
Number of shares issued pursuant to KCHB Scheme of Arrangement	94,788
Number of shares issued pursuant to EBB Scheme of Arrangement	598,411
As at 31 December 2002	693,209

* denotes RM2

** The Non Renounceable Rights Shares were issued at RM1.20 per ordinary share to the Subscriber Shareholders of the Company. The issuance was made to finance the working capital of the Company.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

With effect from 23 December 2002, the entire issued and paid up ordinary shares of the Company were listed and quoted on the Main Board of the Kuala Lumpur Stock Exchange.

ISSUE OF DEBENTURES

During the financial year, the Company issued RM300 million nominal amount of secured fixed rate bonds in three tranches with maturity tenure of three, five and seven years at 5.25%, 6.00% and 6.75% respectively. The main features of these bonds are disclosed in Note 16 to the financial statements.

These bonds were issued at a discount and the net proceeds arising from the issuance of these bonds were utilised to part finance the cash consideration arising from the acquisition of EBB shares pursuant to the EBB Scheme of Arrangement.

BAD AND DOUBTFUL DEBTS AND FINANCING

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and financing and the making of provisions for doubtful debts and financing, and satisfied themselves that all known bad debts and financing had been written off and adequate provisions made for bad and doubtful debts and financing.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts and financing, or the amount of the provision for doubtful debts and financing, in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that any current assets, other than debts and financing, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the Group's and the Company's financial statements misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year other than in the ordinary course of business.

No contingent or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

directors' report { continued }

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Tan Sri Dato' Seri Mohd Saleh bin Sulong	(appointed on 23 December 2002)
Datin Dr. Umikalsum binti Mohd Noh	(appointed on 17 December 2002)
Rin Kei Mei	(appointed on 23 December 2002)
Dato' Maznah binti Abdul Jalil	(appointed on 23 December 2002)
Dr. Tiong Ik King	(appointed on 17 December 2002)
Wizayaratnam Somasundram	(appointed on 17 December 2002)
Azlin bin Khalid	(resigned on 22 January 2003)
Yu Ching Ching	(resigned on 22 January 2003)

In accordance with Article 102 of the Company's Articles of Association, all Directors retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTEREST IN SHARES

According to the register of Directors' shareholdings, the Directors who held office at the end of the financial year and have interest in shares and share options of the Company and its related corporations during the financial year are as follows:

	Number of ordinary shares of RM1.00 each			Balance at 31.12.2002
	Balance at 1.1.2002/ At appoint- ment date	Acquired	Disposed	
The Company				
<i>Direct interest</i>				
Datin Dr. Umikalsum binti Mohd Noh	-	79,006	-	79,006
Rin Kei Mei	-	39,550	-	39,550
Dato' Maznah binti Abdul Jalil	-	60,000	-	60,000
Dr. Tiong Ik King	-	43	-	43
Azlin bin Khalid	1	4,999	-	5,000
Yu Ching Ching	1	4,999	-	5,000
<i>Deemed interest</i>				
Tan Sri Dato' Seri Mohd Saleh bin Sulong	-	322,944,403	-	322,944,403
Rin Kei Mei	-	2,073,817	-	2,073,817
Dr. Tiong Ik King	-	104,780,427	-	104,780,427

	Number of ordinary shares of RM1.00 each			
	Balance at 1.1.2002/ At appoint- ment date	Acquired	Disposed	Balance at 31.12.2002
Holding company - Edaran Otomobil Nasional Berhad				
Direct interest				
Rin Kei Mei	1,728,000	801,000	(1,000,000)	1,529,000
Dato' Maznah binti Abdul Jalil	-	169,000	-	169,000
Deemed interest				
Tan Sri Dato' Seri Mohd Saleh bin Sulong	72,967,000	1,000	-	72,968,000
Rin Kei Mei	21,900,000	1,848,000	-	23,748,000

	Number of options over ordinary shares of RM1.00 each			
	At appoint- ment date	Granted	Exercised	Balance at 31.12.2002
Holding company - Edaran Otomobil Nasional Berhad				
Direct interest				
Dato' Maznah binti Abdul Jalil	201,000	3,000	(169,000)	35,000

By virtue of their interests in shares in the Company, Tan Sri Dato' Seri Mohd Saleh bin Sulong, Rin Kei Mei and Dr. Tiong Ik King are also deemed to have a substantial interest in the shares of the subsidiaries of the Company to the extent the Company has an interest.

By virtue of their interests in shares in Edaran Otomobil Nasional Berhad ('EON Berhad'), Tan Sri Dato' Seri Mohd Saleh bin Sulong and Rin Kei Mei are also deemed to have a substantial interest in the shares of the subsidiaries of EON Berhad to the extent EON Berhad has an interest.

Other than the above, none of the other Directors in office at the end of the financial year held any interest in shares and share options of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' remuneration and benefits-in-kind as disclosed in Note 26 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

directors' report { continued }

DIRECTORS' BENEFITS (CONTINUED)

Tan Sri Dato' Seri Mohd Saleh bin Sulong and Rin Kei Mei may be deemed to derive a benefit by virtue of credit facilities granted by the banking subsidiary in the ordinary course of its business, to companies in which they are deemed to have an interest.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or any other body corporate.

SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 1 January 2003, the entire credit portfolio of its merchant bank subsidiary, Malaysian International Merchant Bankers Berhad, had been transferred to its commercial bank subsidiary, EON Bank Berhad in accordance with the Vesting Order obtained from the High Court.

ULTIMATE HOLDING COMPANY

The Directors regard Edaran Otomobil Nasional Berhad, a listed company incorporated in Malaysia, as the Company's holding company and ultimate holding company.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Board of Directors.

TAN SRI DATO' SERI MOHD SALEH BIN SULONG

Director

DR. UMIKALSUM BINTI MOHD NOH

Director

Kuala Lumpur
26 February 2003

statement by directors

Pursuant To Section 169(15) Of The Companies Act, 1965

We, Tan Sri Dato' Seri Mohd Saleh bin Sulong and Dr. Umikalsum binti Mohd Noh, being two of the Directors of EON Capital Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 69 to 121 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2002 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

Signed in accordance with a resolution of the Board of Directors.

TAN SRI DATO' SERI MOHD SALEH BIN SULONG

Director

DR. UMIKALSUM BINTI MOHD NOH

Director

Kuala Lumpur
26 February 2003

statutory declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

I, Martin Chu Leong Meng, the officer primarily responsible for the financial management of EON Capital Berhad, do solemnly and sincerely declare that the financial statements set out on pages 69 to 121 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MARTIN CHU LEONG MENG

Subscribed and solemnly declared by the abovenamed Martin Chu Leong Meng at Kuala Lumpur on 26 February 2003, before me.

P. SETHURAMAN (No. W217)

Commissioner for Oaths

report of the auditors

To The Members Of EON Capital Berhad (Company No. 454644K)

We have audited the financial statements set out on pages 69 to 121. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965 so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and the Company as at 31 December 2002 and of the results and cash flows of the Group and Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in the form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

Our audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

PRICEWATERHOUSECOOPERS (No. AF: 1146)
Chartered Accountants

MOHAMMAD FAIZ BIN MOHAMMAD AZMI (No. 2025/03/04 (J))
Partner of the firm

Kuala Lumpur
26 February 2003

balance sheets

As At 31 December 2002

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EON CAPITAL BERHAD • ANNUAL REPORT 2002

	Note	Group 2002 RM'000	Company	
			2002 RM'000	2001 RM'000
ASSETS				
Cash and short-term funds	3	2,221,890	37,500	-
Deposits and placements with financial institutions	4	393,000	-	-
Dealing securities	5	954,842	-	-
Investment securities	6	4,357,813	-	-
Loans, advances and financing	7	20,573,665	-	-
Other assets	8	1,047,260	-	-
Statutory deposits with Bank Negara Malaysia	9	865,213	-	-
Investment in subsidiary companies	10	-	2,011,000	-
Property, plant and equipment	11	159,114	-	-
TOTAL ASSETS		30,572,797	2,048,500	-
LIABILITIES AND SHAREHOLDERS' FUNDS				
Deposits from customers	12	18,523,416	-	-
Deposits and placements of banks and other financial institutions	13	7,262,140	-	-
Obligations on securities sold under repurchase agreements		1,168,396	-	-
Bills and acceptances payable		155,565	-	-
Amounts due to Cagamas Berhad	14	841,980	-	-
Provision for taxation and zakat	15	92,867	40	-
Long term borrowings	16	288,481	288,481	-
Other liabilities	17	390,400	1,682	11
TOTAL LIABILITIES		28,723,245	290,203	11
SHARE CAPITAL	18	693,209	693,209	.*
RESERVES	19	1,156,343	1,065,088	(11)
SHAREHOLDERS' FUNDS		1,849,552	1,758,297	(11)
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		30,572,797	2,048,500	-
COMMITMENTS AND CONTINGENCIES	31	9,274,872	-	-

* denotes RM2

income statements

For The Financial Year Ended 31 December 2002

	Note	Group 2002 RM'000	Company	
			2002 RM'000	2001 RM'000
Interest income	20	140,983	163	-
Interest expense	21	(69,347)	(1,081)	-
Net interest income/(expense)		71,636	(918)	-
Income from Islamic Banking		8,200	-	-
Loan and financing loss and provision	22	79,836 (2,900)	(918) -	- -
Transfer to profit equalisation reserves		(2,364)	-	-
Fee and commission income		74,572 8,664	(918) -	- -
Net loss from investment securities	23	(6,324)	-	-
Net gain from dealing securities		490	-	-
Dividend income		109	-	-
Other income	24	7,105	-	-
Net income/(loss)		84,616	(918)	-
Overhead expenses	25	(47,348)	(383)	(11)
Profit/(loss) before taxation and zakat		37,268	(1,301)	(11)
Taxation	28	(13,192)	(40)	-
Zakat		(328)	-	-
Net profit/(loss) for the financial year		23,748	(1,341)	(11)
Earnings per share (sen)				
Basic	30	41.1		
Diluted	30	41.1		

