



Creative powers
never cease
to impress one's
imagination

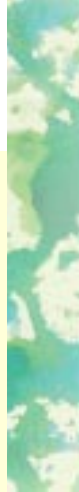


Through them, the simple fusion of vibrant colours that are symmetrically imprinted become a butterfly motif and an art piece.

RHB assimilates such creativity in its business environment to enhance and enrich the economy through the myriad of innovative products and services that it consistently provides.

RHB will continue to impress one's imagination by nurturing personalised relationships that transcend borders in order to migrate towards higher value-added business.

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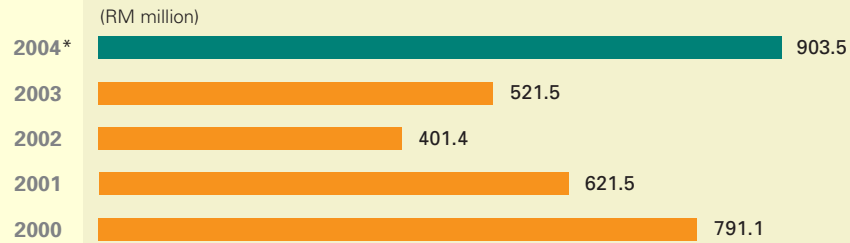


RHB CAPITAL BERHAD

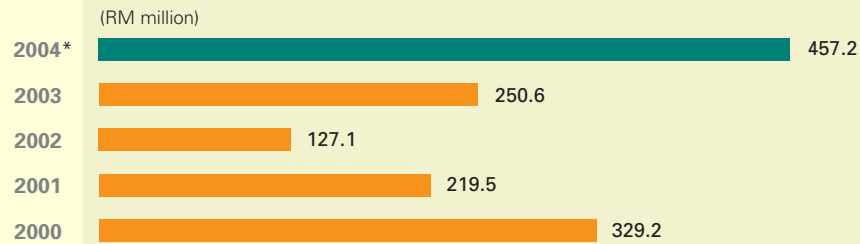
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Group financial highlights

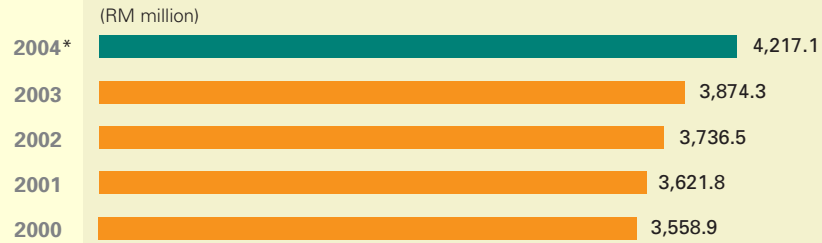
profit before INCPS**
dividends, taxation
and zakat



net profit for the
financial period/year



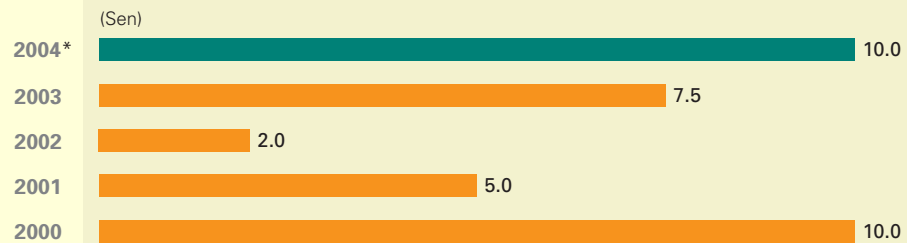
shareholders' equity



total assets



gross dividends
per share



* The Company changed its financial year end from 30 June to 31 December with effect from the financial period ended 31 December 2004 and accordingly, the results for that financial period are for eighteen months.

** Irredeemable Non-cumulative Convertible Preference Shares.

Group financial highlights

	2004*	2003	2002	2001	2000
	RM million	RM million	RM million	RM million	RM million
RESULTS					
Operating revenue	5,597.4	3,435.8	3,238.2	3,437.4	3,690.8
Operating profit	1,571.7	1,176.0	1,171.8	1,172.1	1,250.9
Profit before INCPS** dividends, taxation and zakat	903.5	521.5	401.4	621.5	791.1
Net profit for the financial period/year	457.2	250.6	127.1	219.5	329.2
BALANCE SHEETS					
Paid-up capital	1,823.5	1,823.5	1,823.5	1,823.5	1,823.5
Shareholders' equity	4,217.1	3,874.3	3,736.5	3,621.8	3,558.9
Total assets	82,128.4	69,485.7	57,520.4	57,536.0	55,205.2
Loans, advances and financing	43,911.7	42,446.6	37,761.0	38,406.7	35,123.8
Total deposits	57,291.2	52,402.0	42,020.3	42,035.5	40,222.1
RATIOS					
Gross dividends per share – (sen)	10.0	7.5	2.0	5.0	10.0
Net assets per share – (RM)	2.31	2.12	2.05	1.99	1.95
Net tangible assets per share – (RM)	1.67	1.47	1.90	1.83	1.88
SHARE PRICES AND MARKET CAPITALISATION***					
Share prices – (RM)	2.34	1.69	2.35	2.00	4.12
Market capitalisation	4,267.0	3,081.7	4,285.2	3,647.0	7,512.8

* The Company changed its financial year end from 30 June to 31 December with effect from the financial period ended 31 December 2004 and accordingly, the results for that financial period are for eighteen months.

** Irredeemable Non-cumulative Convertible Preference Shares.

*** Share prices are closing price at financial period/year end.

Certain comparative figures have been adjusted for the effects of prior year adjustments.

An aerial photograph of a tropical island, likely in Southeast Asia, showing lush green vegetation and turquoise blue water. The island is surrounded by a shallow lagoon with sandy patches and small islets. The text is centered over the image.

To be Malaysia's premier
financial products
and services Group

Corporate information as at 1 April 2005

BOARD OF DIRECTORS

Dato Sri Sulaiman Abdul Rahman Taib
Executive Chairman

Lim Cheng Yeow
Senior Independent Non-Executive Director

Dato' Mohd Salleh bin Hj Harun
Independent Non-Executive Director

Akira Miyama
Non-Independent Non-Executive Director

Vaseehar Hassan bin Abdul Razack
Non-Independent Non-Executive Director

Johari bin Abdul Muid
Non-Independent Non-Executive Director

SECRETARY

Azman Shah bin Md Yaman

AUDIT COMMITTEE

Lim Cheng Yeow
Chairman

Dato' Mohd Salleh bin Hj Harun

Vaseehar Hassan bin Abdul Razack

NOMINATING COMMITTEE

Lim Cheng Yeow
Chairman

Dato Sri Sulaiman Abdul Rahman Taib

Dato' Mohd Salleh bin Hj Harun

Akira Miyama

Vaseehar Hassan bin Abdul Razack

REMUNERATION AND HUMAN RESOURCE COMMITTEE

Lim Cheng Yeow
Chairman

Dato Sri Sulaiman Abdul Rahman Taib

Akira Miyama

Vaseehar Hassan bin Abdul Razack

REGISTERED OFFICE

Level 10, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Malaysia
Tel : 603-92852233
Fax : 603-92819314

COMPANY NO.

312952-H

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
11th Floor, Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur
Malaysia

SHARE REGISTRAR

Symphony Share Registrar Sdn Bhd
(formerly known as Malaysian Share
Registration Services Sdn Bhd)
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50400 Kuala Lumpur
Malaysia
Tel : 603-27212222
Fax : 603-27212530/2531

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia
Securities Berhad

Profile of the board of directors as at 1 April 2005



YBHG DATO SRI SULAIMAN ABDUL RAHMAN TAIB

(36 years of age - Malaysian) Executive Chairman

YBhg Dato Sri Sulaiman Abdul Rahman Taib ("YBhg Dato Sri Sulaiman") holds a Bachelor of Science degree in Business Administration from the University of San Francisco, USA. He was appointed as the Executive Chairman of RHB Capital Berhad ("RHB Capital") on 7 May 2003.

YBhg Dato Sri Sulaiman is also currently the Group Chairman of Cahya Mata Sarawak Berhad ("CMSB"), a conglomerate listed on the Main Board of Bursa Malaysia Securities Berhad with financial services and infrastructure development as its main business. He was appointed as Group Chairman of CMSB in May 2002, having been on the Board of CMSB since January 1995. He was Acting Group Chief Executive Officer for the conglomerate in 2001, before assuming the position as Group Deputy Chairman from January till May 2002.

YBhg Dato Sri Sulaiman also serves as a member of the Nominating Committee and the Remuneration and Human Resource Committee of RHB Capital. His other directorships in public companies include Rashid Hussain Berhad (Executive Chairman), RHB Sakura Merchant Bankers Berhad, RHB Bank Berhad, RHB Islamic Bank Berhad, Utama Banking Group Berhad, K&N Kenanga Holdings Berhad and CMS Works International Ltd.

YBhg Dato Sri Sulaiman has attended sixteen out of the nineteen Board meetings held for the financial period. He has no family relationship with any Director of RHB Capital. He is the brother of Tuan Haji Mahmud Abu Bekir Taib, an indirect major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged for any offence.



MR LIM CHENG YEOW

(70 years of age - Malaysian) Senior Independent Non-Executive Director

Mr Lim Cheng Yeow ("Mr Lim") was appointed as a Director of RHB Capital on 28 December 1994. He also serves as the Chairman of the Audit Committee, Nominating Committee and the Remuneration and Human Resource Committee of RHB Capital. His other directorships in public companies include RHB Delta Finance Berhad, RHB Insurance Berhad, RHB Unit Trust Management Berhad and Rock Chemical Industries (Malaysia) Berhad.

Mr Lim has held various positions including Chief Internal Auditor and Head Regional Branch Operations in Malayan Banking Berhad until his retirement. He holds a Master of Arts in Economics from Cambridge University.

Mr Lim has attended all the nineteen Board meetings held for the financial period. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged for any offence.

**YBHG DATO' MOHD SALLEH BIN HJ HARUN**

(60 years of age - Malaysian) Independent Non-Executive Director

YBhg Dato' Mohd Salleh bin Hj Harun ("YBhg Dato' Mohd Salleh") was appointed as a Director of RHB Capital on 20 August 2004. He also serves as a member of the Audit Committee and Nominating Committee of RHB Capital. His other directorships in public companies include RHB Bank Berhad, RHB Islamic Bank Berhad, RHB Insurance Berhad (Chairman), Credit Guarantee Corporation Malaysia Berhad (Chairman) and Titan Petrochemicals & Polymers Berhad.

YBhg Dato' Mohd Salleh has 30 years of experience in banking and finance sector. He was the Deputy Governor of Bank Negara Malaysia from 2000 to 2004. He has held various senior positions in Aseambankers Malaysia Berhad, Bank Kerjasama Rakyat Malaysia Berhad and Malayan Banking Berhad. He was the Executive Director of Malayan Banking Berhad from 1994 to 2000 prior to joining Bank Negara Malaysia. He is a Fellow of the Institute of Bankers and also a Member of the Malaysian Institute of Certified Public Accountants.

YBhg Dato' Mohd Salleh has attended three out of the six Board meetings held for the financial period since the date of his appointment. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged for any offence.

**MR AKIRA MIYAMA**

(53 years of age - Japanese) Non-Independent Non-Executive Director

Mr Akira Miyama ("Mr Miyama") was appointed as a Director of RHB Capital on 14 July 1999. He also serves as a member of the Nominating Committee and Remuneration and Human Resource Committee of RHB Capital. His other directorships in public companies include RHB Bank Berhad, RHB Sakura Merchant Bankers Berhad and The Japanese Chamber of Trade and Industry, Malaysia.

Mr Miyama is currently the Executive Director of RHB Bank Berhad responsible for its Japanese Desk. He started his career in London as Senior Vice President of the Syndicated Loan Division of The Sakura Bank [now known as Sumitomo Mitsui Banking Corporation (SMBC)] and thereafter as a Board Member of Central European International Bank in Budapest, Hungary. He held various positions including Chief Dealer of Capital Market, Head of International Financial Institutions Division and Secretary to Chairman of SMBC, Tokyo. Since 1998, he has been the Country Head of SMBC, Malaysia. He holds a Bachelor of Laws degree from Keio University, Tokyo.

Mr Miyama has attended seventeen out of the nineteen Board meetings held for the financial period. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged for any offence.

Profile of the board of directors as at 1 April 2005



ENCIK VASEEHAR HASSAN BIN ABDUL RAZACK

(53 years of age - Malaysian) Non-Independent Non-Executive Director

Encik Vaseehar Hassan bin Abdul Razack ("Encik Vaseehar Hassan") a Non-Independent Non-Executive Director of RHB Capital was appointed on 7 May 2003 representing Rashid Hussain Berhad. He has 25 years of experience in the financial sector.

Encik Vaseehar Hassan who has a Bachelor Degree in Accounting, Masters in Business Administration as well as Specialised Masters in Consulting and Coaching is currently pursuing a Doctoral Research at the Vrije Universiteit, Amsterdam.