Note: The financial results of the Group reflects inclusion of results of EON Bank Berhad group from the date of acquisition, i.e. 2 December 2002 to 31 December 2002.

statements of changes in equity

For The Financial Year Ended 31 December 2002

	Issued and fully paid ordinary shares of RM1 each Share capital RM'000	Non-distributable			Distributable	Total RM'000
		Share premium RM'000	Statutory reserve RM'000	Reserve arising on consolidation RM'000	Retained profit RM'000	
The Group						
Balance as at 1 January 2002	-*	-	-	-	(11)	(11)
Issue of shares:						
- exercise of rights	10	2	-	-	-	12
- pursuant to KCHB Scheme of arrangement	94,788	121,896	-	-	-	216,684
- pursuant to EBB Scheme of arrangement	598,411	945,489	-	-	-	1,543,900
Listing expenses written off	-	(947)	-	-	-	(947)
Reserve arising from acquisition of subsidiary companies	-	-	-	66,166	-	66,166
Net profit for the financial year	-	-	-	-	23,748	23,748
Transfer to statutory reserve	-	-	7,075	-	(7,075)	-
Balance as at 31 December 2002	693,209	1,066,440	7,075	66,166	16,662	1,849,552

* denotes RM2.

statements of changes in equity { continued }

	Issued and fully paid ordinary shares of RM1 each Share capital RM'000	Non-distributable Share premium RM'000	Accumulated losses RM'000	Total RM'000
The Company				
Balance as at 1 January 2002	-*	-	(11)	(11)
Issue of shares:				
- exercise of rights	10	2	-	12
- pursuant to KCHB Scheme of arrangement	94,788	121,896	-	216,684
- pursuant to EBB Scheme of arrangement	598,411	945,489	-	1,543,900
Listing expenses written off	-	(947)	-	(947)
Net loss for the financial year	-	-	(1,341)	(1,341)
Balance as at 31 December 2002	693,209	1,066,440	(1,352)	1,758,297
Balance as at 1 January 2001	-*	-	-	-*
Net loss for the financial year	-	-	(11)	(11)
Balance as at 31 December 2001	-*	-	(11)	(11)

* denotes RM2.

cash flow statements

For The Financial Year Ended 31 December 2002

	Group 2002 RM'000	Company	
		2002 RM'000	2001 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) for the financial year	23,748	(1,341)	(11)
Adjustments for:			
Depreciation of property, plant and equipment	2,483	-	-
Net gain on disposal of property, plant and equipment	(721)	-	-
Property, plant and equipment written off	1,572	-	-
Net gain from sale of investment securities	(11,549)	-	-
Loan and financing loss and provision	3,337	-	-
Net interest suspended	9,927	-	-
Provision for amounts recoverable from Danaharta	258	-	-
Provision for diminution in value of investment securities	17,873	-	-
Accretion of discount less amortisation of premium	(2,940)	-	-
Provision for retirement benefits	96	-	-
Write-back of provision of commitments and contingencies	(95)	-	-
Interest income from investment securities	(16,182)	-	-
Dividend income	(109)	-	-
Interest income on deposits and placements	-	(163)	-
Interest expense on long term borrowings	1,081	1,081	-
Profit equalisation reserves	2,364	-	-
Pre-operating and preliminary expenses written off	-	-	8
Taxation and zakat	13,520	40	-
	44,663	(383)	(3)
(Increase)/decrease in operating assets			
Deposits and placements with financial institutions	(52,000)	-	-
Dealing securities	(16,112)	-	-
Loans, advances and financing	(170,686)	-	-
Statutory deposits with Bank Negara Malaysia	30,864	-	-
Other assets	(152,716)	-	-
	(360,650)	-	-

cash flow statements { continued }

	Note	Group	Company	
		2002 RM'000	2002 RM'000	2001 RM'000
Increase/(decrease) in operating liabilities				
Deposits from customers		638,836	-	-
Deposits and placements of banks and other financial institutions		44,075	-	-
Obligations on securities sold under repurchase agreements		314,121	-	-
Bills and acceptances payable		(72,257)	-	-
Amounts due to Cagamas Berhad		(13,445)	-	-
Other liabilities		(22,226)	697	3
		889,104	697	3
Cash generated from operations		573,117	314	-
Income tax paid		(8,529)	-	-
Net cash generated from operating activities		564,588	314	-
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of investment securities, net of sale proceeds		(370,677)	-	-
Purchase of property, plant and equipment		(7,437)	-	-
Proceeds from disposal of property, plant and equipment		2,218	-	-
Interest received from deposit and placements		-	163	-
Interest received from investment securities		18,278	-	-
Net dividends received		109	-	-
Acquisition of subsidiary companies	35	1,510,689	(467,099)	-
Net cash generated from/(used in) investing activities		1,153,180	(466,936)	-
CASH FLOW FROM FINANCING ACTIVITIES				
Net proceeds from issue of share capital		216,693	216,693	-
Net proceeds from issue of long term borrowings		288,376	288,376	-
Listing expenses		(947)	(947)	-
Net cash generated from financing activities		504,122	504,122	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,221,890	37,500	-
CASH AND CASH EQUIVALENTS AT 1 JANUARY		-	-	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	3	2,221,890	37,500	-

summary of significant accounting policies

31 December 2002

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The significant accounting policies of the Group and the Company are consistent with the policies adopted in previous financial year other than those adopted in compliance with the relevant Malaysian Accounting Standards Board's ('MASB') approved accounting standards which became operative during the financial year ended 31 December 2002.

A BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies and comply with the applicable approved accounting standards in Malaysia, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

In the financial year 2002, the Group and the Company adopted the following applicable MASB's accounting standards:

MASB 19	Events After the Balance Sheet Date
MASB 20	Provisions, Contingent Liabilities and Contingent Assets
MASB 21	Business Combinations
MASB 22	Segment Reporting
MASB 23	Impairment of Assets
MASB 24	Financial Instruments: Disclosure and Presentation

There are no significant changes in accounting policies, which had affected the operating profit of the Group and the Company arising from the adoption of these standards.

The financial statements incorporate those activities relating to Islamic Banking which have been undertaken by the banking and finance subsidiary companies. Islamic Banking refers generally to the acceptance of deposits and granting of financing under the Syariah principles.

B BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiary companies are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The excess of fair values of the subsidiary companies' net assets over the acquisition cost is reflected as reserve arising on consolidation.

All material inter-company transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated on consolidation and the consolidated financial statements reflect external transactions only.

summary of significant accounting policies { continued }

C RECOGNITION OF INTEREST INCOME

Interest income is recognised on an accrual basis using the effective yield method. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on discounted instruments. Interest income on housing and term loans is recognised by reference to monthly rest periods. Interest income on hire purchase, lease receivables and block discounting is recognised using the "sum-of-digits" method, so as to produce a constant periodic rate of interest.

Where a loan account becomes non-performing, interest is suspended until it is realised on a cash basis. Customers' accounts are classified as non-performing when repayments are in arrears for 6 months or more from first day of default for loans and overdrafts, and after 3 months from maturity date for trade bills, bankers' acceptances and trust receipts. The Group's policy on suspension of interest is in conformity with Bank Negara Malaysia's "Guidelines on the classification of Non-performing Loans and Provision for Substandard, Bad and Doubtful Debts".

D RECOGNITION OF FEES AND OTHER INCOME

Loan arrangement fees and commissions are recognised as income when all conditions precedent are fulfilled.

Commitment fees and guarantee fees which are material are recognised as income based on time apportionment.

Fees from advisory and corporate finance activities are recognised as income on completion of each stage of the assignment.

Income from Islamic Banking is recognised on an accrual basis in accordance with the principles of Syariah and the BNM/GP8.

Dividends from subsidiary companies are recognised when the shareholders' right to receive payment is established, while dividends from dealing securities and investment securities are recognised when received.

E PROVISION FOR BAD AND DOUBTFUL DEBTS AND FINANCING

Specific provisions are made for doubtful debts which have been individually reviewed and specifically identified as bad or doubtful.

A general provision based on a percentage of the loan portfolio is also made to cover possible losses that are judged to be present in the lending portfolio at balance sheet date, but which have not been specifically identified as such.

An uncollectible loan, advances and financing or portion of a loan, advances and financing classified as bad is written-off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

The Group's provision for non-performing loans is in conformity with the minimum requirements of Bank Negara Malaysia's "Guidelines on the classification of Non-performing Loans and Provision for Substandard, Bad and Doubtful Debts".

F DEALING SECURITIES

Dealing securities are marketable securities that are acquired and held with the intention of resale in the short term, and are stated at the lower of cost and market value. Increases or decreases in carrying amount of dealing securities are charged or credited to the income statement.

Transfer, if any, between dealing and investment securities are made at the lower of cost and market value.

On disposal, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

G INVESTMENT SECURITIES

Investment securities are securities that are acquired and held for yield or capital growth or to meet minimum liquid assets requirement pursuant to Section 38 of the Banking and Financial Institutions Act, 1989 and are usually held to maturity.

Malaysian Government securities, Bank Negara Malaysia bills, Cagamas bonds, Malaysian Government investment issues, other Government securities, and Bank Guaranteed Private Debt Securities held for investment are stated at cost adjusted for amortisation of premium or accretion of discount to maturity date. Other Private Debt Securities are valued at lower of cost and market value. Other investment securities are stated at cost and provision is made in the event of any permanent diminution in value.

Amortisation of premium or accretion of discount is recognised using effective yield method. Interest earned while holding the investment securities and dividends received are recognised as interest income and dividend income respectively.

Permanent diminution in the value of investment securities is recognised as an expense in the period in which the diminution is identified.

Transfers, if any, between investment and dealing securities are made at the lower of carrying value and market value.

On disposal, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

H LOANS, ADVANCES AND FINANCING AND OTHER RECEIVABLES

Loans, advances and financing and other receivables include overdrafts, term loans, hire purchase financing, acceptances of credit and staff loans. They are carried at amortised cost represented by the gross value of the outstanding balance net of provision for bad and doubtful debts, unearned interest/income and interest-in-suspense/income-in-suspense.

summary of significant accounting policies { continued }

I INVESTMENT IN SUBSIDIARY COMPANIES

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies are stated at cost and written down when, in the opinion of the Directors, there is a permanent diminution in the value of such investments.

Permanent diminution in the value of investments in subsidiary companies is recognised as an expense in the period in which the diminution is identified.

J PROPERTY, PLANT AND EQUIPMENT

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

Freehold land is not depreciated as it has an infinite life. Leasehold land having an unexpired term in excess of fifty years is not amortised. Other property, plant and equipment are depreciated over their estimated useful lives on the straight line basis at the following annual depreciation rates:

Leasehold land	Over the lease period
Buildings on freehold and leasehold land	2%
Office renovation	10% - 33 1/3%
Furniture, fittings and equipment	10% - 20%
Computer equipment and software	20%
Motor vehicles	20%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

K REPURCHASE AGREEMENTS

Securities purchased under resale agreements are securities which the Group had purchased with a commitment to resell at future dates. The commitment to resell the securities are reflected as assets on the balance sheet. Securities purchased are not recognised in the financial statements.

Conversely, obligation on securities sold under repurchase agreements are securities which the Group had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligation to repurchase the securities are reflected as liabilities on the balance sheet. Securities sold are retained in the financial statements.

The difference between sale and repurchase price as well as purchase and resell price is treated as interest and accrued over the life of the repurchase agreement using effective yield method.

L BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent the Group's own bills and acceptances rediscounted and outstanding in the market.

M CURRENCY TRANSLATION

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies at the balance sheet date are converted into Ringgit Malaysia at rates of exchange which approximate to those ruling at the balance sheet date. Gains or losses on foreign exchange transactions are recognised as income or expense in the period in which they arise.

The principal closing rates used by the Group in translation of foreign currency amounts are as follows:

Foreign currency	31.12.2002 RM
1 US Dollar	3.800
1 Euro	3.981
1 Pound Sterling	6.092
1 Japanese Yen	0.032
1 Singapore Dollar	2.189

N FORWARD FOREIGN EXCHANGE CONTRACTS

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

O DEFERRED TAXATION

Provision is made using the liability method for deferred taxation in respect of all material timing differences except where the tax effects of such timing differences are expected to be deferred indefinitely. However, where the net timing differences and tax losses give rise to deferred tax benefits, these net benefits are not recognised, unless there is a reasonable expectation of realisation.

P PROVISIONS

Provisions, other than provision for bad and doubtful debts, are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Q DEALERS' COMMISSION AND HANDLING FEE

Dealers' commission are amortised over the period of the hire purchase loans using the "sum-of-digits" method. Handling fee is recognised as an expense when incurred.

R OPERATING LEASES

Leases of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

summary of significant accounting policies { continued }

S AMOUNTS RECOVERABLE FROM DANAHARTA

The total consideration from loans sold to Pengurusan Danaharta Nasional Berhad (Danaharta) is received in two portions; upon the sale of the loans (initial consideration) and upon the recovery of the loans (final consideration). The final consideration amount represents the Group's pre-determined share of the surplus over the initial consideration upon recovery of the loans.

The difference between the carrying value of the loans and the initial consideration is recognised as 'Amounts recoverable from Danaharta' within the 'Other assets' component of the balance sheet. Provision against these amounts are made in accordance with Bank Negara Malaysia's "Guidelines on the Sale of Non-performing Loans to Danaharta" issued on 30 April 2001 and reflect the Directors' assessment of the realisable value of the final consideration as at the balance sheet date.

T RETIREMENT BENEFITS

Malaysian International Merchant Bankers Berhad, a subsidiary of the Company, operates an unfunded defined benefit scheme.

The cost of providing retirement benefits is charged to the income statements so as to spread the regular cost over the service lives of the employees in accordance with the advice of qualified actuary who carry out a full valuation of the scheme every three years.

The retirement benefit cost is assessed using the projected accrued benefit method and the most recent valuation was at 31 December 2000. The retirement benefits obligations is measured at the present value of estimated future cash outflows using interest rates of government securities.

U LONG TERM BORROWINGS

Borrowings are recognised initially at cost, being their issue proceeds received, net of transaction cost incurred. In subsequent periods, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statements over the period of the borrowing using the effective yield method.

V DIVIDENDS

Dividends on ordinary shares are recognised as liabilities in the period in which the dividends are declared.

W CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand, bank balances and deposits and placements maturing within one month which are held for the purpose of meeting short term commitments and are readily convertible into cash without significant risk of changes in value.

X SEGMENTAL PRESENTATION

A segment is a distinguishable component of the Group that is engaged in providing products or services, which is subject to risk and rewards that are different from those of other segments. Segment with a majority of operating income earned from providing products or services to external clients and whose operating income, results or total assets are 10 percent or more of all segments are reported separately.

notes to the financial statements

31 December 2002

1 GENERAL INFORMATION

During the financial year, the Company commenced its operation as an investment holding company upon the acquisition of EON Bank Berhad as disclosed in Note 35 to the financial statements. The Group is involved in commercial banking, merchant banking, finance company business and nominee and custodian services.

The principal activities of the subsidiaries are as stated in Note 10 to the financial statements.

The number of employees in the Group and in the Company at the end of the financial year amounted to 4,791 employees and Nil (2001: Nil) respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Kuala Lumpur Stock Exchange.

The Directors regard Edaran Otomobil Nasional Berhad, a listed company incorporated in Malaysia, as the Company's holding company and ultimate holding company.

The address of the registered office of the Company is:

12th Floor, Wisma Cyclecarri
288, Jalan Raja Laut
50350 Kuala Lumpur
Malaysia

2 USE OF FINANCIAL INSTRUMENTS

A Financial risk management objectives and policies

Market risk

Market risk is the potential loss which can arise for positions held by the Group due to adverse changes in the level of market prices or price-influencing parameters in the financial markets. The adverse changes can occur in interest rate, foreign exchange and equity markets. These risks are monitored by way of net open position limits, portfolio limits, diversification limits, holding limits, concentration limits by sectors and stop loss limits.

Credit risk

Credit risk is the potential loss arising from customers or counterparties failing to meet their financial contractual obligations. Management of credit risk is principally through lending directions and policies, which are instituted based on prevailing business and economic conditions. Credit processes are also structured to ensure adherence of credit principles and to establish impartiality in loan origination, approval, documentation, disbursement and settlement. Industry sectors concentration, exposure to various product segments and internal single customer limit are regularly monitored to minimise the risk of over-concentration. The overall credit risk management is subjected to an ongoing process for reviewing and enhancement.

2 USE OF FINANCIAL INSTRUMENTS (continued)

A Financial risk management objectives and policies (continued)

Credit risk (continued)

The internal credit risk rating system is being developed to better measure the credit worthiness of each customer. This rating system will also link credit risk grading to default probabilities and enable risk-based assessment of loan portfolio.

Credit reviews on loan applications before being approved by higher approving authorities are conducted independently from business units involved in the loan origination. Approval of loans with unacceptable credit risks or large exposures exceeding the internal single customer limits will be reported to the Group Risk Management Committee and the Board of Directors.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet its current and future payment obligations associated with financial obligations when they fall due. Principally, the Group uses the New Liquidity Framework approved by Bank Negara Malaysia to manage its liquidity.

The Group focuses on avoiding dependence on volatile sources of funding, diversification of funding maturity structure and sources of funds as well as maintenance of sufficient liquid assets. Contingency funding plans have been developed to ensure alternative funding strategies are in place in order to minimise the liquidity risk during liquidity crisis situation. Various "Management Action Triggers" are established to prompt the Management for taking any necessary actions to meet the liquidity crisis.

Operational risk

Operational risk, which is inherent in all business activities, is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational Risk Management ('ORM') takes place on a day-to-day basis at each business unit level. These units are responsible for establishing and maintaining control and procedures that are appropriate for their operating environment. Integral elements such as sound banking processes, internal control, and independent audit groups are used to manage these risks. Additional support comes from group-wide functions such as internal audit, banking operations (including system and methods), compliance and financial control.

The activities of ORM include risk identification, assessment, monitoring and reporting. Within the Group, they are manifested in the following manners:

- * Manuals and policies that incorporate internal control processes
- * Human resources development and training programmes
- * System controls and procedures governing IT usage in all banking products
- * Establishment of specific policies and standards across all product lines
- * Group's Business Continuity Plan that looks into its business resumption in an organised and timely manner in time of disaster
- * Group's New Product Process to ensure that before new products and activities are being introduced, they are subject to proper risk assessments and possess adequate procedures and controls

Interest rate risk

The Group may be exposed to a loss in earnings due to the interest rates structure of the balance sheet arising from interest rates and yield curves changes. The sensitivity to interest rates arises from the mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liability funding. Interest rate risk is monitored through interest rate sensitivity gap limits.