In addition to being the Chief Executive and Director of the Malaysian subsidiary of Dallah AlBaraka Group of Saudi Arabia, Encik Vaseehar Hassan's current directorships in public companies include Rashid Hussain Berhad, RHB Bank Berhad, RHB Sakura Merchant Bankers Berhad, RHB Insurance Berhad, RHB Islamic Bank Berhad (Chairman), Utama Banking Group Berhad, CMS Trust Management Berhad and Ingress Corporation Berhad.

Encik Vaseehar Hassan has attended fifteen out of the nineteen Board meetings held for the financial period. He has no family relationship with any Director and/or major shareholder of RHB. He has no conflict of interest with RHB Capital and has never been charged for any offence.



ENCIK JOHARI BIN ABDUL MUID

(47 years of age - Malaysian) Non-Independent Non-Executive Director

Encik Johari bin Abdul Muid ("Encik Johari") was appointed as a Non-Independent Non-Executive Director of RHB Capital on 1 April 2005 representing Rashid Hussain Berhad. He is currently the Chief Investment Officer (Equity) of EPF. He is an Associate Member of the Chartered Institute of Management Accountants, United Kingdom.

Encik Johari has more than 20 years experience in the financial sector, starting his career as a Money Market Dealer with Asian International Merchant Bankers Berhad in 1981. From 1983 to 1994, he was with Commerce International Merchant Bankers Berhad, working in the Treasury Division and was made the Head of Treasury in 1988. He became the Senior Vice President of Institutional Sales in 1995, within a year of joining CIMB Securities Sdn Bhd ("CIMB Securities"), where he was responsible in setting up the Institutional Sales Team of CIMB Securities. Prior to joining EPF in August 2004, he was the Chief Investment Officer of ValueCap Sdn Bhd which he joined in February 2003. His other directorships in public companies include Rashid Hussain Berhad, RHB Bank Berhad and RHB Sakura Merchant Bankers Berhad.

Encik Johari did not attend any of the Board Meetings held for the financial period as his appointment was only effective 1 April 2005. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged for any offence.



To widen product choice
and deepen customer
relationship through
people-centric culture



Executive Chairman's report 2004



I am delighted to report on a successful and rewarding year for RHB Capital Berhad ("RHB Capital"). It is thus my privilege, on behalf of the Board of Directors, to present this Annual Report incorporating the financial statements for the past 18 months ended 31 December 2004. The shift in our financial year-end from 30 June to 31 December is to ensure operational uniformity in line with that of our ultimate holding company.

Over the past 18 months, the Group has demonstrated its ability to drive good revenue growth and maintain a strong profit momentum. It has been an extremely challenging period for us as we underwent an internal metamorphosis to strengthen our systems but we are now beginning to reap the fruits of our efforts. Improved synergies within the Group have helped to minimize duplication and boost efficiency. Intensified cross-selling activities across the Group, combined with a new strengthened management team, have led to a new dynamism in our business that is reflected in an improved balance sheet and sound capital base. Our banking unit has evolved to cater to the needs of more sophisticated customers, with the launch of a wide array of new financial solutions and advisory services specially tailored for the growing retail and commercial sectors.

Our presence is now widespread throughout Malaysia, with an extensive network of more than 200 bank branches and business centres as well as enhanced presence in Sarawak and Sabah. We have also extended our reach significantly to Singapore, Thailand and Brunei, and look forward to new avenues for growth as we further drum up our momentum and develop new agility in the way we operate.

FINANCIAL PERFORMANCE

During the period under review, the Group's performance has strengthened significantly with a net profit of RM457.2 million and a consolidated profit before Irredeemable Non-cumulative Convertible Preference Shares ("INCPS") dividends, taxation and zakat of RM903.5 million. Total net interest income stood at RM2.1 billion, while non-interest income was RM939.0 million. Revenue from the Islamic banking business was commendable at RM197.1 million. Asset quality continued to surge on the back of an improved credit framework and intensive recovery efforts, with net non-performing loans ratio falling sharply to 5.95%, compared to 8.51% as at 30 June 2003.

Shareholders' funds have risen over the 18 months to RM4.2 billion compared to RM3.9 billion as at 30 June 2003, while our asset base expanded to RM82.1 billion from RM69.5 billion previously. Earnings per share improved to 25.1 sen from 13.7 sen previously.

RHB Bank remained the Group's largest earnings contributor with a profit before INCPS dividends, taxation and zakat of RM639.4 million and a comfortable risk-weighted capital adequacy ratio of 14.2%.

The Group's other subsidiaries also posted strong gains, with RHB Sakura Merchant Bankers Berhad posting a profit before tax of RM94.4 million. RHB Securities Sdn Bhd regained its lustre on the back of a thriving equity market, with a profit before tax of RM43.2 million compared to a loss before tax of RM31.1 million in the previous financial year.

RHB Delta Finance Berhad, meanwhile, marked a sharp surge in profit before tax at RM136.3 million, while RHB Insurance Berhad continued to chart encouraging growth with a profit before tax of RM34.0 million.

CHALLENGES AND PROSPECTS

Malaysia's financial services landscape is constantly evolving due to ongoing consolidation to enhance the industry's resilience, efficiency and competitiveness ahead of market liberalization.

A Robust Malaysian economy, underpinned by strong domestic demand and increasing business and consumer confidence stand in our favour.

This, combined with changes in the global financial environment, demands greater capacity and proficiency from the domestic sector as profit margins come under increasing assault.

But a robust Malaysian economy, underpinned by strong domestic demand and increasing business and consumer confidence, stands in our favour. In 2004, gross domestic product soared to its highest level in four years, breaching market expectations to grow 7.1% despite uncertainties in the global environment due to a sharp rise in crude oil prices and the tragic December 26 tsunami crisis that wreaked havoc in our country's northern states as well as a number of Indian Ocean nations.

Grey clouds still hover over the global economy in 2005 but Malaysia's growth momentum is expected to be sustained. The new vision and direction of the leadership has given a boost to corporate Malaysia, with foreign investor confidence at an all time high. With renewed interest from foreign fund managers and investors, we can be assured that the stable political and economic regime will set the stage for monumental changes in the corporate sector. We aim to lead in the financial services sector and shape its future direction, and will do so by further strengthening our local and regional presence. We are conscious that the environment we operate in is evolving rapidly, where constant change is the order of the day. We do not intend to remain stagnant, and stand with our feet firmly planted in the bedrock of profit-centered stability.

We see ample growth opportunities in niche areas in the financial sector as well as high rewards from risk-tailored lendings and services in new growth segments such as Islamic Banking and SMEs.

RHB Capital is the first domestic financial group in the country to set up a full-fledged Islamic banking subsidiary on 16 March 2005. With the Government's push to grow the Islamic financial sector, we are well positioned to be among the top three Islamic banks in the country within five years.

We aim to strengthen our investment banking division with new integrated solutions for our existing and potential clients to tap the debt and equity markets. The retail sector is another major growth engine. Amid growing affluence, we recognize that our clients have become more discerning and selective but this new consumer trend has worked in our favour as we have responded quickly by rolling out more innovative lifestyle solutions than our competitors. We intend to accelerate the momentum with more products of such nature in the offing. Our branches have been given a facelift and our staff undergone etiquette and skills training to improve our services, and we will continue to upgrade our products and services to this effect.

The Group is constantly on the lookout for new synergies that will put us at the forefront of competition. We are exploring new partnership possibilities with several notable names in the sector.

New Management Team, New Direction

No effort has been spared to attract and put into place a top notch management team with extensive international exposure and impeccable credentials as it is this team which has been entrusted with the task of reshaping the Group.

I am pleased to report that the team we now have has wasted no time in charting the strategies and direction for our future growth. As drivers of this re-energised company, we are all responsible for consolidating our competencies, accelerating processes and cutting costs. With the core values of excellence, team work, innovation and integrity articulating our corporate strategy and direction, I strongly believe that the results would continue to be positive, measurable and dramatic.

More importantly, the team has successfully secured the unwavering support and commitment of all our personnel in order to implement these strategies successfully across the Group. Among the initiatives rolled out are the introduction of new financial solutions for the consumer banking and commercial banking divisions, establishment and achievement of excellent results from our cross-selling impetus, and the launching of Group-wide innovative marketing initiatives.



To continuously formulate
and implement strategies
for the growth of the Group





Open Communications

We have established an ongoing dialogue with our key institutional shareholders and general investors and have enjoyed an excellent working relationship with all our stakeholders. Their unwavering support as well as patience over the financial period under review is greatly appreciated as the current management formulates and implements strategies that would chart the Rashid Hussain Berhad Group's growth on a sustained basis.

In addition to having meetings with members from our key management team, including the Executive Chairman, we have also established the Corporate Communications Division at RHB Capital. The latter is staffed by a team of experienced and high calibre personnel that caters to institutional shareholders' requests for information and regular corporate updates.

By maintaining open channels of communication, we hope to emphasize that the interests of all our stakeholders' are always taken into consideration in any proposal as we need their support as well as that of our staff and management team, to ensure that any strategic initiatives introduced are relevant and successful.

AWARDS

We are already beginning to reap the fruits of efforts made to harness synergies within the RHB Group, which has also seen a clear reduction in duplication while increasing efficiencies and transparency. These efforts are being recognised externally too as evident from the three awards accorded to RHB Group at the Asiamoney Annual Awards 2005. Recognitions were received for **Best Local Brokerage**, **Best Overall Macroeconomics** and

Best Services for All Trade Needs. The first award, for **Best Local Brokerage**, was received by RHB Securities Sdn Bhd in recognition of RHB's record of having won in this category continuously over the past 15 years. The second award, **Best Overall Macroeconomics**, on behalf of RHB Research Institute Sdn Bhd was in recognition for research in economics is also not new for RHB and the last award, for **Best Services for All Trade Needs**, was won by RHB Bank.

ACKNOWLEDGEMENTS

I take this opportunity to thank every employee for taking a stake in the future of RHB Group. Your selfless service throughout this trying period has enabled the Group to overcome all obstacles and to accelerate into higher gear, and we will remain so with your collective strength, commitment and passion to excel.

Ladies and Gentlemen, the transition is now over. We have laid a concrete foundation to grow the RHB brand and raised the benchmark for the Group to become synonymous with only the best. However, we must not rest on our laurels. Given our higher base, an expected moderation in economic growth and unrelenting competition in our home market, let us double our efforts in 2005 to build on our strengths, improve our financial standing and deliver superior value to all our stakeholders; be it our shareholders, customers or our people.

Dato Sri Sulaiman Abdul Rahman Taib

Executive Chairman

28 March 2005

Operations review 2004



Like the rest of corporate Malaysia, RHB Capital Berhad ("RHB Capital") benefited from the buoyancy of the nation's economy in 2004. Malaysia's gross domestic product expanded 7.1% last year, its fastest pace in four years, powered by rising consumer demand, and growing trade and exports. This growth momentum is expected to roll into 2005, although a slight moderation is expected in line with an anticipated global economic slowdown.

In the 18 months leading up to 31 December 2004, RHB Capital achieved a consolidated profit before Irredeemable Non-cumulative Convertible Preference Shares ("INCPS") dividends, taxation and zakat of RM903.5 million. As the Group has changed its financial year-end from 30 June to 31 December, there is no comparison with the previous corresponding period.

During the period under review, RHB Capital generated a total net interest income of RM2.1 billion while income from the Islamic Banking business was commendable at RM197.1 million. Underpinned by the Group's intensified focus on Consumer Banking and Commercial Banking, gross loans, advances and financing expanded to RM48.5 billion, with the financing of landed residential property, purchase of transport vehicles and consumption credit now constituting 35% of its portfolio.

Total non-interest income earned during the period was RM939.0 million, augmented by the Group's concentrated efforts to enhance its fee income generation capability. RHB Capital recently launched its bancassurance initiatives and developed a dedicated sales team that can address "individual objectives" at the varying life stages of its clients. The Group also actively cross-markets more than 80 unit trust funds managed by reputable fund houses to its clients.

The Group's asset quality continued to improve on the back of RHB Bank's effective credit framework and intensive recovery efforts. Net non-performing loans ("NPL") ratio declined sharply to 5.95%, compared to 8.51% as at 30 June 2003.

RHB Capital's shareholders funds swelled to RM4.2 billion compared to RM3.9 billion as at 30 June 2003. Its asset base grew to RM82.1 billion as at 31 December 2004, from RM69.5 billion as at 30 June 2003. Net tangible assets per share increased to RM1.67, while the Group's net earnings per share improved to 25.1 sen for the 18-month period.

We are earnestly working to gradually reduce the costs of the Group's financial commitments by refinancing at lower funding rates. The maturity profile of these financial obligations have been structured and staggered over the medium to long term to minimise potential mismatches in the Company's earnings and cash flows.



To emphasise on the creation
and harnessing of the Group's synergy
to realise our vision



Operations review 2004



GROUP PERFORMANCE

Among the Group's key subsidiaries, RHB Bank Berhad ("RHB Bank") remained the top profit contributor with a profit before INCPS dividends, taxation and zakat of RM639.4 million during the 18-month period under review. Asset quality improved with a 15.6% reduction in NPLs. Net NPL ratio improved to 6.3% as at 31 December 2004 from 8.4% as at 30 June 2003. The Bank remained strongly capitalised with its shareholders' equity and INCPS amounting to RM5.4 billion as at 31 December 2004, while its Risk-Weighted Capital Adequacy Ratio stood at a comfortable 14.2%.