B Interest rate risk

The table below summarises the Group's and the Company's exposure to interest rate risks. Included in the table are the Group's and the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The off-balance sheet gap represents the net notional amounts of all interest rate sensitive derivative financial instruments. As interest rates and yield curves change over time the Group and the Company may be exposed to a loss in earnings due to the effects of interest rates on the structure of the balance sheet. Sensitivity to interest rates arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liability funding.

	Year ended 2002							Total RM'000
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest bearing RM'000	Islamic Banking RM'000	
Group								
Assets								
Cash and short-term funds and deposits and placements with financial institutions	2,125,054	336,000	57,000	-	-	91,005	5,831	2,614,890
Dealing securities	8,007	6,835	117,447	214,816	250,131	4,432	353,174	954,842
Investment securities	183,476	331,600	278,876	1,668,545	1,306,451	41,190	547,675	4,357,813
Loans, advances and financing	11,912,262	202,036	201,383	3,833,426	3,938,242	(1,402,862) [^]	1,889,178	20,573,665
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	822,082	43,131	865,213
Other assets ⁽¹⁾	-	-	-	-	-	1,178,293	28,081	1,206,374
Total assets	14,228,799	876,471	654,706	5,716,787	5,494,824	734,140	2,867,070	30,572,797

[^] The negative balance represents specific provisions, interest-in-suspense and general provisions for loans and advances made in accordance with the Group's accounting policy on provision for bad and doubtful debts, net of interest-free staff motor vehicles loans.

Note: (1) Other assets include property, plant and equipment.

notes to the financial statements { continued }

2 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

B Interest rate risk (continued)

	Year ended 2002					Non-interest bearing RM'000	Islamic Banking RM'000	Total RM'000
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000			
Group								
Liabilities								
Deposits from customers	6,888,905	2,305,262	5,222,979	1,044,817	-	1,384,777	1,676,676	18,523,416
Deposits and placements of banks and other financial institutions	1,037,994	836,491	2,547,387	173,961	1,400,000	393,458	872,849	7,262,140
Obligations on securities sold under repurchase agreements	1,168,396	-	-	-	-	-	-	1,168,396
Bills and acceptances payable	-	-	-	-	-	154,322	1,243	155,565
Amounts due to Cagamas Berhad	2,712	5,458	81,203	691,047	-	61,560	-	841,980
Long term borrowings	-	-	-	150,000	150,000	(11,519) [^]	-	288,481
Other liabilities ⁽²⁾	-	-	-	-	-	443,090	40,177	483,267
Total liabilities	9,098,007	3,147,211	7,851,569	2,059,825	1,550,000	2,425,688	2,590,945	28,723,245
On-balance sheet - interest rate gap	5,130,792	(2,270,740)	(7,196,863)	3,656,962	3,944,824			
Off-balance sheet - interest rate gap	-	-	-	-	-			
Net interest rate gap	5,130,792	(2,270,740)	(7,196,863)	3,656,962	3,944,824			

[^] The negative balance represents unamortised discount for long term secured fixed rate bonds calculated in accordance with the Group's accounting policy on long term borrowings.

Note : (2) Other liabilities include provision for taxation.

2 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

B Interest rate risk (continued)

	Year ended 2002						
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest bearing RM'000	Total RM'000
Company							
Assets							
Cash and short-term funds	37,450	-	-	-	-	50	37,500
Investment in subsidiary companies	-	-	-	-	-	2,011,000	2,011,000
Total assets	37,450	-	-	-	-	2,011,050	2,048,500
Liabilities							
Long term borrowings	-	-	-	150,000	150,000	(11,519)^	288,481
Other liabilities ⁽²⁾	-	-	-	-	-	1,722	1,722
Total liabilities	-	-	-	150,000	150,000	(9,797)	290,203
Net interest rate gap	37,450	-	-	(150,000)	(150,000)		

^ The negative balance represents unamortised discount for long term secured fixed rate bonds calculated in accordance with the Company's accounting policy.

Note: (2) Other liabilities include provision for taxation.

Pursuant to the transitional provisions of MASB 24, the information on the interest rate risk of financial assets, financial liabilities and off-balance sheet items as at 31 December 2001 is not presented.

notes to the financial statements { continued }

2 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

B Interest rate risk (continued)

The table below summarises the effective average interest rate for each class of financial assets and financial liabilities:

	Group 31.12.2002 RM %
Financial assets	
Cash and short-term funds and deposits and placements with financial institutions	3.28
Dealing securities	3.37
Investment securities	3.58
Loans, advances and financing	7.68
Financial liabilities	
Deposits from customers	2.84
Deposits and placements of banks and other financial institutions	1.30
Obligations on securities sold under repurchase agreements	2.75
Amounts due to Cagamas Berhad	4.35
Long term borrowings	7.23
Company 31.12.2002 RM %	
Financial asset	
Cash and short-term funds	3.00
Financial liability	
Long term borrowings	7.23

Pursuant to the transitional provisions of MASB 24, the information on the effective average interest rate for each class of financial assets and financial liabilities as at 31 December 2001 is not presented.

2 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

C Credit risk

The table below sets out the credit risk concentrations of the Group:

	Year ended 2002							
	Short-term funds and placements with financial institutions RM'000	Statutory deposit with BNM RM'000	Dealing securities RM'000	Investment securities RM'000	Loans, advances and financing RM'000	Other assets RM'000	Total on-balance sheet exposures RM'000	Commitments and contingencies ⁽¹⁾ RM'000
Agriculture	-	-	-	50,000	169,475	1,172	220,647	67,265
Mining and quarrying	-	-	15,986	51,786	50,508	426	118,706	1,808
Manufacturing	-	-	51,204	16,846	2,156,464	4,805	2,229,319	295,692
Infrastructure and utilities	-	-	281,508	267,113	52,490	5,491	606,602	35,961
Construction	-	-	25,994	35,239	1,433,594	1,436	1,496,263	587,521
Real estate	-	-	4,946	124,825	631,494	303	761,568	60,752
General commerce	-	-	60,667	136,952	1,393,462	2,451	1,593,532	181,496
Transport, storage and communication	-	-	35,150	82,050	594,405	2,284	713,889	158,475
Finance, insurance and business services	1,737,320	-	124,940	696,274	300,953	73,258	2,932,745	199,478
Government and government agencies	775,238	865,213	350,015	2,846,377	-	20,606	4,857,449	-
Purchase of landed property	-	-	-	-	4,911,937	-	4,911,937	-
Purchase of securities	-	-	-	-	788,955	-	788,955	28
Purchase of transport vehicles	-	-	-	-	7,048,560	11	7,048,571	118,255
Others	-	-	-	-	1,418,428	2,862	1,421,290	110,202
	2,512,558	865,213	950,410	4,307,462	20,950,725 [^]	115,105	29,701,473	1,816,933

[^] Excludes general provision for doubtful debts amounting to RM377,060,000.

Note: (1) Risk concentrations for commitments and contingencies are based on the credit equivalents balances in Note 31 to the financial statements.

Pursuant to the transitional provisions of MASB 24, the information on the credit risk concentrations as at 31 December 2001 is not presented.

notes to the financial statements { continued }

3 CASH AND SHORT-TERM FUNDS

	Group 2002 RM'000	Company	
		2002 RM'000	2001 RM'000
Cash and balances with banks and other financial institutions	100,510	50	-
Money at call and deposit placements maturing within one month	2,121,380	37,450	-
	2,221,890	37,500	-

4 DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group 2002 RM'000
Licensed banks	140,000
Other financial institutions	253,000
	393,000

5 DEALING SECURITIES

	Group 2002 RM'000
Money market instruments:	
Malaysian Government securities	183,604
Malaysian Government investment issues	45,663
Cagamas bonds	35,396
Negotiable instruments of deposit	23,495
Danamodal bonds	87,740
Danaharta bonds	23,940
Khazanah bonds	9,068
Bankers' acceptances and Islamic accepted bills	14,842
	423,748
Quoted securities:	
Shares quoted in Malaysia	4,432
Unquoted securities:	
Islamic commercial papers (Murabahah Notes Issuance Facility)	58,707
Private and Islamic debt securities	467,955
	954,842
Market value of money market instruments and quoted securities:	
Malaysian Government securities	183,718
Malaysian Government investment issues	45,825
Cagamas bonds	35,432
Danamodal bonds	87,903
Danaharta bonds	24,050
Khazanah bonds	9,068
Shares quoted in Malaysia	5,827

6 INVESTMENT SECURITIES

	Group 2002 RM'000
Money market instruments:	
Bank Negara Malaysia bills	94,479
Malaysian Government Treasury bills	383,731
Malaysian Government securities	1,508,056
Malaysian Government investment issues	269,075
Cagamas bonds	470,845
Cagamas Mudharabah bonds	40,380
Cagamas notes	134,750
Negotiable instruments of deposit	50,000
Danamodal bonds	58,501
Khazanah bonds	96,807
Green Bankers' acceptances	1,088
	3,107,712
Quoted securities:	
<u>Outside Malaysia</u>	
Shares	1,249
<u>In Malaysia</u>	
Shares	119,835
Private debt securities	21,010
	3,249,806
Unquoted securities:	
Shares	19,218
Commercial papers	15,000
Islamic commercial papers (Murabahah Notes Issuance Facility)	109,476
Private and Islamic debt securities	1,090,306
	4,483,806
Amortisation of premium less accretion of discount	(8,965)
Provision for diminution in value of investment securities	(117,028)
	4,357,813

notes to the financial statements { continued }

6 INVESTMENT SECURITIES (CONTINUED)

(i) Market value of money market instruments and quoted securities:

	Group 2002 RM'000
Bank Negara Malaysia bills	94,506
Malaysian Government Treasury bills	385,469
Malaysian Government securities	1,500,699
Malaysian Government investment issues	271,610
Cagamas bonds	470,428
Cagamas Mudharabah bonds	40,380
Cagamas notes	134,788
Danamodal bonds	58,602
Khazanah bonds	99,299
Shares quoted outside Malaysia	893
Shares quoted in Malaysia	24,005
Private debt securities quoted in Malaysia	5,042
<hr/>	
(ii) The maturity structure of money market instruments held for investment is as follows:	
Maturing within one year	866,531
One year to three years	1,416,137
Three years to five years	824,812
Over five years	232
<hr/>	
	3,107,712

(iii) The aggregate carrying amounts of investment securities that have been mortgaged or pledged in the normal course of business to secure the liabilities of the Group arising from obligations on securities sold under repurchase agreements amounted to RM1,173,497,000.

7 LOANS, ADVANCES AND FINANCING

	Group 2002 RM'000
Overdrafts	2,676,976
Term loans	
- fixed rate	2,485,435
- floating rate	7,515,234
Hire purchase receivables	9,413,100
Lease receivables	8,044
Bills receivables	10,332
Trust receipts	82,539
Claims on customers under acceptance credits	1,176,964
Staff loans	193,447
Other loans	861,241
	24,423,312
Unearned interest and income	(2,362,017)
Gross loans, advances and financing	22,061,295
Provision for bad and doubtful debts and financing	
- Specific	(744,687)
- General	(377,060)
Interest-in-suspense/income-in-suspense	(365,883)
Net loans, advances and financing	20,573,665
(i) The maturity structure of loans, advances and financing is as follows:	
Maturing within one year	6,692,893
One year to three years	2,219,180
Three years to five years	3,785,126
Over five years	9,364,096
	22,061,295

notes to the financial statements { continued }

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group 2002 RM'000
(ii) Loans, advances and financing analysed by their economic purposes are as follows:	
Agriculture	172,085
Mining and quarrying	51,154
Manufacturing	2,358,611
Electricity, gas and water	52,570
Construction	1,666,376
(of which : Infrastructure)	357,956
Real estate	710,025
Purchase of landed property	5,058,135
(of which : i. Residential	3,421,053
ii. Non-residential)	1,637,082
General commerce	1,407,637
Transport, storage and communication	619,304
Finance, insurance and business services	332,657
Purchase of securities	839,547
Purchase of transport vehicles	7,168,101
Consumption credit	1,068,069
Others	557,024
	22,061,295
(iii) Movements in the non-performing loans, advances and financing (including interest and income receivable) are as follows:	
Balance as at 1 January	-
Amount arising from acquisition of subsidiary companies	2,847,890
Non-performing during the financial year (gross)	93,883
Amount recovered/reclassified	(61,596)
Amount written off	(233,035)
Amount converted to investment securities	(86,486)
	2,560,656
Non-performing loans from ex-OBB's portfolio	(989,333)
	1,571,323
Balance as at 31 December	1,571,323
Net non-performing loans, advances and financing	1,011,555
(As % of total loans net of specific provision and interest-in-suspense/income-in-suspense)	4.90%

The gross loans, advances and financing vested over from ex-OBB amounted to RM5.39 billion.

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

(iv) Movements in the provision for bad and doubtful debts and financing and interest-in-suspense/income-in-suspense are as follows:

	Group 2002 RM'000
General provision	
Balance as at 1 January	-
Amount arising from acquisition of subsidiary companies	377,373
Provisions written back during the financial year	(313)
Balance as at 31 December	377,060
(As % of total loans net of specific provision and interest-in-suspense/income-in-suspense)	1.80%
Specific provision	
Balance as at 1 January	-
Amount arising from acquisition of subsidiary companies	777,372
Provisions made during the financial year	5,520
Provisions charged to deferred asset/other assets during the financial year	88,571
Amount written back in respect of recoveries/reclassification	(3,054)
Recoveries set-off against deferred asset	(6,687)
Amount written off	(117,035)
Balance as at 31 December	744,687

notes to the financial statements { continued }

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

(iv) Movements in the provision for bad and doubtful debts and financing and interest-in-suspense/income-in-suspense are as follows: (continued)

	Group 2002 RM'000
Interest-in-suspense/income-in-suspense	
Balance as at 1 January	-
Amount arising from acquisition of subsidiary companies	473,423
Provisions made during the financial year	14,694
Amount written back in respect of recoveries/reclassification	(6,026)
Amount written off	(116,208)
Balance as at 31 December	365,883

8 OTHER ASSETS

	Group 2002 RM'000
Interest/income receivable	54,232
Other debtors, deposits and prepayments, net of provision for doubtful debts of RM5,340,000	284,465
Dealers' commission	12,392
Amount due from originating non-banking institutions for mortgage loans sold on their behalf to Cagamas Berhad (note (i))	61,560
Amounts recoverable from Danaharta (note (ii))	388
Deferred asset account (note (iii))	634,223
	1,047,260

8 OTHER ASSETS (CONTINUED)

(i) Amount due from originating non-banking institutions for mortgage loans sold on their behalf to Cagamas Berhad

In the normal course of its banking operations, the merchant bank subsidiary enters into agreements with third parties to acquire loans for onward sale to Cagamas Berhad with recourse. Included in 'Amounts due to Cagamas Berhad' as disclosed in Note 14 is the outstanding balance of RM61,560,000 for which the merchant bank subsidiary is liable in respect of loans sold to Cagamas Berhad. The liability is fully indemnified by the originator of the loans and accordingly the amount so indemnified is disclosed as 'Amount due from originating non-banking institutions for mortgage loans sold on their behalf to Cagamas Berhad'.

(ii) Amounts recoverable from Danaharta

	Group 2002 RM'000
Balance as at 1 January	-
Amount arising from acquisition of subsidiary companies	646
Provision made during the period	(258)
Balance as at 31 December	388

(iii) Deferred asset account

The net asset deficiency, representing the excess of liabilities over the assets transferred arising from the acquisition of the assets and liabilities of OBB by EON Bank Berhad, is shown as deferred asset, and will be reduced progressively by an arrangement which has been agreed with Bank Negara Malaysia.

9 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits relates to the banking and finance subsidiary companies and are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (Revised-1994), the amounts of which are determined as set percentages of total eligible liabilities.

notes to the financial statements { continued }

10 INVESTMENT IN SUBSIDIARY COMPANIES

Company
2002
RM'000

Unquoted shares, at cost	2,011,000
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The subsidiary companies, all incorporated in Malaysia, are as follows:

Name of subsidiary companies	Principal activities	Issued and paid-up ordinary capital 2002 RM	Percentage of equity held 2002 %
Held by the Company			
EON Bank Berhad	Commercial bank	1,329,807,163	100
Held by EON Bank Berhad			
Malaysian International Merchant Bankers Berhad	Merchant bank	75,000,000	100
EON Finance Berhad	Finance company	275,000,000	100
EB Nominees (Tempatan) Sdn Bhd	Nominees services	10,000	100
EB Nominees (Asing) Sdn Bhd	Nominees services	10,000	100
EB Realty Sdn Bhd	Property investment	100,000	100
OBB Realty Sdn Bhd	Property investment	330,000	100
Oriental Nominee (Tempatan) Sdn Bhd	Nominees services	10,000	100
OFB Berhad	Dormant	105,626,000	100
Held by Malaysian International Merchant Bankers Berhad			
MIMB Nominees (Tempatan) Sendirian Berhad	Nominees services	10,000	100
MIMB Nominees (Asing) Sendirian Berhad	Nominees services	10,000	100

10 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Name of subsidiary companies	Principal activities	Issued and paid-up ordinary capital 2002 RM	Percentage of equity held 2002 %
Held by EON Finance Berhad			
CFB Asa Berhad (formerly known as City Finance Berhad)	Dormant	35,549,000	100
CFB Nominees (Tempatan) Sdn Bhd	Dormant	2	100
PFB Asa Berhad (formerly known as Perkasa Finance Berhad)	Dormant	32,600,000	100
Perkasa Nominees (Tempatan) Sdn Bhd	Dormant	10,000	100

notes to the financial statements { continued }

11 PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land and building		Buildings on freehold land RM'000	Office renovation RM'000	Furniture, fittings and equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Total RM'000
		less than 50 years RM'000	50 years and more RM'000						
Group									
2002									
Net book value									
Net book value as at 1 January	-	-	-	-	-	-	-	-	-
Arising from acquisition of subsidiary companies	10,836	1,614	8,028	49,211	23,341	29,993	30,760	3,446	157,229
Additions	-	-	-	-	943	596	5,802	96	7,437
Disposals and write off	-	-	-	-	(663)	(893)	(502)	(1,011)	(3,069)
Depreciation charge for the financial year	-	(6)	-	(111)	(534)	(502)	(1,203)	(127)	(2,483)
Net book value as at 31 December	10,836	1,608	8,028	49,100	23,087	29,194	34,857	2,404	159,114
Cost	10,836	2,213	8,042	51,995	40,804	55,725	100,594	6,974	277,183
Accumulated depreciation	-	(605)	(14)	(2,895)	(17,717)	(26,531)	(65,737)	(4,570)	(118,069)
Net book value as at 31 December	10,836	1,608	8,028	49,100	23,087	29,194	34,857	2,404	159,114

12 DEPOSITS FROM CUSTOMERS

	Group 2002 RM'000
Demand deposits	2,383,727
Savings deposits	1,110,790
Fixed/Investment deposits	15,028,899
	18,523,416
(i) The maturity structure of fixed/investment deposits is as follows:	
Due within six months	10,379,755
Six months to one year	3,497,596
One year to three years	1,134,307
Three years to five years	17,241
	15,028,899
(ii) The deposits are sourced from the following types of customers:	
Business enterprises	5,698,186
Individuals	9,849,086
Others	2,976,144
	18,523,416

13 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group 2002 RM'000
Licensed banks	1,734,285
Licensed finance companies	287,983
Other financial institutions	5,239,872
	7,262,140

Included in the above are negotiable instruments of deposit of the Group amounting to RM895,000,000.

notes to the financial statements { continued }

14 AMOUNTS DUE TO CAGAMAS BERHAD

This relates to outstanding loan amount sold to Cagamas Berhad with recourse.