On the Group's investment banking operations, RHB Sakura Merchant Bankers Berhad ("RHB Sakura Merchant Bankers") concluded the financial year end positively with a profit before tax of RM94.4 million. Among its notable achievements during the period was the successful initial public offering of Southeast Asia's largest budget airline, AirAsia Berhad, with RHB Sakura Merchant Bankers serving as the financial adviser and joint book-runner for the institutional offering as well as joint managing underwriter for the retail offering.

RHB Securities Sdn Bhd ("RHB Securities") returned to the black thanks to a more buoyant equity market, with a profit before tax of RM43.2 million compared to a loss before tax of RM31.1 million in the previous financial year.

RHB Delta Finance Berhad registered a strong improvement in profit before tax at RM136.3 million, while RHB Insurance Berhad continued to chart encouraging growth with a profit before tax of RM34.0 million.

ACHIEVEMENTS

There have been numerous milestones for RHB Capital in this financial period ended 31 December 2004 as the Group has effectively strengthened its management team, implemented Group-wide cross-selling processes and launched new initiatives successfully, including the well-received RHB Di Hati nationwide promotional roadshow.

Although we experienced the departure of some key staff, as any organisation would over the course of its business operations, operational and financial performance were not adversely affected. On the contrary, we took the opportunity to bolster our management team by recruiting a team of high caliber professionals, including the CEO and COO for RHB Bank, CEO for RHB Securities, and new appointments to the Board of Directors of our subsidiaries. RHB Bank has been revolutionised, moving away from its traditional corporate segment towards a more retail-oriented and progressive looking bank. A wide array of innovative lifestyle products and services have been introduced, delivery channels expanded and branches given a facelift to create a new banking experience for our customers.



We now have a network of over 200 branches/service centres/ sales kiosk/BdCs 42 commercial banking business centres, 7 trade centres and 8 trade desks at strategic locations nationwide. In addition to this, RHB Bank also has expanded its reach in Singapore, Thailand and Brunei.

The Bank has introduced a full suite of credit cards to cater to the various market segments, ranging from the EVO Card for the young and young at heart to the Visa Infinite, a world-class premium product distinguished by its superior features and outstanding benefits for an up-market and upscale clientele. As a bank which strives to lead in the competitive banking industry, RHB Bank is proud to be the first bank in Malaysia to issue the Visa Infinite. In addition, the Bank has also launched the AirAsia Credit Card that enables its customers to enjoy the fastest way to free flights.

In January 2005, the Bank launched Infinity Banking which offers personalized recognition, innovative products and services, wealth building and preservation, convenient access, quality service and special invitations to exclusive lifestyle events - culminating in a greater and more exclusive customer experience. This privilege is extended by invitation only.

On the commercial banking front, the Bank launched RHB BizPower, a programme designed to empower small and medium-sized companies with funding in the quickest and most efficient time possible. RHB Bank holds the distinction of being the first commercial bank to use a credit scoring approval process for the SMI sector.

To underpin growth, the Bank is putting into place a risk management framework that will ultimately be compliant with Basel II regulations. With a new CEO at the helm, we believe RHB Bank would improve its market positioning, enhance earnings growth as well as its overall efficiency levels.

Overall, we have established an ongoing dialogue with our institutional shareholders and enjoy an excellent and synergistic working relationship with them. Their unwavering support and patience as the new management team charted and implemented new strategies to elevate the Group to higher ground is much appreciated. In addition to frequent meetings with members from RHB Capital's key management team, including the Executive Chairman, we have also established the Corporate Communications Division, staffed by a team of experienced and high calibre personnel, that caters to institutional shareholders' requests for information and regular corporate updates; all of which will further strengthen the Company's brand.

Operations review 2004



PROSPECTS AND CHALLENGES

The ongoing consolidation in Malaysia's financial sector in preparation for market liberalization is a constant challenge. The financial sector is expected to remain competitive, with profit margins continue to come under pressure as we strive to provide affordable services to all levels of society.

But RHB Capital, over the 18 months under review, has laid a solid foundation to spur growth and put the Group on track to become the premier financial products and services group in the country.

Our aggressive expansion pace will continue in 2005 as we continue to expand our traditional businesses and competencies by moving into new adjacencies, which hold great promise. We see ample opportunities in select niches as well as high rewards from risk-tailored lending and services in other segments including Islamic banking. RHB Capital is the first domestic financial group in the country to set up a full-fledged Islamic banking subsidiary in March 2005. With the Government's push to grow the Islamic financial sector, RHB Islamic Bank Berhad is well positioned to be among the top three Islamic banks in the country within five years.

With the Bank now entrenched in East Malaysia, we see huge market potential for investment advisory services especially for products like unit trusts and bancassurance. A separate call centre has been set up in Kuching specifically to service the Sabah and Sarawak markets.

Although negotiations on a proposed alliance with Allianz AG Group were mutually terminated last year, the Group remains open to strategic alliances or investments that would enhance its competitiveness and ensure superior shareholders' returns.

RHB Bank would seek to leverage on the strength of its professional staff and improved distribution network to market new lifestyle products. RHB Sakura Merchant Bankers aims to gain more market share and improve its ranking in the longer term. We aim to strengthen our engagement with our clients and strive to provide comprehensive financial solutions and advisory services to them in their interface with the debt and equity markets.

There will be renewed emphasis on the creation and harnessing of the Group's synergy, a push for stringent Group-wide risk management and innovative marketing impetus to realise our vision.

RHB Group Achievements and awards



Asiamoney Annual Awards 2005

Best Local Brokerage
RHB Securities Sdn Bhd



Asiamoney Annual Awards 2005

Best Overall Macroeconomics
RHB Research Institute Sdn Bhd



Asiamoney Annual Awards 2005

Best Services for All Trade Needs
RHB Bank Berhad



Standard & Poor's The STAR
Investment Funds Award Malaysia 2004

**Best Performing Equity Malaysia Fund
over 3 years**
RHB Malaysia Recovery Fund



Standard & Poor's The STAR
Investment Funds Award Malaysia 2004

**Best Performing Sector
- TMT Malaysia Fund over 1 year**
RHB Technology Fund



With Appreciation for the Selangor
and Federal Territory Association
for Retarded Association



Anugerah Persekutuan
Orang Pekak Malaysia 2003

Caring Hearts
RHB Unit Trust



The Edge-Lipper
Malaysia Unit Trust Fund Awards 2003

**RHB Technology Fund
- No.1 in Equity Information
& Technology Funds**

RHB Unit Trust Management Sdn Bhd



The Edge-Lipper
Malaysia Unit Trust Fund Awards 2003

**RHB Malaysia Recovery Fund
- No.1 in Equity Growth Funds**

RHB Unit Trust Management Sdn Bhd

RHB Group

Corporate highlights

Business activities



10 June 2004

MASJA Biz Power & Zakat



2 September 2004

National E-Commerce Week 2004



5 October 2004

RHB MyKiosk Internet Banking Launch



8 October 2004

Hari Wanita & Takaful



12 October 2004

Listing of Air Asia Berhad on Bursa Malaysia Underwriting Ceremony for the Retail Offering



5 January 2005

Sale Agreement Signing Ceremony of Bandar Wawasan Office Tower



19 January 2005

RHB Bank 'Infinity Banking' Launch



25 January 2005

FinanceAsia 'Annual Capital Markets Conference'



27 January 2005

VISA Infinite Credit Card Press Launch

RHB Group Corporate highlights

Social activities



9 - 10 July 2004
Boards of Directors Away-Day



2 July & 14 August 2004
RHB Bank's Staff Children's Academic Excellence Award



10 August 2004
The Edge Kuala Lumpur Rat Race 2004



25 September 2004
RHB Star SSO



28 October 2004
"Berbuka Puasa" – RHB Iftar



28 October 2004
Official Opening of Surau An-Nur, RHB Centre



24 November 2004
Malaysia International Fashion Awards (MiFA) in conjunction with Kuala Lumpur-Asia Fashion Week (KLAFW)



5 December 2004
RHB Group Hari Raya & Deepavali Open House



25 February 2005
RHB Bintang di Hati

RHB Group Corporate highlights



Official Launch of RHB Islamic Bank Berhad and Handover of Islamic Banking Operating Licence

by

YBhg. Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz

Governor, Bank Negara Malaysia

1 March 2005 (20 Muharram 1426)

RHB Centre, Kuala Lumpur



RHB Group Corporate highlights



RHB Di Hati *“Being With You”*

Official Launch of RHB Di Hati Nationwide Roadshow

Pahang Darul Makmur by Menteri Besar YAB Dato' Sri Hj. Adnan Hj. Yaakob
Terengganu Darul Iman by Menteri Besar YAB Dato' Seri Idris Jusoh



RHB Group

Corporate highlights

RHB Group Hari Raya & Deepavali Open House 5 December 2004 RHB Centre, Kuala Lumpur



Corporate governance statement

INTRODUCTION

The Board of Directors ('Board') of RHB Capital is pleased to report 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 as required under the Listing Requirements ('LR') of Bursa Malaysia Securities Berhad ('Bursa Securities').

BOARD OF DIRECTORS

Board Responsibility

The Board subscribes to the principles of good corporate governance and as such, will always ensure that the Company and the Group achieve best practice in the conduct of the Company's and of the Group's business and operational activities. An indication of the Board's commitment is reflected in the conduct of regular Board meetings by the Company and the incorporation of various processes and systems to achieve a risk awareness culture as well as the establishment of relevant Board Committees and Management Committees at the Company and its principal operating subsidiaries.

Composition of the Board

The Board currently has six (6) members, comprising the Executive Chairman, two (2) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors. This is in line with the LR of Bursa Securities which requires one-third (1/3) of the Board members to be Independent Directors to fairly reflect the interest of the minority shareholders. On 30 January 2004, Mr Lim Cheng Yeow was appointed as the Senior Independent Director to whom all concerns may be conveyed.

The Directors bring together a wide range of business management skills as well as banking and financial experience required for the management of a large, diversified and expanding Group. All Board members participate fully in the deliberation and decision making process on the key issues involving the Group.

In the principal operating subsidiaries, there are clear division of responsibilities between the Chairman and the Managing Director/Chief Executive Officer to ensure the balance of power and authority. At the Company level, the Executive Chairman's primary responsibilities are to manage the Group's day-to-day operations and together with the Non-Executive Directors ensure that the strategies are fully discussed and examined, and taking into account the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business. In addition to the role and guidance of the Independent Non-Executive Directors, each Director nevertheless brings an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

All decisions of the Board are based on the decision of the majority and no single Board member can make any decisions on behalf of the Board, unless duly authorised by the Board of Directors. As such, no individual or a group of individuals dominate the decision making process. This enables the Board to effectively discharge its principal responsibilities as set out in the Code.

The profile of each Director is presented on page 6 to page 8 of the Annual Report.

Corporate governance statement

Board Meetings

The Board meets on a scheduled basis at least once in two (2) months with special meetings held when urgent issues and important decisions are required to be taken between the scheduled meetings.

The Board met nineteen (19) times during the financial period 1 July 2003 to 31 December 2004. The attendance of each Director in office at the end of the financial period at the aforesaid Board meetings are set out below:

Name of Director	Total meetings attended	Percentage of attendance (%)
Dato Sri Sulaiman Abdul Rahman Taib	16/19	84
Lim Cheng Yeow	19/19	100
Akira Miyama	17/19	89
Vaseehar Hassan bin Abdul Razack	15/19	79
Dato' Mohd Salleh bin Hj Harun ¹	3/6*	50
Johari bin Abdul Muid ²	N/A	N/A

Notes:

¹ Appointed on 20 August 2004.

² Appointed on 1 April 2005.

* Based on the number of Board meetings held since he was appointed to the Board.

All the Directors have complied with the minimum 50% attendance requirement at Board meetings during the financial period as stipulated by the LR of Bursa Securities.

Scheduled Board meetings are structured with a pre-set agenda. The Board's principal focus is the overall strategic direction, financial and corporate developments of the Group. Minutes of meetings of the various committees within the Group are tabled to the Board for notation. Key matters such as the Group's business strategy and budget, Group's annual interim results, material contracts, major capital expenditure and investors relation programme are reserved for the Board's decision. Agenda and Board papers are circulated to the Board prior to the Board meetings so as to give Directors time to consider and deliberate on the issues to be raised at the Board meetings. The Directors have full access to the senior management of the Group and the advice and services of the Company Secretaries.

In addition, the Directors may also seek independent professional advice, at the Company's expense, if required. Directors may also consult with the Executive Chairman and other Board members prior to seeking any independent professional advice.

Corporate governance statement

Directors' Training

All Directors have attended the Mandatory Accreditation Programme ("MAP") conducted by Bursatra Sdn Bhd (formerly known as Bursa Malaysia Training Sdn Bhd) within the stipulated timeframe. The Directors also attend training programmes and seminars to keep abreast with relevant developments on a continuous basis in compliance with Bursa Securities' Practice Note No. 15/2003. During the financial period, the Group had also conducted 3 sessions of Continuing Education Programmes ("CEP") for its Directors which consist of a one and a half day session each, whereby the Directors were able to collect a total of 72 CEP points in compliance with the LR of Bursa Securities. The topics presented at the training programmes are wide-ranging and provide the Directors with current updates on various business, management and legal issues.