In the normal course of banking operations, the Group sells loans to Cagamas Berhad. The Group is liable in respect of the loans sold directly to Cagamas Berhad under the condition that the Group undertakes to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on prudence. Such financing transactions and the obligation to buy back the loans are reflected as a liability on the balance sheet.

15 PROVISION FOR TAXATION AND ZAKAT

	Group 2002 RM'000	Company	
		2002 RM'000	2001 RM'000
Taxation	88,030	40	-
Zakat	4,837	-	-
	92,867	40	-

16 LONG TERM BORROWINGS

On 12 December 2002, the Company issued RM300 million nominal amount of secured fixed rate bonds, at a discount in three tranches as follows:

Tranche 1

5.25% RM50 million nominal value secured fixed rate 3 year bonds, maturing on 12 December 2005; and

Tranche 2

6.00% RM100 million nominal value secured fixed rate 5 year bonds, maturing on 12 December 2007; and

Tranche 3

6.75% RM150 million nominal value secured fixed rate 7 year bonds, maturing on 12 December 2009.

These bonds were rated at A₂ by Rating Agency Malaysia Berhad ('RAM').

16 LONG TERM BORROWINGS (CONTINUED)

The main features of these bonds are as follows:

- (i) Each tranche of these bonds are represented by a Global Certificate to be deposited with Bank Negara Malaysia ('BNM') and will be traded under the Scripless Securities Trading System maintained by BNM;
- (ii) The bonds are in the denominations of RM1 million each and in integral multiples of RM1 million;
- (iii) The bonds bear interest at 5.25% (Tranche 1), 6.00% (Tranche 2) and 6.75% (Tranche 3) on the nominal value of the outstanding bonds, payable semi annually;
- (iv) The bonds are constituted by a Trust Deed dated 25 November 2002 made between the Company and the Trustees, which are entrusted to act for the benefit of the bondholders;
- (v) The bonds is secured against the Sinking Fund Accounts, solely operated and maintained by the Trustee;
- (vi) The bonds will be redeemed by the Company at their nominal value on the maturity date of each tranche or purchased by tender or private treaty for cancellation; and
- (vii) The bonds shall constitute direct, secured and unconditional obligations of the Company, ranking pari passu without any preference or priority amongst themselves and with all others present and future secured and unsubordinated obligations of the Company.

A₂ rating is defined by RAM as being able to offer adequate degree of safety for timely repayment of interest and principal and more susceptible to changes in circumstances and economic conditions than debts in higher-rated categories. The subscript 2 in this category indicates a mid-ranking in the A category.

17 OTHER LIABILITIES

	Group 2002 RM'000	Company	
		2002 RM'000	2001 RM'000
Deferred taxation (Note 29)	3,057	-	-
Other liabilities	201,497	706	11
Interest/dividend payable	167,577	976	-
Provision for retirement benefits (note (i))	4,261	-	-
Profit equalisation reserves	14,008	-	-
	390,400	1,682	11

- (i) The maturity structure of provision for retirement benefits is as follows:

	Group 2002 RM'000
Within 1 year	508
Later than 1 year and not later than 5 years	1,378
Later than 5 years	2,375

notes to the financial statements { continued }

18 SHARE CAPITAL

	Group and Company	
	2002 RM'000	2001 RM'000
Ordinary shares of RM1 each		
Authorised:		
Balance as at 1 January	100	100
Creation	1,999,900	-
Balance as at 31 December	2,000,000	100
Issued and fully paid:		
Balance as at 1 January	_*	_*
Shares issued pursuant to rights issue (note (i))	10	-
Shares issued pursuant to KCHB Scheme of Arrangement (note (ii))	94,788	-
Shares issued pursuant to EBB Scheme of Arrangement (note (iii))	598,411	-
Balance as at 31 December	693,209	_*

* denotes RM2

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM2 to RM693,208,732 by the issue of 693,208,730 fully paid-up ordinary shares of RM1.00 each as a result of the following transactions:

(i) The Company issued and allotted 9,888 new ordinary shares of RM1 each at an issue price of RM1.20 per ordinary share in respect of Non Renounceable Rights Issue to finance the working capital of the Company;

(ii) Kedah Cement Holdings Berhad ('KCHB') Scheme of Arrangement

Pursuant to the KCHB Scheme of Arrangement between KCHB and its shareholders under Section 176 of the Companies Act, 1965, EON Capital Berhad ('ECB') allotted and issued 94,787,685 ordinary shares of RM1 each to the KCHB Minority Shareholders on the basis of one new ECB share for every one KCHB share originally held by the KCHB Minority Shareholders. The total cash consideration of RM216,683,488 for the issuance of ordinary shares was fully paid-up by Malayan Cement Berhad ('MCB'); and

(iii) EON Bank Berhad ('EBB') Scheme of Arrangement

Pursuant to the EBB Scheme of Arrangement and Amalgamation between EBB and its shareholders under Section 176 of the Companies Act, 1965, EBB shares were transferred and vested in ECB for a total consideration of RM2,011,000,000. The total consideration were satisfied partly by issuance of 598,411,047 new ECB ordinary shares at an issue price of RM2.58 per ordinary share and the balance via cash consideration of RM467,099,444. The cash consideration was financed via issuance of RM300 million nominal value of secured fixed rate bonds, at a discount and proceeds from the payment made by MCB as mentioned in paragraph (ii) above.

18 SHARE CAPITAL (CONTINUED)

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company

With effect from 23 December 2002, the entire issued and paid-up ordinary share capital of the Company were listed and quoted on the Main Board of the Kuala Lumpur Stock Exchange.

19 RESERVES

The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and is not distributable as cash dividends.

20 INTEREST INCOME

	Group	Company	
	2002 RM'000	2002 RM'000	2001 RM'000
Loans and advances	125,266	-	-
Money at call and deposit placements with financial institutions	4,839	163	-
Dealing securities	1,683	-	-
Investment securities	16,182	-	-
	147,970	163	-
Accretion of discount less amortisation of premium	2,940	-	-
Net interest suspended	(9,927)	-	-
	140,983	163	-

21 INTEREST EXPENSE

	Group	Company	
	2002 RM'000	2002 RM'000	2001 RM'000
Deposits and placements of banks and other financial institutions	14,869	-	-
Deposits from other customers	50,319	-	-
Long term borrowings	1,081	1,081	-
Others	3,078	-	-
	69,347	1,081	-

notes to the financial statements { continued }

22 LOAN AND FINANCING LOSS AND PROVISION

	Group 2002 RM'000
Provision for bad and doubtful debts and financing:	
- specific provision (net)	3,365
- general provision	(312)
Bad debts and financing:	
- written-off	284
- recovered	(695)
	2,642
Provision for amounts recoverable from Danaharta:	
- amount charged during the period	258
Total	2,900

23 NET LOSS FROM INVESTMENT SECURITIES

	Group 2002 RM'000
Net gain from sale of investment securities	11,549
Less: Provision for diminution in value of investment securities	(17,873)
	(6,324)

24 OTHER INCOME

	Group 2002 RM'000
Foreign exchange gain:	
- realised	167
- unrealised	396
Rental income from premises	49
Gain on disposal of property, plant and equipment	721
Write back of provision for commitments and contingencies	95
Other non-operating income	5,677
	7,105

25 OVERHEAD EXPENSES

	Group 2002 RM'000	Company	
		2002 RM'000	2001 RM'000
Personnel costs	17,903	-	-
Establishment costs	12,652	-	-
Marketing expenses	4,248	-	-
Administration and general expenses	12,545	383	11
	47,348	383	11
The above expenditure includes the following statutory disclosures:			
Directors' remuneration (Note 26)	1,149	-	-
Rental of premises	2,216	-	-
Hire of equipment	320	-	-
Auditors' remuneration	385	35	1
Depreciation of property, plant and equipment	2,483	-	-
Property, plant and equipment written off	1,572	-	-
Provision for retirement benefits	96	-	-
Pre-operating and preliminary expenses written off	-	-	8

26 DIRECTORS' REMUNERATION

Forms of remuneration in aggregate for all Directors charged against the profit for the financial year are as follows:

	Group 2002 RM'000	Company 2002 RM'000
Non-Executive Directors:		
- Fees	1,026	-
- Other remuneration	123	-
	1,149	-

The estimated cash value of benefits-in-kind of Directors of the Group and the Company amounted to RM9,114 and RMNil respectively.