Appointment of Directors

The Board has formed a Nomination Committee on 5 November 2001 and on 15 October 2003, the Board changed the name to Nominating Committee. The committee assists the Board in discharging its duties and responsibilities in relation to the appointment of new directors. The Nominating Committee has written terms of reference requiring it to identify and select candidates in connection with any proposed new appointment of Directors and makes recommendations to the Board on such appointments. In identifying and selecting the candidates, the Nominating Committee gives due consideration to the mix of expertise and experience required for an effective Board.

BOARD COMMITTEES

Audit Committee

The Audit Committee of the Board has been in place since 17 January 1995 and also serves as the Audit Committee of RHB Insurance Berhad ('RHB Insurance') until 30 March 2005, after which RHB Insurance shall have its own Audit Committee as per Bank Negara Malaysia's Guidelines. Each of the principal operating subsidiaries of the Group, namely RHB Bank Berhad ('RHB Bank'), RHB Delta Finance Berhad ('RHB Delta'), RHB Sakura Merchant Bankers Berhad ('RHB Sakura') and RHB Securities Sdn Bhd have separate Audit Committees of the Board. All Audit Committees in the Group hold regular meetings to deliberate on findings by both the internal and external auditors and to discharge their duties and responsibilities as spelt out in the Terms of Reference.

The Audit Committee presently comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The Audit Committee meets regularly with the internal auditors and whenever deemed necessary, together with the Senior Management of the respective companies in the Group and the external auditors to review the Company's and the Group's financial reporting, the nature, scope and results of audit reviews and the effectiveness of the system of internal controls. During the financial period 1 July 2003 to 31 December 2004, a total of seventeen (17) Audit Committee meetings were held.

Corporate governance statement

The Audit Committee also meets at least once a year with the external auditors without the presence of Group Management.

The terms of reference and the activities of the Audit Committee during the financial period 1 July 2003 to 31 December 2004 are set out in the Audit Committee Report on page 34 to page 38 of this Annual Report.

Nominating Committee

Apart from identifying and selecting candidates for new appointment, the Nominating Committee is also responsible for assessing the effectiveness of individual Directors, Board as a whole and the various committees of the Board, the chief executive officers and key senior management officers of the respective companies in the Group. The Nominating Committee reviews annually the required mix of skills, experience and other qualities including core competencies which directors should bring to the Board and which the Board requires for it to function completely and efficiently. The committee also serves as the Nominating Committee of RHB Insurance since July 2002.

The Boards of RHB Bank, RHB Delta and RHB Sakura have also formed their respective Nominating Committees. These Nominating Committees have also been actively involved in identifying and selecting the Chief Executive Officers of the relevant subsidiaries for recommendation to the respective Boards for approval.

Remuneration and Human Resource Committee

The Human Resource Committee was formed on 5 November 2001 and on 15 October 2003, the Board changed the name to Remuneration and Human Resource Committee. The committee assists the Board in ensuring that the executive directors and senior management of the Company and its direct subsidiary companies are fairly rewarded for their individual contributions to the Group's overall performance and the levels of the remuneration are sufficient to attract and retain the best executive directors and senior management to manage the Group successfully. The committee also serves as the Remuneration and Human Resource Committee of RHB Insurance since July 2002.

The Boards of RHB Bank, RHB Delta and RHB Sakura are also assisted by their respective Remuneration and Human Resource Committees to evaluate the performance and remuneration of the executive directors and senior management and to recommend on the policies and framework in relation to rewards and benefits.

The members of the respective Board Committees of the Company are set out on page 5 of the Annual Report.

Risk Management Committee

The Group's subsidiaries, namely, RHB Bank, RHB Delta, RHB Sakura and RHB Insurance, have established its respective Risk Management Committees to further strengthen the risk management process within the respective subsidiaries. These committees, which report to their respective Boards, meet regularly to oversee the development of general risk policies and procedures, and monitor and evaluate the numerous risks that may arise from their respective business activities.

Re-Election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors shall retire from office at each Annual General Meeting, subject to the retirement of all Directors at least once in every three (3) years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial period are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments.

Corporate governance statement

Directors' Remuneration

The remuneration of Directors is determined at levels which enable the Group to attract and retain the Directors with the relevant experience and expertise needed to assist in managing the Group effectively. In the case of Executive Directors of the Group, their remuneration are structured to link rewards to corporate and individual performance. For the Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by the particular Non-Executive Director concerned in the Company and in the Group.

Being an investment holding company, all Non-Executive Directors receive fees from the Company for their services rendered which are approved at the Annual General Meeting by the shareholders before payment is made. Directors who hold full time executive positions in the relevant operating subsidiary companies receive remuneration which is determined based on their level of responsibilities, skills, experience and job performance.

Directors' remuneration includes salaries, bonuses, benefits in kind, Directors' fees, Board committee allowance and meeting attendance allowance. The Directors' fees are subject to shareholders' approval at the Annual General Meeting before payment is made.

The aggregate remuneration paid to Directors of the Company comprising remuneration received from the Company and the subsidiaries of the Company during the financial period 1 July 2003 to 31 December 2004, analysed into the following bands are as follows:

Aggregate remuneration	Number of Directors
<u>Current Directors</u>	
RM Nil - RM50,000	1
RM50,001 - RM100,000	1
RM550,001 - RM600,000	1
RM650,001 - RM700,000	1
RM850,001 - RM900,000	1
RM13,500,001 - RM13,550,000	1*
<u>Directors who had resigned/retired</u>	
RM Nil - RM50,000	1
RM50,001 - RM100,000	1
RM250,001 - RM300,000	1
RM300,001 - RM350,000	1

Note:

* Executive Director - Remuneration (including incentive payment) is based on his Service Contract with RHB Capital Berhad.

Corporate governance statement

The disclosure of Directors' remuneration is made in accordance with Appendix 9C, Part A, Item 10 of the LR of Bursa Securities. The Board is of the opinion that disclosure of individual Director's remuneration would not add significantly to the shareholders' and other interested stakeholders' understanding in this area.

Investor Relations and Shareholder Communication

The RHB Group recognises that it is vital to keep open all lines of communication with investors as well as analysts. As much as the Group seeks feedback from the investing community and analysts, efforts are also made to ensure that they are kept abreast of all major developments within the Group, and that this be done on a timely basis. Information on milestones and other developments in the RHB Group can be communicated to interested parties in several ways.

For instance, it is mandatory that the quarterly results of the Group be reported to Bursa Securities. The results are also communicated to the public through the newspapers, whose reports are based on press releases issued through the Group Corporate Communications Division.

To inform fund managers and analysts about the Group's financial performance, and to give them an opportunity to ask questions and provide feedback, regular discussions and briefing sessions are held. In 2004, three such sessions were held, during which directors, heads of companies and senior management personnel briefed fund managers and analysts on corporate developments and financial performance of the group. They also fielded questions from the fund managers and analysts who, themselves, provided valuable feedback on market sentiments with regards to the group's performance. On 26 February 2004, a full briefing was held to provide analysts and fund managers with details of the half-year results. We met analysts and fund managers again on 3 September 2004 to brief them on the 12-month results. Two luncheons were also held with smaller groups of analysts and fund managers on 6 December 2004 and 7 December 2004 to brief them on the performance of the Group in the preceding 15 months. In addition, several analysts have visited the Group to talk to senior management personnel on various developments within RHB.

To keep the investing public informed of developments within the Group, press releases are issued and at times press conferences are held during which journalists are given the opportunity to ask questions on the Group. The press releases are issued and press conferences held when new products and services are launched or when results are announced. Press releases that have been issued are also posted in the Group's internet and intranet sites.

Corporate governance statement

The Annual General Meeting of the Company also represents the principal forum for dialogue and interaction with all shareholders. At each Annual General Meeting, the Board presents the performance of the Group's businesses and encourages shareholders to participate in the question and answer session. Directors, the Chairman of the Audit Committee and the external auditors are available to respond to shareholders' questions during the Annual General Meeting.

Each item of special business mentioned in the Notice of Meeting will be accompanied by a full explanatory statement of the effects of the proposed resolutions.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Directors take responsibility to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee of the Board assists by scrutinising the information to be disclosed, to ensure accuracy and adequacy. A Statement by Directors of their responsibilities in preparing the financial statements is set out on page 39 of this Annual Report.

Internal Control

The Statement on Internal Control set out on page 32 and 33 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with the Auditors

The Board maintains a formal and transparent professional relationship with the auditors, through the Audit Committee. The role of the Audit Committee in relation to the internal and external auditors is described in the Audit Committee Report set out on page 34 to 38 of this Annual Report.

Internal control statement

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's Revamped Listing Requirements require directors of listed companies to include a statement in their annual reports on the state of their internal controls. The guidelines for directors on internal control, the Statement on Internal Control : Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements.

Set out below is the Board of Directors' ("Board") Internal Control Statement, which has been prepared in accordance with the Guidance.

RESPONSIBILITY OF THE BOARD

The Board recognises the importance of maintaining a sound system of internal controls and risk management practices as well as good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and for reviewing its adequacy and integrity. Such system covers not only financial controls but also controls relating to operational, risk management and compliance with applicable laws, regulations, rules, directives and guidelines.

The system of internal controls involves each key operating company in the Group and its management, including the Board, and is designed to meet the Group's business objectives and to manage the risks to which it is exposed. The Board acknowledges that risks cannot be completely eliminated. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT FRAMEWORK

The Group has in place an ongoing process for identifying, evaluating, managing and reporting on the significant risks that may affect the achievement of its business objectives throughout the financial period under review and up to the date of this report. This process is regularly reviewed by the Board to ensure proper management of risks and appropriate measures are timely taken to mitigate any identified weaknesses in the control environment.

The Group's subsidiaries, namely RHB Bank Berhad, RHB Delta Finance Berhad, RHB Sakura Merchant Bankers Berhad and RHB Insurance Berhad have established its respective Risk Management Committees to further strengthen the risk management process. These committees, which report to their respective Boards, meet regularly to oversee the development of general risk policies and procedures, and monitor and evaluate the numerous risks that may arise from their respective companies' business activities.

Risk Management Units have also been established at these subsidiaries to assist their respective Risk Management Committees in discharging their duties.

Amongst the other committees set up at major subsidiaries in the Group to manage specific areas of risk are the Asset & Liability Committee, Credit Committee, Loan Committee and Basel II Steering Committee.

A Group Risk Management function has recently been formed to develop and implement a group-wide Enterprise Risk Management Framework that would ensure the Group has a consistent and acceptable approach to the management and monitoring of risk across all business units.

CONTROL SELF-ASSESSMENT PROCESS

Central to the Group's internal control system is its Control Self-Assessment ("CSA") process which covers all key operating companies in the Group. These companies are required to identify and document the controls for managing the risks arising from their business activities, and assess their effectiveness.

The Audit Committee regularly reviews the CSA process being implemented at the key operating companies as well as the results of review by the internal auditors on the CSA activities undertaken by these companies.

Internal control statement

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from the above, the other key elements of the Group's internal control system which has been reviewed by the Board are described below:-

- The management of the various companies in the Group is delegated to the respective chief executive officers, whose responsibilities and authority limits are set by the respective Boards. Appointment of such officers at the companies concerned requires the approval of their respective Boards and relevant regulatory authorities, where applicable;
- Specific responsibilities have been delegated to the relevant Board committees, all of which have written terms of reference. These committees have the authority to examine all matters within their scope of responsibility and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters however lies with the entire Board;
- Delegation of authority including authorisation limits at various levels of management and those requiring the Board's approval are documented and designed to ensure accountability and responsibility;
- Policies and procedures manuals for key processes are documented and regularly updated for application across the Group. These are supplemented by operating standards set by the individual company, as required for the type of business or geographical location of each company;
- Compliance function is established at group level in addition to the compliance units set up at principal operating companies in the Group to enhance the overall compliance framework of the Group;
- There is clear procedure for investment appraisal including capital expenditure;
- There are proper guidelines for hiring and termination of staff, training programmes for staff, annual performance appraisal and other relevant procedures in place to achieve the objective of ensuring staff are competent to carry out their responsibilities;
- Regular and comprehensive information is provided to management for monitoring of performance against the strategic plan approved by the Board, covering all key financial and operational indicators;
- A detailed budgeting process is established requiring all key operating companies in the Group to prepare budgets annually which are discussed and approved by the Board. Effective reporting system on actual performance against approved budgets is in place and significant variances are followed up by management and reported at the Board;
- Ongoing reviews of the internal control system are carried out by the internal auditors. Results of such reviews are reported to the Audit Committee. The work of the internal auditors is focused on areas of priority as identified by risk analysis and in accordance with the annual internal audit plans approved by the Audit Committee. The head of internal audit function reports to the Audit Committee; and
- The Audit Committee holds regular meetings to deliberate on findings and recommendations for improvement by both the internal and external auditors as well as Bank Negara Malaysia examiners on the state of the internal control system. The minutes of the Audit Committee meetings are tabled to the Board.