27 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES**(a) Related parties and relationships**

The related parties of and their relationship (other than those disclosed in Note 10 to the financial statements) with the Group and the Company are as follows:

Related parties	Relationship
Edaran Otomobil Nasional Berhad ('EON Berhad')	Ultimate holding company
Other companies in EON Berhad Group	Other related parties
Other companies in the DRB-HICOM Berhad Group	Other related parties
Tan Sri Dato' Seri Mohd Saleh bin Sulong	Director of the Company
Rin Kei Mei	Director of the Company

(b) Significant related party transactions and balances

In the normal course of the Group's banking and finance business, a number of banking and financing transactions are entered into with related parties. These include loans, deposits and foreign currency transactions. These significant related party transactions were carried out on commercial terms and at market rates obtainable in transactions with unrelated parties unless otherwise stated.

	Year ended 2002		
	Ultimate holding company RM'000	Subsidiary companies RM'000	Other related parties RM'000
Company			
Income			
Interest on money market lending	-	163	-
Amount due from			
Deposits and placements	-	37,500	-
Group			
Income			
Interest on loans and advances	-	-	912
Expenditure			
Interest on deposits and placements	437	-	985
Other expenses	1,289	-	-

27 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Significant related party transactions and balances (continued)

	Year ended 2002		
	Ultimate holding company RM'000	Subsidiary companies RM'000	Other related parties RM'000
Group			
Amount due from			
Loans and advances	-	-	74,240
Amount due to			
Current accounts	1,144	-	60,834
Savings deposits	-	-	10,346
Fixed deposits	225,022	-	551,519
Inter-bank placements	30,000	-	-
Others	550	-	6,450

Included in the 'Other related parties' are transactions and balances with the abovementioned Directors or with companies in which these Directors are deemed to have substantial interests.

Transactions with other related parties are aggregated because these transactions are similar in nature and no single transaction with these parties is significant enough to warrant separate disclosure.

In addition to the significant related party disclosures mentioned above, set out below are other significant related party transactions transacted in the normal course of business and carried out on terms and conditions obtainable in transactions with unrelated parties, other than those related to the Group's banking and finance business.

	Group 2002 RM'000
Rental of office space payable to CCL (Cyclecarri) Properties Sdn Bhd	1,319

notes to the financial statements { continued }

28 TAXATION

	Group 2002 RM'000	Company	
		2002 RM'000	2001 RM'000
Malaysian income tax:			
- Current year	12,695	40	-
Transfer to deferred taxation	497	-	-
	13,192	40	-

Company

The effective tax rate of the Company for the financial year was higher than the statutory tax rate because certain expenses were not deductible for tax purposes.

Group

The effective tax rate of the Group for the financial year was higher than the statutory tax rate because certain expenses were not deductible for tax purposes.

As at the balance sheet date, the merchant bank subsidiary has unutilised tax losses of approximately RM100,022,000 available for carry forward to offset against its future taxable income, subject to the provisions of the tax legislations and agreements with the tax authorities.

29 DEFERRED TAXATION

	Group 2002 RM'000
Balance as at 1 January	-
Arising from acquisition of subsidiary companies	2,560
Transfer from income statement	497
Balance as at 31 December	3,057
The deferred taxation is in respect of the following:	
Timing differences between depreciation and corresponding capital allowances on property, plant and equipment	37,404
Amortisation of premium less accretion of discount	(8,900)
Other timing differences	(17,586)
	10,918
Deferred tax liabilities at 28%	3,057

29 DEFERRED TAXATION (CONTINUED)

Timing differences and unutilised tax losses in respect of deferred tax benefits not accounted for in the financial statements are as follows:

	Group 2002 RM'000
Net tax effects of these timing differences and unutilised tax losses:	
Current year - net debit	150
At year end - net debit	134,878

30 EARNINGS PER SHARE**(a) Basic earnings per share**

The basic earnings per share is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares of RM1 each in issue during the financial year.

	Group 2002
Net profit for the financial year (RM'000)	23,748
Weighted average number of ordinary shares in issue ('000)	57,770
Basic earnings per share (sen)	41.1

(b) Diluted earnings per share

For the diluted earnings per share, the weighted average number of ordinary shares of RM1 each in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

As at 31 December 2002, there was no dilutive potential ordinary shares outstanding.

31 COMMITMENTS AND CONTINGENCIES

In the normal course of the Group's banking and finance business, the banking and finance subsidiary companies make various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

Nature of commitments and contingencies

Direct credit substitutes comprise of guarantees undertaken by the Group to support the financial obligations of their customers to third parties.

Certain transactions related contingent items represent financial products whose crystallisations are dependent on specific events other than default payment by the customers. They include performance related contingencies and standby letter of credit.

31 COMMITMENTS AND CONTINGENCIES (CONTINUED)**Nature of commitments and contingencies (continued)**

Short term self liquidating trade-related contingencies relate to bills of exchange which have been endorsed by the Group and represent liabilities in the event of default by the acceptor and the drawer of the bill.

Obligations under underwriting agreements arise from underwriting agreements relating to the issue of equity and debts securities, where the Group is obliged to subscribe or purchase the securities in the event the securities are not taken up when issued.

Irrevocable commitments to extend credit include all obligations on the part of the Group to provide funding facilities or the undrawn portion of an approved credit facilities to customers.

Forward foreign exchange contracts are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

Risk Weighted Exposures of the Group as at 31 December:

	Group 2002	
	Principal amount RM'000	Credit equivalent amount* RM'000
Direct credit substitutes	367,668	367,668
Certain transaction related contingent items	433,477	216,739
Short term self liquidating trade-related contingencies	145,343	29,069
Obligations under underwriting agreements	494,000	247,000
Irrevocable commitments to extend credit:		
- maturity exceeding one year	1,873,989	936,994
- maturity not exceeding one year	4,055,722	-
Foreign exchange related contracts		
- less than one year	1,538,018	19,463
Miscellaneous	366,655	-
Total	9,274,872	1,816,933

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

31 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Foreign exchange related contracts are subject to market risk and credit risk. There are no interest rate, equity and commodity related contracts as at 31 December 2002.

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 31 December 2002, the amount of contracts of the Group which were not hedged and, hence, exposed to market risk was RM4,852,080.

Credit risk

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

32 CAPITAL COMMITMENTS

	Group 2002 RM'000
Capital expenditure not provided for in the financial statements are as follows:	
Property, plant and equipment	
- Authorised and contracted for	26,765
- Authorised but not contracted for	9,210
	35,975

notes to the financial statements { continued }

33 LEASE COMMITMENTS

The Group has lease commitments in respect of rented premises and equipment on hire, all of which are classified as operating leases. A summary of the non-cancellable long-term commitments, net of sub-leases is as follows:

Year	Group 2002 RM'000
Within 1 year	3,370
Later than 1 year and not later than 5 years	3,072
Later than 5 years	28,843

34 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the balance sheet date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

In addition, fair value information for non-financial assets and liabilities are excluded, as they do not fall within the scope of MASB 24, which requires the fair value information to be disclosed. These include property, plant and equipment, investment in subsidiaries and associated companies and intangibles.

34 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

A range of methodologies and assumptions had been used in deriving the fair values of the Group's financial instruments at balance sheet date. The total fair value of each financial instrument is not materially different from the total carrying value, except for the following financial assets and liabilities:

	Group	
	Carrying value RM'000	Fair value RM'000
On-balance sheet items		
Financial assets		
Dealing securities	954,842	981,894
Investment securities	4,357,813	4,371,776
Loans, advances and financing	20,573,665	21,753,185
Financial liabilities		
Deposits from customers	18,523,416	18,814,747
Deposits and placements of banks and other financial institutions	7,262,140	6,707,293
Amounts due to Cagamas Berhad	841,981	887,188

Off-balance sheet items

The derivative financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuation in market interest rates or foreign exchange rates relative to their terms. The extent to which instruments are favourable or unfavourable and the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The fair values of derivative financial instruments at the balance sheet date are as follows:

	Group		
	Underlying notional amount RM'000	Year-end positive fair value RM'000	Year-end negative fair value RM'000
Foreign exchange related contracts:			
- Forward contracts	1,538,018	3,218	2,659

Pursuant to the transitional provisions of MASB 24, the information on the fair values of financial instruments as at 31 December 2001 is not presented.

34 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The estimated fair values are derived using the following methodologies and assumptions:

Cash and short term funds

The fair value of cash and short term funds approximate their carrying value.

Deposits and placements with financial institutions

For deposits and placements with financial institutions with maturities of less than three months, the carrying value is a reasonable estimate of fair value.

For deposits and placements with maturities three months and above, estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Dealing and investment securities

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been assessed by reference to market indicative interest yields or net tangible asset backing of the investee.

Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired floating and fixed rate loans are represented by their carrying value, net of specific provision and interest-in-suspense/income-in-suspense, being the expected recoverable amount.

Deposits from customers

For deposits from customers with maturities of less than three months, the carrying amounts are reasonable estimates of their fair value.

For deposit with maturities of three months or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than three months approximate their carrying values.

For deposits and placements with maturities three months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for deposits and placements with similar remaining period to maturities.

34 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Obligations on securities sold under repurchase agreements

The fair values of obligations on securities sold under repurchase agreements approximate their carrying values.

Bills and acceptances payable

The fair values of bills and acceptances payable approximate their carrying values.

Amounts due to Cagamas Berhad

The estimated fair value for Amounts due to Cagamas Berhad is based on discounted cash flows using the prevailing interest rates offered by Cagamas Berhad for hire-purchase and housing loans sold to Cagamas Berhad with similar remaining period to maturities.

Long term borrowings

The estimated fair values are estimated based on discounted cash flows using a discounted rate based upon the borrowing rate which the Directors expect would be available to the Group at the balance sheet date.

Other assets and liabilities

The carrying value less any estimated allowance for financial assets and liabilities included in 'Other assets and liabilities' are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

Foreign exchange related contracts

The fair values of foreign exchange rate related contracts are the estimated amounts the Group would receive or pay to terminate the contracts at the balance sheet date.

35 ACQUISITION OF SUBSIDIARY COMPANIES

On 2 December 2002, EON Bank Berhad ('EBB') and its subsidiary companies became wholly-owned subsidiaries of EON Capital Berhad ('ECB') pursuant to the EBB Scheme of Arrangement and Amalgamation between EBB and its shareholder under Section 176 of the Companies Act, 1965, for a total purchase consideration of RM2,011,000,000. The total consideration was satisfied partly by issuance of 598,411,047 ECB ordinary shares at an issue price of RM2.58 per ordinary share and the balance via cash consideration of RM467,099,444.

Details of net assets acquired, reserve arising on consolidation and cash flow arising from the acquisition are as follows:

	At date of acquisition RM'000
Cash and short-term funds	1,977,788
Deposits and placements with financial institutions	341,000
Dealing securities	938,730
Investment securities	3,904,035
Loans, advances and financing	20,584,613
Statutory deposits with Bank Negara Malaysia	896,077
Other assets	815,012
Property, plant and equipment	157,228
Deposits from customers	(17,884,580)
Deposits and placements of banks and other financial institutions	(7,218,065)
Obligations on securities sold under repurchase agreements	(854,275)
Bills and acceptances payable	(227,822)
Amounts due to Cagamas Berhad	(855,426)
Provision for taxation and zakat	(88,373)
Other liabilities	(408,776)
Net assets acquired at the date of acquisition	2,077,166
Reserve arising on consolidation	(66,166)
Total purchase consideration	2,011,000
Less: Purchase consideration satisfied by share issued	(1,543,901)
Purchase consideration discharged by cash	467,099
Less: Cash and cash equivalents in subsidiary companies acquired	(1,977,788)
Net cash inflow on acquisition of subsidiary companies	(1,510,689)

35 ACQUISITION OF SUBSIDIARY COMPANIES (CONTINUED)

The effect of this acquisition on the financial results of the Group during the financial year ended 31 December 2002 is as follows:

	Group 2002 RM'000
Interest income	140,983
Interest expense	(68,266)
Net interest income	72,717
Income from Islamic Banking	8,200
Loan and financing loss and provision	80,917
Profit equalisation reserves	(2,900)
	(2,364)
Fee and commission income	75,653
Net loss from investment securities	8,664
Net gain from dealing securities	(6,324)
Dividend income	490
Other income	109
	7,105
Net income	85,697
Overhead expenses	(46,965)
Profit before taxation and zakat	38,732
Taxation	(13,152)
Zakat	(328)
Increase in Group's net profit for the financial year	25,252

notes to the financial statements { continued }

35 ACQUISITION OF SUBSIDIARY COMPANIES (CONTINUED)

The effect of this acquisition on the financial position of the Group as at 31 December 2002 is as follows:

	Group 2002 RM'000
Cash and short-term funds	2,221,890
Deposits and placements with financial institutions	393,000
Dealing securities	954,842
Investment securities	4,357,813
Loans, advances and financing	20,573,665
Other assets	1,047,260
Statutory deposits with Bank Negara Malaysia	865,213
Property, plant and equipment	159,114
Deposits from customers	(18,523,416)
Deposits and placements of banks and other financial institutions	(7,262,140)
Obligations on securities sold under repurchase agreements	(1,168,396)
Bills and acceptances payable	(155,565)
Amounts due to Cagamas Berhad	(841,980)
Provision for taxation and zakat	(93,324)
Other liabilities	(388,221)
Increase in Group's net assets	2,139,755

36 SEGMENTAL REPORTING

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

Enterprise Banking focuses on providing a full range of commercial banking products to small and medium sized enterprises and corporate clients.

Individual Banking provides a complete selection of banking products and services to individual customers of the Group.

Islamic Banking focuses on providing a full range of commercial banking products and services based on Islamic principles to individual customers, small and medium sized customers and corporate clients.

Treasury and Investment Banking is involved in the fund management of the Group and in proprietary trading in treasury related products and services. It is also involved in providing services to corporate clients and financial institutions in relation to structured financing, origination and distribution of debt and equity capital market products, mergers and acquisitions, debt restructurings, corporate advisory, Islamic capital market products and project advisory.

36 SEGMENTAL REPORTING (CONTINUED)

	Enterprise Banking RM'000	Individual Banking RM'000	Islamic Banking RM'000	Treasury and Investment Banking RM'000	Total RM'000
Group					
Gross operating revenue ⁽¹⁾	60,517	92,478	16,953	17,874	187,822
Less:					
Inter-segment revenue ⁽²⁾	(91)	(1,639)	-	(238)	(1,968)
	60,426	90,839	16,953	17,636	185,854
Segment results	22,590	16,860	(3,526)	3,508	39,432
Unallocated costs					(2,164)
Profit before taxation and zakat					37,268
Taxation and zakat					(13,520)
Net profit for the financial year					23,748

Note:

- (1) Gross operating revenue comprised gross interest income received from loans, advances and financing (net of interest/income suspended), dealing securities, investment securities (net of accretion of discount less amortisation of premium) and inter-bank placements and deposits, fee income, realised gains or loss from dealing and investment 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.
- (3) There are no comparative figures for the group segmental reporting as the Company was previously dormant and acquired EON Bank group in the current financial year.

notes to the financial statements { continued }

36 SEGMENTAL REPORTING (CONTINUED)

	Enterprise Banking RM'000	Individual Banking RM'000	Islamic Banking RM'000	Treasury and Investment Banking RM'000	Total RM'000
Group					
Segment assets	9,090,150	14,475,017	2,869,908	3,215,587	29,650,662
Unallocated assets					922,135
Total assets					30,572,797
Segment liabilities	8,397,143	14,043,758	2,602,393	3,085,806	28,129,100
Unallocated liabilities					594,145
Total liabilities					28,723,245
Other segment information:					
Capital expenditure	1,784	3,333	595	1,725	7,437
Depreciation of property, plant and equipment	568	1,132	189	594	2,483
Other non-cash expenses	13,415	29,698	7,626	2,841	53,580

36 SEGMENTAL REPORTING (CONTINUED)

The reconciliation for total segments gross operating revenue to the net income of the consolidated income statement is as follows:

	Financial year ended 31.12.2002 RM'000
Total segments gross operating revenue (of which: Gross operating revenue from Islamic Banking of RM16,953,000)	185,854
Less:	
Interest expense (of which: Dividend expense from Islamic Banking of RM8,753,000)	(78,101)
Loan and financing loss and provision	(2,900)
Profit equalisation reserves	(2,364)
Provision for diminution in value of investment securities	(17,873)
Net income	84,616

The Group's activities are predominantly carried out in Malaysia, with the Malaysian market contributing 99% of gross operating revenue. Accordingly, no information on the Group's operations by geographical segments has been provided.

37 SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 1 January 2003, the entire credit portfolio of its merchant bank subsidiary, Malaysian International Merchant Bankers Berhad, had been transferred to its commercial bank subsidiary, EON Bank Berhad, in accordance with the Vesting Order obtained from the High Court.

38 COMPARATIVE FIGURES

There are no comparative figures for the Group's financial statements as this is the first year the Group prepared its consolidated financial statements.

proxy form

EON CAPITAL BERHAD

(454644-K)

I/WE _____
of _____ being a
member of EON CAPITAL BERHAD, hereby appoint _____
of _____
or failing him/her _____
of _____

as my/our proxy to vote for me/us on my/our behalf at the Fifth Annual General Meeting of the Company to be held at Nirwana Ballroom 1, Lower Lobby, Mutiara Hotel, Jalan Sultan Ismail, 50718 Kuala Lumpur on Monday, 26 May 2003 at 12.00 noon and at any adjournment thereof, as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Reports of the Directors and Auditors and the Audited Financial Statements for the year ended 31 December 2002.		
2.	To re-elect Y. Bhg. Tan Sri Dato' Seri Mohd Saleh bin Sulong as a Director pursuant to Article 102 of the Company's Articles of Association.		
3.	To re-elect Y. Bhg. Datin Dr. Umikalsum binti Mohd Noh as a Director pursuant to Article 102 of the Company's Articles of Association.		
4.	To re-elect Mr. Rin Kei Mei as a Director pursuant to Article 102 of the Company's Articles of Association.		
5.	To re-elect Y. Bhg. Dato' Maznah binti Abdul Jalil as a Director pursuant to Article 102 of the Company's Articles of Association.		
6.	To re-elect Dr. Tiong Ik King as a Director pursuant to Article 102 of the Company's Articles of Association.		
7.	To re-elect Mr. Wizayaratham Somasundram as a Director pursuant to Article 102 of the Company's Articles of Association.		
8.	To re-appoint Messrs. PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration.		

Please indicate with an "X" in the spaces above on how you wish your vote to be cast. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Dated this _____ day of _____

Signature of Shareholder

NOTES:

1. A member entitled to attend the meeting may appoint a proxy who may but need not be a member of the Company. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 12th Floor, Wisma Cyclecarri, 288, Jalan Raja Laut, 50350 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting.
3. If the member is a corporation, the proxy form should be executed under its Common Seal or under the hand of an officer or attorney duly authorised.