Audit committee report

ACTIVITIES OF THE AUDIT COMMITTEE AND THE INTERNAL AUDIT FUNCTION DURING THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2004

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial period 1 July 2003 to 31 December 2004 ("period"), a total of 17 Audit Committee ("Committee") meetings were held. The Committee comprises the following members and details of attendance of each member at the Committee meetings held during the period are as follows:-

Composition Of The Committee	No. Of Meetings Attended Whilst In Office
1. Lim Cheng Yeow (Chairman / Independent Non-Executive Director)	17 out of 17 meetings
2. Tan Sri Geh Ik Cheong – retired on 8/12/2003 (Member / Senior Independent Non-Executive Director)	4 out of 6 meetings
3. Datuk Azlan Zainol – resigned on 6/11/2004 (Member / Non-Independent Non-Executive Director)	10 out of 16 meetings
4. Dato' Lim Kong Wai – resigned on 8/12/2004 (Member / Independent Non-Executive Director)	16 out of 16 meetings
5. Dato' Mohd Salleh Hj Harun – appointed on 8/12/2004 (Member / Independent Non-Executive Director)	1 out of 1 meeting
6. Vaseehar Hassan Abdul Razack – appointed on 8/12/2004 (Member / Non-Independent Non-Executive Director)	1 out of 1 meeting

On 8 December 2003, YBhg Tan Sri Geh Ik Cheong retired as member of the Committee whilst YBhg Datuk Azlan Zainol and YBhg Dato' Lim Kong Wai resigned as members of the Committee on 6 November 2004 and 8 December 2004 respectively. On 8 December 2004, YBhg Dato' Mohd Salleh Hj Harun and En. Vaseehar Hassan Abdul Razack were appointed as members of the Committee.

The Committee's activities are concentrated at RHB Capital Berhad and the direct subsidiary companies of the RHB Capital Berhad Group, excluding the RHB Bank Berhad Group, RHB Sakura Merchant Bankers Berhad Group and RHB Securities Sdn Bhd Group which have separate audit committees. The main activities undertaken by the Committee during the period are as follows:-

- Reviewed the unaudited quarterly results and the audited financial statements of the Company and the Group for the period as well as the appropriate announcements to Bursa Malaysia Securities Berhad before recommending them for the approval of the Board;
- Reviewed the related party transactions ("RPTs") and the adequacy of the Group's procedures for monitoring and reviewing of RPTs;
- Reviewed with the external auditors, the nature and scope of their engagement and audit plan, their fees as well as the findings emanating from their examination of the financial statements. It also considered the reappointment of the external auditors for recommendation to the Board and the shareholders for their approval. The Committee met with the external auditors 6 times during the period, one of which was without the presence of management;

Audit committee report

ACTIVITIES OF THE AUDIT COMMITTEE (CONTINUED)

- Reviewed and approved the scope and adequacy of the internal audit plans, including resource needs;
- Reviewed the results of the risk-based audit work carried out by the internal auditors and the status of completion of the internal audit plans on all relevant companies of the Group. During the period, a total of 21 internal audit reports were tabled to the Committee;
- Reviewed the control self-assessment (“CSA”) exercise implemented at principal operating companies in the Group and the results of the review by the internal auditors on the CSA activities undertaken by each principal operating company concerned;
- Reviewed the inspection and examination report issued by the regulatory authorities and the status of remedial actions taken by management in respect of such findings;
- Reviewed the minutes of meetings of other audit committees in the Group to the extent permitted by the relevant regulatory authorities to satisfy itself that all matters arising therefrom have been appropriately addressed by such other audit committees;
- Tabled the minutes of each Committee meeting to the Board for notation, and for further direction by the Board, where necessary; and
- Also performed the role of the Audit Committee of RHB Insurance Berhad which is required by regulation to have an independent audit committee.

INTERNAL AUDIT FUNCTION

The internal audit function is guided by its Audit Charter and reports to the Committee. Its primary role is to assist the Committee to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group’s system of internal controls.

The internal auditors adopt a risk-based approach towards the planning and conduct of audits which is consistent with the Group’s framework in designing, implementing and monitoring its internal control system.

The CSA exercise rolled out by the internal auditors during the period for implementation throughout the principal operating companies in the Group, is in alignment with the practice of generating an embedded risk management capability and acceptable risk culture.

Upon completion of the audits, the internal auditors have closely monitored the implementation progress of their audit recommendations in order to obtain assurance that all major risk and control concerns have been duly addressed by the management. All audit reports on the results of work undertaken together with the recommended action plans and their implementation status were presented to the management and the Committee.

The internal auditors work closely with the external auditors to resolve any control issues as raised by them to ensure that significant issues are duly acted upon by the management.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

1. To assist the Board discharge its responsibilities by reviewing the adequacy and integrity of the Company’s and the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
2. To reinforce the independence of the external auditors and thereby help assure that they will have free rein in the audit process.
3. To provide, by way of regular meetings, a line of communication between the Board and the external auditors.

Audit committee report

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONTINUED)

Objectives (continued)

4. To provide emphasis on the internal audit function by increasing the objectivity and independence of the internal auditors and provide a forum for discussion that is independent of the management.
5. To review the quality of the audits conducted by the internal and external auditors of the Company.
6. To enhance the perceptions held by stakeholders (including shareholders, regulators, creditors and employees) of the credibility and objectivity of financial reports.

Duties and Responsibilities

1. To review the quarterly results and year-end financial statements of the Company and the Group, and to recommend the same to the Board for approval whilst ensuring that they are prepared in a timely and accurate manner complying with all applicable accounting and regulatory requirements and are promptly published.
2. To review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
3. To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance in discharging their duties.
4. To review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.
5. To review the internal audit plan and processes, the results of the internal audit programme or investigation undertaken and whether or not appropriate action is taken by management on the recommendations of the internal auditors.
6. To appraise the performance of the head of internal audit and to review the appraisals of senior staff members of the internal audit function.
7. To approve any appointment or termination of the head of internal audit and senior staff members of the internal audit function and to review any resignations of internal audit staff members and provide resigning staff members an opportunity to submit reasons for resigning, where necessary.
8. To review with the external auditors, the nature and scope of their audit plan, their evaluation of the system of internal controls and their management letter and discuss any matter that the external auditors may wish to raise in the absence of management, where necessary.
9. To recommend to the Board on the appointment and the annual reappointment of the external auditors and their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit.
10. To discuss and review with the external auditors any proposal from them to resign as auditors.
11. To review the co-ordination of the audit approach where more than one audit firm of external auditors is involved and the co-ordination between the external and internal auditors.
12. To review the minutes of meetings of other audit committees within the Group and be satisfied that all matters arising therefrom are being appropriately addressed by these other audit committees.
13. To review inspection and examination reports issued by any regulatory authority and to ensure prompt and appropriate actions are taken in respect of any findings.
14. To perform any other functions as authorised by the Board.

Audit committee report

Authority

1. The Committee is authorised by the Board to investigate any matter within its terms of reference, to obtain the resources which it needs, and to have full and unrestricted access to information. It is also authorised to seek any information it requires from any employee of the Group and all employees are directed to co-operate with any request made by the Committee.
2. The Committee shall have direct communication channels with the external and internal auditors.
3. The Committee is authorised by the Board to obtain independent professional or other advice at the Company's expense and to invite outsiders with relevant experience and expertise to attend meetings if it considers this necessary.
4. Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Committee shall promptly report such matter to Bursa Securities.
5. So long as it is permitted by the relevant authorities, the Audit Committee of RHB Capital Berhad shall serve as the Audit Committee of RHB Insurance Berhad which is required by regulation to have an independent audit committee.

Meetings

1. Meetings shall be held at least four (4) times a year with a minimum quorum of two (2) members and the majority of members present shall be independent non-executive directors. Additional meetings may be called at any time at the discretion of the Chairman of the Committee.
2. The head of internal audit shall be in attendance at meetings of the Committee. The Committee may invite the external auditors, the chief financial officer, any other directors or members of the management and employees of the Group to be in attendance during meetings to assist in its deliberations.
3. At least once a year, the Committee shall meet with the external auditors without any executive Board member present and upon the request of the external auditors, the Chairman of the Committee shall convene a meeting to consider any matter which the external auditors believe should be brought to the attention of the Board or shareholders.
4. The Company Secretary shall be the Secretary of the Committee.
5. The minutes of each Committee meeting shall be tabled to the Board by the Chairman of the Committee.

Membership

1. The Committee shall be appointed by the Board from amongst its number and shall comprise not less than three (3) members, the majority of whom are independent non-executive directors.
2. The Chairman of the Committee shall be an independent non-executive director appointed by the Board.
3. No alternate director shall be appointed as a member of the Committee.

Audit committee report

Membership (continued)

4. At least one member of the Committee:-
 - (i) shall be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he shall have at least three (3) years' working experience and:-
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (c) Fulfils such other requirements as prescribed by Bursa Securities.
5. The term of office and performance of the Committee and each of its members must be reviewed by the Board at least once every three (3) years.
6. If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Responsibility statement

BY THE BOARD OF DIRECTORS

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 Malaysia Guidelines, the provisions of the Companies Act, 1965 and the Listing Requirements of the Bursa Securities Malaysia Berhad.

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 period and the results and cash flows for the financial period 1 July 2003 to 31 December 2004.

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

The financial statements are prepared on the 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 for the assets of the Group and of the Company to be properly safeguarded for the prevention and detection of fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, loss and fraud.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 140 of the Annual Report.



To drive good revenue growth
and maintain a strong
profit momentum



Statutory financial statements

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Directors' report

The directors submit herewith their report together with the audited financial statements of the Group and the Company for the financial period 1 July 2003 to 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is involved in commercial banking, merchant banking, finance company business, leasing, offshore banking, offshore trust services, stockbroking and other securities related business, general insurance, unit trust management and nominee and custodian services.

There have been no significant changes in these principal activities during the financial period.

CHANGE OF FINANCIAL YEAR END

The Company changed its financial year end from 30 June to 31 December to be co-terminous with that of its holding company, Rashid Hussain Berhad.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before Irredeemable Non-cumulative Convertible Preference Shares ('INCPS') dividends, taxation and zakat	903,476	168,617
INCPS dividends	(152,915)	–
Profit after INCPS dividends and before taxation and zakat	750,561	168,617
Taxation and zakat	(150,575)	(30,296)
Profit after INCPS dividends, taxation and zakat	599,986	138,321
Minority interests	(142,779)	–
Net profit for the financial period	<u>457,207</u>	<u>138,321</u>

DIVIDENDS

The dividends paid by the Company since 30 June 2003 were as follows:

	RM'000
In respect of the financial year ended 30 June 2003, as shown in the Directors' report of that financial year:	
Interim dividend of 2% less tax paid on 26 September 2003	<u>26,258</u>
In respect of the financial period ended 31 December 2004:	
First interim dividend of 3% less tax paid on 18 March 2004	39,387
Second interim dividend of 3.5% less tax paid on 21 May 2004	45,951
Third interim dividend of 3.5% less tax paid on 29 October 2004	<u>45,951</u>

The directors do not recommend the payment of final dividend for the financial period ended 31 December 2004.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial period are disclosed in the financial statements.

Directors' report

ISSUE OF SHARES

During the financial period 1 July 2003 to 31 December 2004, the issued and paid-up share capital of the Company was increased as follows:

	Number of ordinary shares of RM1.00 each
As at 1 July 2003	1,823,468,070
Issued pursuant to exercise of 6,625 Warrants 1994/2004 at an exercise price of RM5.40 per ordinary share	6,625
As at 31 December 2004	<u>1,823,474,695</u>

The new ordinary shares issued during the financial period ranked *pari passu* in all respects with the existing ordinary shares of the Company.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

VALUATION METHOD

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 of the Group and the Company 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 the Company which has arisen since the end of the financial period which secures the liability of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the financial period other than in the normal course of business.

No contingent or other liability of the Group and the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations 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 the Company which would render any amount stated in the financial statements misleading or inappropriate.

Directors' report

ITEMS OF AN UNUSUAL NATURE

The results of the Group and the Company for the financial period have not been 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 period 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 or the Company for the financial period in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Significant events during the financial period are disclosed in Note 46 to the financial statements.

DIRECTORS

The directors of the Company in office since the date of the last report are:

Dato Sri Sulaiman Abdul Rahman Taib

Lim Cheng Yeow

Akira Miyama

Vaseehar Hassan bin Abdul Razack

Dato' Mohd Salleh bin Hj Harun (appointed on 20 August 2004)

Tan Sri Geh Ik Cheong (retired on 8 December 2003)

Senator Dato' Taha Ariffin (resigned on 29 December 2003)

Datuk Azlan Zainol (resigned on 6 November 2004)

Dato' Lim Kong Wai (resigned on 8 December 2004)

Pursuant to Article 80 of the Company's Articles of Association, Mr Akira Miyama retires at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-election.

Pursuant to Article 84 of the Company's Articles of Association, Dato' Mohd Salleh bin Hj Harun retires at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Mr Lim Cheng Yeow retires at the forthcoming Annual General Meeting of the Company and does not wish to offer himself for re-election.

DIRECTORS' INTERESTS IN SECURITIES

According to the register of directors' shareholdings, the interests of the directors in office at the end of the financial period in the securities of the Company and its related corporations were as follows:

	Number of ordinary shares of RM1.00 each			
	As at 1.7.2003/ As at date of appointment	Bought	Sold	As at 31.12.2004
The Company				
Dato Sri Sulaiman Abdul Rahman Taib				
– indirect ¹	1,182,896,459	–	–	1,182,896,459
Vaseehar Hassan bin Abdul Razack				
– indirect ¹	1,182,896,459	–	–	1,182,896,459
Dato' Mohd Salleh bin Hj Harun				
– direct	15,000	–	–	15,000

Directors' report

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

	Number of ordinary shares of RM1.00 each			As at 31.12.2004
	As at 1.7.2003	Bought	Sold	
Holding company				
Rashid Hussain Berhad				
Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	226,127,000	12,000,000 [#]	–	238,127,000
Vaseehar Hassan bin Abdul Razack – indirect ²	226,127,000	12,000,000 [#]	–	238,127,000

	Number of Warrants 1994/2004			As at 31.12.2004
	As at 1.7.2003/ As at date of appointment	Bought	Expired	
The Company				
Dato Sri Sulaiman Abdul Rahman Taib – indirect ¹	101,243,559	–	(101,243,559) [@]	–
Vaseehar Hassan bin Abdul Razack – indirect ¹	101,243,559	–	(101,243,559) [@]	–
Dato' Mohd Salleh bin Hj Harun – direct	5,250	–	(5,250) [@]	–

The Company issued 195,076,500 warrants on 28 December 1994 ('Warrants 1994/1999'). The Warrants 1994/1999 entitle their registered holders to the right to subscribe in cash for new ordinary shares of RM1.00 each in the Company on the basis of one new ordinary share of RM1.00 each for every one warrant held at an exercise price of RM5.40 per share within five (5) years from the date of issue. The exercise price of the Warrants 1994/1999 is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll executed on 7 December 1994. Pursuant to the Second Supplemental Deed Poll executed on 23 June 1999, the exercise period of the Warrants 1994/1999 has been extended by five (5) years and has expired on 27 December 2004 and the Warrants 1994/1999 are now known as Warrants 1994/2004.

	Number of Warrants 2001/2007			As at 31.12.2004
	As at 1.7.2003	Bought	Sold	
Holding company				
Rashid Hussain Berhad				
Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	8,000,000	–	–	8,000,000
Vaseehar Hassan bin Abdul Razack – indirect ²	8,000,000	–	–	8,000,000

Each warrant of Rashid Hussain Berhad ('Warrants 2001/2002') entitles the registered holder to subscribe for one new ordinary share of RM1.00 each in Rashid Hussain Berhad at any time from the date of issue on 4 April 2001 at an exercise price of RM1.90 per share. The exercise price is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll executed on 13 February 2001. Pursuant to a Supplemental Deed Poll dated 20 March 2002, the exercise period of the Warrants 2001/2002 has been extended by five (5) years to expire on 24 March 2007 and the Warrants 2001/2002 are now known as Warrants 2001/2007.

Directors' report

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

	Nominal Amount (RM) of 2002/2012 0.5% Irredeemable Convertible Unsecured Loan Stocks of RM1.00 each nominal value (‘RHB ICULS-A’)			
	As at 1.7.2003	Bought	Sold/ Convertible	As at 31.12.2004
Holding company				
Rashid Hussain Berhad				
Dato Sri Sulaiman Abdul Rahman Taib				
– indirect ²	461,206,479	–	(12,000,000) [#]	449,206,479
Vaseehar Hassan bin Abdul Razack				
– indirect ²	461,206,479	–	(12,000,000) [#]	449,206,479

The RHB ICULS-A entitle the registered holders to convert their RHB ICULS-A into new ordinary shares of RM1.00 each in Rashid Hussain Berhad (‘New Shares’) at the conversion price of RM1.00 per New Share (‘Conversion Price’) at any time within a period of ten (10) years from the date of issue on 24 December 2002 in accordance with the Trust Deed constituting the RHB ICULS-A dated 24 December 2002. The Conversion Price shall be satisfied by surrendering for conversion into New Shares such nominal value of RHB ICULS-A equal to the Conversion Price.

	Nominal Amount (RM) of 2002/2012 3.0% Irredeemable Convertible Unsecured Loan Stocks of RM1.00 each nominal value (‘RHB ICULS-B’)			
	As at 1.7.2003	Bought	Sold/ Convertible	As at 31.12.2004
Holding company				
Rashid Hussain Berhad				
Dato Sri Sulaiman Abdul Rahman Taib				
– indirect ²	403,471,898	–	–	403,471,898
Vaseehar Hassan bin Abdul Razack				
– indirect ²	403,471,898	–	–	403,471,898

The RHB ICULS-B entitle the registered holders to convert their RHB ICULS-B into new ordinary shares of RM1.00 each in Rashid Hussain Berhad (‘New Shares’) at the conversion price of RM1.13 per New Share (‘Conversion Price’) at any time within a period of ten (10) years from the date of issue on 24 December 2002 in accordance with the Trust Deed constituting the RHB ICULS-B dated 24 December 2002. The Conversion Price shall be satisfied by surrendering for conversion into New Shares such nominal value of RHB ICULS-B which equal to the Conversion Price or a combination of such nominal value of RHB ICULS-B and cash which aggregates to the Conversion Price, provided that at least RM1.00 nominal value of RHB ICULS-B is surrendered for conversion into one (1) New Share.

Notes:

- ¹ Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his indirect substantial interest in the holding company, Rashid Hussain Berhad.
- ² Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his indirect substantial interest in Utama Banking Group Berhad (‘UBG’).
- [#] On 3 September 2004, 12,000,000 new ordinary shares of RM1.00 each in Rashid Hussain Berhad were allotted and issued to UBG pursuant to UBG’s conversion of RM12,000,000 RHB ICULS-A.
- [⊗] The Warrants 1994/2004 expired on 27 December 2004. Any Warrants 1994/2004 not exercised on the expiry date, have lapsed and are null and void and ceased to be exercisable thereafter. Accordingly, the Warrants 1994/2004 have been removed from the Official Listing of Bursa Malaysia Securities Berhad on 28 December 2004.

Directors' report

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

By virtue of their indirect substantial interests in the shares of Rashid Hussain Berhad ('RHB'), Dato Sri Sulaiman Abdul Rahman Taib and Vaseehar Hassan bin Abdul Razack are also deemed to have an indirect substantial interest in the securities of the subsidiaries of RHB to the extent RHB has an interest.

Other than the above, none of the other directors holding office at the end of the financial period had any interest in the securities of the Company or its related corporations during the financial period.

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 disclosed in Notes 32 and 33 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 (other than those disclosed in Note 42 to the financial statements).

During and at the end of the financial period, no arrangements subsisted to which the Company or its subsidiaries is a party, with the object or objects of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

HOLDING AND ULTIMATE HOLDING COMPANY

The directors regard Rashid Hussain Berhad, a company incorporated in Malaysia, as holding 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 dated 28 March 2005.

DATO SRI SULAIMAN ABDUL RAHMAN TAIB
EXECUTIVE CHAIRMAN

VASEEHAR HASSAN BIN ABDUL RAZACK
DIRECTOR

Balance sheets

AS AT 31 DECEMBER 2004

	Note	Group		Company	
		As at 31.12.2004 RM'000	As at 30.6.2003 RM'000	As at 31.12.2004 RM'000	As at 30.6.2003 RM'000
ASSETS					
Cash and short term funds	3	12,734,231	4,752,210	110,787	1,922
Securities purchased under resale agreements		40,458	55,400	-	-
Deposits and placements with banks and other financial institutions	4	543,116	335,254	806	1,111
Dealing securities	5	6,067,030	7,912,934	-	-
Investment securities	6	13,355,224	8,954,613	-	-
Loans, advances and financing	7	43,911,737	42,446,612	-	-
Clients' and brokers' balances	8	272,079	143,308	-	-
Other assets	9	328,957	311,741	36,944	33,048
Amount due from holding company	10	1,032,489	806,937	1,032,489	806,937
Amount recoverable from Danaharta	11	-	5,552	-	-
Amounts due from subsidiaries	12	-	-	135,330	141,194
Statutory deposits	13	1,424,381	1,278,321	-	-
Tax recoverable		65,014	95,185	11,496	16,609
Deferred tax assets	14	199,880	178,211	-	-
Investments in subsidiaries	15	-	-	6,780,294	6,780,294
Investments in associates	16	16,135	21,256	36,000	36,000
Property, plant and equipment	17	965,496	994,962	1,867	-
Goodwill	18	1,172,195	1,193,195	-	-
TOTAL ASSETS		82,128,422	69,485,691	8,146,013	7,817,115
LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTERESTS					
Deposits from customers	19	50,167,252	48,521,431	-	-
Deposits and placements of banks and other financial institutions	20	7,123,942	3,880,581	-	-
Obligations on securities sold under repurchase agreements		7,944,641	3,180,393	-	-
Bills and acceptances payable		2,622,931	3,499,497	-	-
Clients' and brokers' balances	21	297,534	137,204	-	-
Other liabilities	22	1,368,949	1,171,272	23,959	24,829
Amount due to Cagamas		3,366,851	576,571	-	-
Amounts due to subsidiaries	12	-	-	3,341,166	3,387,283
Taxation		7,655	16,793	-	-
Deferred tax liabilities	14	2,665	22,370	-	-
Borrowings	23	1,421,136	1,129,818	1,416,135	1,047,318
Subordinated obligations	24	1,533,080	1,532,722	-	-
Irredeemable Non-cumulative Convertible Preference Shares ('INCPS')	25	1,104,469	1,104,469	-	-
TOTAL LIABILITIES		76,961,105	64,773,121	4,781,260	4,459,430

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance sheets

AS AT 31 DECEMBER 2004

	Note	Group		Company	
		As at 31.12.2004 RM'000	As at 30.6.2003 RM'000	As at 31.12.2004 RM'000	As at 30.6.2003 RM'000
Share capital	26	1,823,475	1,823,468	1,823,475	1,823,468
Reserves	27	2,282,236	2,141,019	1,114,593	1,114,564
Retained profits/(Accumulated losses)	28	111,423	(90,233)	426,685	419,653
TOTAL SHAREHOLDERS' EQUITY		4,217,134	3,874,254	3,364,753	3,357,685
MINORITY INTERESTS		950,183	838,316	-	-
TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTERESTS		82,128,422	69,485,691	8,146,013	7,817,115
COMMITMENTS AND CONTINGENCIES	39	43,957,706	34,063,193	-	-

The accompanying accounting policies and notes form an integral part of these financial statements.

Income statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

	Note	Group		Company	
		18 months ended	12 months ended	18 months ended	12 months ended
		31.12.2004	30.6.2003	31.12.2004	30.6.2003
		RM'000	RM'000	RM'000	RM'000
Interest income	29	4,461,415	2,673,293	103,630	53,521
Interest expense	30	(2,382,756)	(1,290,394)	(130,756)	(83,262)
Net interest income/(expense)		2,078,659	1,382,899	(27,126)	(29,741)
Income from Islamic Banking business	52 (I)	197,068	104,995	–	–
		2,275,727	1,487,894	(27,126)	(29,741)
Non-interest income	31	938,961	657,553	235,919	129,147
Net income		3,214,688	2,145,447	208,793	99,406
Overhead expenses	32	(1,643,006)	(969,424)	(40,176)	(7,839)
Operating profit		1,571,682	1,176,023	168,617	91,567
Loan and financing loss and provision	34	(670,869)	(654,977)	–	–
		900,813	521,046	168,617	91,567
Share of the profits of associates		2,663	443	–	–
Profit before INCPS dividends, taxation and zakat		903,476	521,489	168,617	91,567
INCPS dividends	35	(152,915)	(88,357)	–	–
Profit after INCPS dividends and before taxation and zakat		750,561	433,132	168,617	91,567
Taxation and zakat	36	(149,773)	(90,575)	(30,296)	(30,422)
Share of taxation of associates		(802)	825	–	–
Profit after INCPS dividends, taxation and zakat		599,986	343,382	138,321	61,145
Minority interests		(142,779)	(92,782)	–	–
Net profit for the financial period/year		457,207	250,600	138,321	61,145
Earnings per share (sen)					
– basic	37	25.1	13.7		
– diluted		N/A	N/A		
Gross dividends per share (sen)	38	10.0	7.5		

Statements of changes in shareholders' equity

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

	Note	Non-distributable					(Accumulated losses)/ Retained profits	Total
		Share capital RM'000	Share premium RM'000	Reserve funds RM'000	Merger deficit RM'000	Other reserves RM'000		
Group								
Balance as at 1 July 2003		1,823,468	1,114,564	1,026,585	(8,693)	8,563	(90,233)	3,874,254
Issue of shares pursuant to exercise of Warrant 1994/2004		7	29	-	-	-	-	36
Net profit for the financial period		-	-	-	-	-	457,207	457,207
Transfer in respect of statutory requirements		-	-	141,188	-	-	(141,188)	-
Net gain not recognised in the income statement – translation differences		-	-	-	-	-	16,926	16,926
Ordinary dividends	38	-	-	-	-	-	(131,289)	(131,289)
Balance as at 31 December 2004		1,823,475	1,114,593	1,167,773	(8,693)	8,563	111,423	4,217,134
<hr/>								
Balance as at 1 July 2002		1,823,468	1,114,564	908,506	(8,693)	8,563	(109,866)	3,736,542
Net profit for the financial year		-	-	-	-	-	250,600	250,600
Transfer in respect of statutory requirements		-	-	118,079	-	-	(118,079)	-
Net gain not recognised in the income statement – translation differences		-	-	-	-	-	11,837	11,837
Ordinary dividends	38	-	-	-	-	-	(124,725)	(124,725)
Balance as at 30 June 2003		1,823,468	1,114,564	1,026,585	(8,693)	8,563	(90,233)	3,874,254

The accompanying accounting policies and notes form an integral part of these financial statements.

Statements of changes in shareholders' equity

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

		Share capital RM'000	Non- distributable Share premium RM'000	Distributable Retained profits RM'000	Total RM'000
Company					
Balance as at 1 July 2003		1,823,468	1,114,564	419,653	3,357,685
Issue of shares pursuant to exercise of Warrant 1994/2004		7	29	-	36
Net profit for the financial period		-	-	138,321	138,321
Ordinary dividends	38	-	-	(131,289)	(131,289)
Balance as at 31 December 2004		1,823,475	1,114,593	426,685	3,364,753
Balance as at 1 July 2002		1,823,468	1,114,564	483,233	3,421,265
Net profit for the financial year		-	-	61,145	61,145
Ordinary dividends	38	-	-	(124,725)	(124,725)
Balance as at 30 June 2003		1,823,468	1,114,564	419,653	3,357,685

Cash flow statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

Group	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before INCPS dividends, taxation and zakat	903,476	521,489
Adjustments for:		
Loan and financing loss and provision	833,671	677,480
Net interest suspended	557,102	362,617
Property, plant and equipment		
– depreciation	166,919	101,251
– impairment loss	13,039	16,458
– gain on disposal	(3,045)	(12,710)
– written off	3,724	570
Allowance for diminution in value of investment securities	37,816	29,436
Amortisation of premium less accretion of discount	23,727	4,253
Accretion of discount for USD Sub-Notes	358	122
Interest income from investment securities	(487,339)	(227,460)
Gain from sale of investment securities	(49,362)	(87,021)
Gross dividends from investment securities	(8,568)	(17,144)
Share of the profits of associates	(2,663)	(443)
Unrealised (gain)/loss on foreign exchange	(10,142)	3,967
Gain on disposal of an indirect subsidiary	(107)	–
Operating profit before working capital changes	1,978,606	1,372,865
(Increase)/Decrease in operating assets:		
Securities purchased under resale agreements	14,942	(43,920)
Deposits and placements with banks and other financial institutions	(207,862)	1,002,524
Dealing securities	1,845,904	(2,601,539)
Loans, advances and financing	(3,201,888)	(1,141,764)
Clients' and brokers' balances	(128,771)	62,243
Other assets	(27,323)	13,203
Amount due from holding company	(208,518)	(154,427)
Statutory deposits	(146,060)	(6,692)
	(2,059,576)	(2,870,372)
Increase/(Decrease) in operating liabilities:		
Deposits from customers	1,645,821	4,892,556
Deposits and placements of banks and other financial institutions	3,243,361	(1,221,481)
Obligations on securities sold under repurchase agreements	4,764,248	432,932
Bills and acceptances payable	(876,566)	(465,736)
Clients' and brokers' balances	160,330	(76,576)
Other liabilities	198,700	174,232
Amount due to Cagamas	2,790,280	105,164
	11,926,174	3,841,091
Cash generated from operations	11,845,204	2,343,584
Taxation and zakat paid	(201,764)	(235,454)
Taxation recovered	60,351	5,493
Net cash generated from operating activities	11,703,791	2,113,623

The accompanying accounting policies and notes form an integral part of these financial statements.

Cash flow statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

Group (continued)	Note	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Gross dividends received from investment securities		8,568	17,144
Interest received from investment securities		486,382	202,061
Purchase net of proceeds from sale of investment securities		(4,064,858)	(748,052)
Proceeds from disposal of property, plant and equipment		12,402	19,478
Purchase of property, plant and equipment		(152,600)	(142,278)
Dividends from associates		3,957	954
Increase in investments in an associate		(20)	–
Proceeds from disposal of an indirect subsidiary		376	–
Acquisition of subsidiaries net of cash acquired	48	–	(942,580)
Acquisition of shares from minority shareholders of the subsidiaries		–	(759,504)
Net cash used in investing activities		(3,705,793)	(2,352,777)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		691,950	1,297,000
Repayment of borrowings		(396,750)	(1,752,584)
Payment to hire-purchase creditors		(64)	–
Dividends paid to shareholders		(157,547)	(98,467)
INCPS dividends paid to other shareholders by a subsidiary		(103,363)	(63,617)
Dividends paid to minority interests in subsidiaries		(46,357)	(17,417)
Proceeds from issuance of share capital		36	–
Proceeds from issuance of subordinated bonds/subordinated notes		–	732,600
Proceeds from issuance of bonds		–	700,000
Redemption of bond		–	(150,000)
Net cash (used in)/generated from financing activities		(12,095)	647,515
Net increase in cash and cash equivalents		7,985,903	408,361
Cash and cash equivalents at the beginning of the financial period/year		4,712,392	4,304,031
Cash and cash equivalents at the end of the financial period/year		12,698,295	4,712,392
Cash and cash equivalents comprise the following:			
Cash and short term funds		12,734,231	4,752,210
Overdrafts		(35,936)	(39,818)
		12,698,295	4,712,392
Analysis of purchase of property, plant and equipment:			
Cash		152,600	142,278
Hire-purchase arrangement		2,060	–
		154,660	142,278
The following cash and cash equivalents are not readily available for use by the Group:			
Cash and short term funds of banking subsidiaries for utilisation in the ordinary course of banking business		12,468,192	4,713,151
Account held in trust for clients		133,746	32,401
Account held in trust for sinking fund		105,411	–
		12,707,349	4,745,552

The accompanying accounting policies and notes form an integral part of these financial statements.

Cash flow statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

Company	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	168,617	91,567
Adjustments for:		
Depreciation of property, plant and equipment	805	–
Interest expense	122,837	78,456
Dividend income	(235,919)	(129,147)
Interest income	(103,630)	(53,521)
Operating loss before working capital changes	(47,290)	(12,645)
Decrease in deposits and placements with banks and other financial institutions	305	7,545
Increase in inter-company balances	(137,217)	(111,172)
(Increase)/Decrease in other assets	(3,882)	343
Increase/(Decrease) in other liabilities	5,512	(3,783)
Cash used in operations	(182,572)	(119,712)
Taxation recovered	40,276	–
Net cash used in operating activities	(142,296)	(119,712)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	2,025	3,908
Dividend income received	160,489	74,320
Purchase of property, plant and equipment	(604)	–
Additional investment in a subsidiary	–	(663,554)
Proceeds from disposal of unquoted shares in subsidiaries	–	619,617
Net cash generated from investing activities	161,910	34,291
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expense paid	(121,991)	(69,953)
Dividends paid to shareholders	(157,547)	(98,467)
Proceeds from issuance of bonds	–	700,000
Proceeds from issuance of share capital	36	–
Payment to hire-purchase creditors	(64)	–
Drawdown of borrowings	622,700	444,500
Redemption of bond	–	(150,000)
Repayment of borrowings	(250,000)	(769,500)
Net cash generated from financing activities	93,134	56,580
Net increase/(decrease) in cash and cash equivalents	112,748	(28,841)
Cash and cash equivalents at the beginning of the financial period/year	(37,896)	(9,055)
Cash and cash equivalents at the end of the financial period/year	74,852	(37,896)
Cash and cash equivalents comprise the following:		
Cash and short term funds	110,787	1,922
Overdrafts	(35,935)	(39,818)
	74,852	(37,896)
Analysis of purchase of property, plant and equipment:		
Cash	604	–
Hire-purchase arrangement	2,060	–
	2,664	–

The accompanying accounting policies and notes form an integral part of these financial statements.

Summary of significant accounting policies

The accounting policies of the Group and the Company are consistent with the policies adopted in the previous financial year other than the adoption of the following new applicable approved accounting standards in the current financial period issued by the Malaysian Accounting Standards Board ('MASB'):

(a) MASB Standard 29 'Employee Benefits'

The adoption of this standard does not have any material impact on the financial statements of the Group and the Company.

(b) MASB Standard i-1 'Presentation of Financial Statements of Islamic Financial Institutions'

The adoption of this standard resulted in extended disclosures for the Group's Islamic Banking business. Accordingly, comparatives have been extended to conform with current period's presentation.

The accounting policies of the Group and the Company are summarised below:

(1) Basis of preparation of the financial statements

The financial statements of the Group and the Company have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies and is in accordance with the applicable approved Accounting Standards in Malaysia, directives and guidelines issued by Bank Negara Malaysia ('BNM') and comply with the provisions of the Companies Act, 1965.

The financial statements of the Group incorporate those activities relating to the Islamic Banking business undertaken by the Group in compliance with Shariah principles. Islamic Banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

(2) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries from the date of acquisition up to the end of the financial period except where merger accounting principles are employed, in which case the financial statements of the companies concerned are included for the full period.

Subsidiaries are consolidated using the acquisition method of accounting. Under the method of acquisition accounting, the results of subsidiaries acquired or disposed of during the financial period are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the acquisition cost over the fair value of the Group's share of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill.

All inter-company and intra-group transactions and balances have been eliminated on consolidation.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets together with the goodwill on acquisition.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the latest audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the period is included in the consolidated financial statements. In the consolidated balance sheet, the Group's interest in associates is stated at cost less goodwill on acquisition, plus the Group's share of post-acquisition retained profits and reserves and net of foreign currency translation differences which are taken to reserves.

(3) Investments in subsidiaries

Subsidiaries are those corporations or other entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investments in subsidiaries are stated at cost less any impairment losses. At each balance sheet date, the Company assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Summary of significant accounting policies

(4) Investments in associates

Associates are defined as those corporations or other entities in which the Group exercises significant influence over financial and operating policy decisions through representation on the Board but not the power to exercise control over those policies.

Investments in associates are stated at cost less any impairment losses. At each balance sheet date, the Company assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(5) Goodwill

Goodwill arising on consolidation represents the excess of the purchase price over the fair value of the separable net assets of subsidiaries and associates at the date of acquisition.

Goodwill is retained in the consolidated balance sheet and is stated at cost less any impairment losses. At each balance sheet date, the Group assesses whether there is any indication of impairment in goodwill. If such indications exist, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount.

(6) Income recognition

- (a) Interest income is recognised on an accrual basis. Income earned on hire-purchase, block discounting and leasing business is recognised on the 'sum-of-digits' method. Interest on housing and other secured loans is recognised on a daily basis over the period of the loans. Where an account is classified as 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 the first day of default for loans and overdrafts, and after 3 months from maturity date for trade bills, bankers' acceptances and trust receipts. The policy on suspension of interest is in conformity with BNM's 'Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts'.
- (b) Loan arrangement fees, commissions and placement fees are recognised as income when all conditions precedent are fulfilled.
- (c) Guarantee fees are recognised as income upon issuance of guarantees.
- (d) Commitment fees are recognised as income based on time apportionment.
- (e) Income from Islamic Banking business is recognised on an accrual basis in accordance with the principles of Shariah.
- (f) Income from brokerage commission is recognised when contracts are executed. Interest income from margin financing, clients' overdue outstanding purchases and contra losses are recognised on an accrual basis and where an account is classified as non-performing, recognition of interest income is suspended until it is realised on a cash basis. The policy of classifying an account as non-performing conforms with the requirements of Chapter 11, Schedule 7, Rule 1104.1 laid down in the Rules of Bursa Malaysia Securities Berhad ('Bursa Securities').
- (g) Premium income from general insurance business (net of all reinsurance) is recognised on the assumption of risks. Premium in respect of risks incepted for which policies have not been raised as of the balance sheet date are accrued at the date.
- (h) Corporate advisory fees are recognised as income on completion of each stage of the engagement and issuance of invoice.
- (i) Management fees of the unit trust management company are recognised on an accrual basis. Sales value of trust units is recognised on the approval of a unitholder's application. Value from the cancellation of trust units is recognised on the approval by the Trustee.
- (j) Dividends from subsidiaries and associates are recognised when the shareholders' right to receive payment is established, while dividends from other investments are recognised on receipt basis.

Summary of significant accounting policies

(7) Provision for non-performing debts

Specific provisions are made for debts which have been individually reviewed and specifically identified as non-performing.

A general provision for banking operations based on a percentage of the loan portfolio is also made to cover possible losses which are not specifically identified. General provision for securities operations is made based on a percentage of the total amount due from clients after deducting the amount of interest-in-suspense and specific provision for bad and doubtful debts. These percentages are reviewed annually in the light of past experience and prevailing circumstances and an adjustment is made on the overall general provision, if necessary.

An uncollectible loan or portion of a loan 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 debts is in conformity with the requirements of BNM's 'Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts' (GP3), as well as the requirements of provision for bad and doubtful debts in Chapter 11, Schedule 7, Rule 1104.1 of the Rules of Bursa Securities.

(8) Amount recoverable from Danaharta

The total consideration for loans sold to Pengurusan Danaharta Nasional Berhad ('Danaharta') is received in two portions i.e. upon the sale of the loans ('initial consideration') and upon the recovery of the loans ('final consideration'). The final consideration amount represents the banking subsidiaries' 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 'Amount recoverable from Danaharta'. Provision against these amounts are made in accordance with BNM's 'Guidelines on the Sale of Non-Performing Loans to Danaharta' issued on 30 April 1999 and reflects the assessment of the directors of the banking subsidiaries of the realisable value of the final consideration as at the balance sheet date.

(9) 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 on portfolio basis.

The unquoted shares of Bursa Malaysia Berhad ('Bursa Malaysia') are stated at the fair value of those shares. The directors consider in the absence of an active market for such shares, the fair value shall be based on the net asset value of those shares.

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

(10) 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 the new liquidity framework for banking subsidiaries and are usually held to maturity.

Malaysian government securities, Government investment issues, Malaysian government bonds, Cagamas bonds, 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 stated at lower of cost and market value determined on portfolio basis and allowance is made for any permanent diminution in value.

Other investment securities are stated at cost less allowance for any permanent diminution in value.

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

(11) Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful debts based on review of all outstanding amounts at the end of the financial period. Bad debts are written off during the financial period in which they are identified.

Summary of significant accounting policies

(12) Repurchase agreements

Securities purchased under resale agreements are securities which the banking subsidiaries commit to resell at future dates and is reflected as an asset on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the banking subsidiaries commit to repurchase at future dates and is reflected as a liability on the balance sheet.

(13) Foreclosed properties

Foreclosed properties are stated at cost where an indication of impairment exists, the carrying amount of the assets is assessed and written down immediately to its recoverable amount.

(14) Property, plant and equipment and depreciation

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

Freehold land, buildings in progress and renovations in progress are not depreciated. Other property, plant and equipment are depreciated on a straight line basis over their estimated useful lives at the following annual depreciation rates:

Leasehold land	Amortised over the periods of the leases. The remaining period of the leases range from 13 to 890 years
Buildings, renovation and improvements	2% to 20% or lease period
Computer equipment and software	20% to 33 $\frac{1}{3}$ %
Furniture, fittings and equipment	7 $\frac{1}{2}$ % to 20%
Motor vehicles	20% to 25%

At each balance sheet date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, it is written down immediately to its recoverable amount.

(15) Impairment of assets

Property, plant and equipment and other non-current assets, including intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. The impairment loss is charged to the income statement. Any subsequent increase in recoverable amount is recognised in the income statement.

(16) Forward exchange contracts

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

(17) Financial futures

Financial futures contracts are valued at the closing market prices as at balance sheet date. The resulting profits and losses are included in the income statement.

(18) Bills and acceptances payable

Bills and acceptances payable represent the banking subsidiaries' own bills and acceptances rediscounted and outstanding in the market.

Summary of significant accounting policies

(19) Amount due to Cagamas Berhad ('Cagamas')

In the normal course of commercial banking operations and finance company business, the commercial bank and finance company subsidiaries sell loans to Cagamas but undertake to administer the loans on behalf of Cagamas 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.

For Islamic Banking, the sale of Islamic debt to Cagamas is deemed as a sale and purchase transaction from Shariah point of view. Such financing transactions are net-off with the assets sold on the balance sheet and the obligation to buy back the loans are reflected as assets sold with recourse in the commitment and contingencies.

In the normal course of merchant banking operations, the merchant bank subsidiary enters into agreements with third parties to acquire loans for onward sale to Cagamas. The merchant bank subsidiary is liable in respect of loans which are regarded as defective and this obligation is reflected as a liability on the balance sheet.

(20) Interest rate swaps, futures, forward and option contracts

The banking subsidiaries act as intermediaries with counterparties who wish to swap their interest obligations. These subsidiaries also use interest rate swaps, futures, forward and option contracts in their trading account activities and in overall interest rate risk management.

Interest income or interest expense associated with interest rate swaps that qualify as hedges is recognised over the life of the swap agreement as a component of interest income or interest expense. Gains and losses on interest rate swaps, futures, forward and option contracts that qualify as hedges are deferred and amortised over the life of the hedged assets or liabilities as adjustments to interest income or interest expense.

Gains and losses on interest rate swaps, futures, forward and option contracts that do not qualify as hedges are recognised in the current financial period using the mark-to-market method, and are included in the income statement.

(21) Currency conversion and translation

The financial statements are presented in Ringgit Malaysia.

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating to those ruling at that date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The results of foreign operations, subsidiaries and associates are translated into the Group's reporting currency at average exchange rates for the financial period and the balance sheets are translated at the exchange rates ruling on balance sheet date. Exchange differences arising from the translation of the net investment in foreign entities are charged to retained profits in the shareholders' equity.

The principal closing rates used in translation of foreign currency amounts were as follows:

	31.12.2004	30.6.2003
Foreign currency	RM	RM
1 US Dollar ('USD')	3.80	3.80
1 Singapore Dollar ('SGD')/Brunei Dollar	2.33	2.16
100 Thai Baht	9.77	9.27

Summary of significant accounting policies

(22) Income taxes and zakat

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by foreign subsidiaries and associates on distributions of retained earnings to companies in the Group, and real property gains taxes payable on disposal of properties.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise mainly from depreciation of property, plant and equipment, general provision for loan losses and tax losses carried forward.

Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Zakat is payable by a banking subsidiary to comply with the principles of Shariah and as approved by the Shariah Supervisory Council.

(23) General insurance

General insurance underwriting surplus before management expenses are determined after accounting for net premium, unearned premium reserves, net claims incurred and net commissions.

Provision or reserves for unearned premiums are calculated in accordance with the fixed percentage method or time apportionment method, where applicable. Provision is made for outstanding claims based on the estimated cost of claims, less reinsurance recoveries in respect of claims notified and include claims incurred but not reported by the balance sheet date ('IBNR'). Provision for IBNR is computed using a mathematical method of estimation and is based on an actuarial valuation carried out by an independent actuarial firm.

(24) Finance lease – assets sold under lease

When assets are leased out under a finance lease, the present value of the lease payment is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the sum-of-digits method so as to reflect a constant periodic rate of return on the balance outstanding.

(25) Operating lease – assets purchased under lease

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.

Where an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period when termination takes place.

(26) Assets purchased under hire-purchase

Assets purchased under hire-purchase arrangements are capitalised at inception of the hire-purchase. Outstanding obligations due under hire-purchase agreements after deducting finance charges are treated as liabilities in the financial statements. The interest element of the finance charges is charged to the income statement over the hire-purchase period.

(27) Other provisions

Provisions other than non-performing debts and provision for outstanding claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Provision for restructuring expenses mainly comprise professional fees and other costs relating to the corporate restructuring exercises undertaken and are recognised in the period in which the Group becomes legally or constructively committed to payment.

Summary of significant accounting policies

(28) Borrowings

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

(29) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and short term deposits, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts.

(30) Dividends

Dividends on ordinary shares are recognised as liabilities when shareholders' right to receive the dividends is established.

(31) Employee benefits**(a) Short term employee benefits**

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(b) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to the national pension scheme, the Employees' Provident Fund ('EPF'). The Group's contributions to defined contribution plan are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further legal or constructive obligations.

(32) Profit Equalisation Reserve ('PER') on Islamic Banking business

PER refers to the amount appropriated out of the total gross income to mitigate the undesirable fluctuation of income and to maintain a certain level of return to depositors. The amount is provided based on BNM's circular on 'The Framework of The Rate of Return'. PER is shared by both the depositors and the banking subsidiary and hence is appropriated from and written back to the total gross income in deriving the distributable income. PER is reflected under other liabilities on the balance sheet.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

1 GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Securities.

The principal activity of the Company is investment holding. The Group is involved in commercial banking, merchant banking, finance company business, leasing, offshore banking, offshore trust services, stockbroking and other securities related business, general insurance, unit trust management and nominee and custodian services.

There have been no significant changes in these principal activities during the financial period.

The address of the registered office of the Company is at Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.

2 CHANGE OF FINANCIAL YEAR END

The Company changed its financial year end from 30 June to 31 December to be co-terminous with that of its holding company, Rashid Hussain Berhad. Accordingly, comparative amounts for income statements, changes in shareholders' equity, cash flow and related notes are not comparable.

3 CASH AND SHORT TERM FUNDS

	Group		Company	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Cash and balances with banks and other financial institutions	827,016	594,783	5,376	257
Money at call and deposit placements maturing within one month	11,907,215	4,157,427	105,411	1,665
	12,734,231	4,752,210	110,787	1,922

- (a) Included in cash and balances with banks and other financial institutions of the Group are trust accounts totalling RM10,958,000 (30.6.2003: RM4,089,000) maintained by the stockbroking and other securities related business subsidiaries in trust for clients.
- (b) Included in money at call and deposit placements of the Group are:
- (i) trust accounts totalling RM122,788,000 (30.6.2003: RM28,312,000) maintained by stockbroking and other securities related business subsidiaries in trust for clients and remisiers; and
 - (ii) deposits amounting to RM120,000 (30.6.2003: RMNil) pledged to the licensed banks concerned as securities for facilities granted to its stockbroking and other securities related business subsidiaries.
- (c) Included in money at call and deposit placements of the Group and Company are sinking fund accounts totalling RM105,411,000 (30.6.2003: RMNil) to meet the repayment of the Redeemable Serial Fixed Rate Bonds 2002/2007 as disclosed in Note 23(e).

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

4 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Company	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Licensed banks	515,522	159,558	806	1,111
Licensed finance companies	14,070	16,500	-	-
Other financial institutions	13,524	159,196	-	-
	543,116	335,254	806	1,111

Included in deposits and placements with banks and other financial institutions of the Group are:

- deposits amounting to RMNil (30.6.2003: RM272,000) pledged to the licensed banks concerned as securities for facilities granted to its stockbroking and other securities related business subsidiaries.
- trust accounts amounting to RMNil (30.6.2003: RM11,927,000) maintained by a stockbroking subsidiary in trust for remisers.

5 DEALING SECURITIES

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
Money market instruments:		
Quoted		
Malaysian government securities	347,431	335,078
Government investment issues	995,911	586,198
Cagamas bonds	15,000	119,371
Private debt securities	387,443	1,083,574
Unquoted		
Malaysian government treasury bills	24,782	144,050
Singapore government treasury bills	46,377	-
Thailand government treasury bills	29,096	-
Thailand government bonds	24,930	-
BNM bills	810,482	1,115,144
Negotiable certificates of deposits	1,169,057	2,108,997
Bankers' acceptances and Islamic accepted bills	1,163,655	848,399
Private debt securities	961,893	1,205,180
Promissory notes	26,717	9,835
Fixed rate notes	30,900	-
Cagamas notes	-	199,143
Danamodal bonds	-	53,563
Khazanah bonds	-	51,630
Quoted securities in Malaysia:		
Shares	14,996	23,270
Trust units	5,868	29,502
Unquoted Securities in Malaysia:		
Shares	12,492	-
Total dealing securities	6,067,030	7,912,934

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

5 DEALING SECURITIES (CONTINUED)

	Group	
	31.12.2004	30.6.2003
	RM'000	RM'000
Market value of quoted money market instruments and quoted securities:		
Malaysian government securities	349,751	336,103
Government investment issues	1,013,636	587,089
Cagamas bonds	14,781	119,496
Private debt securities	393,321	1,103,735
Shares	30,721	23,917
Trust units	5,987	29,787
	5,987	29,787

6 INVESTMENT SECURITIES

	Group	
	31.12.2004	30.6.2003
	RM'000	RM'000
Money market instruments:		
Quoted		
Malaysian government securities	2,471,135	1,201,714
Government investment issues	-	361,553
Other government securities	316,128	271,192
Cagamas bonds and Cagamas mudharabah bonds	1,072,076	647,583
Unquoted		
Malaysian government treasury bills	35,028	24,623
Malaysian government bonds	-	7,579
Singapore government treasury bills	104,760	-
Thailand government treasury bills	81,107	-
Other government securities	104,497	198,883
BNM bills	85,069	-
Danaharta bonds	154,198	223,707
Khazanah bonds	45,507	-
Negotiable certificates of deposits	2,333,598	20,374
Bankers' acceptances	329,665	308,356
Private debt securities	4,589,783	3,777,488
Cagamas notes	-	34,632
Danamodal bonds	-	30,236
	11,722,551	7,107,920

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

6 INVESTMENT SECURITIES (CONTINUED)

	Group	
	31.12.2004	30.6.2003
	RM'000	RM'000
Quoted securities:		
In Malaysia		
Floating rate notes	100,700	106,400
Bonds	–	32,129
Corporate loans stocks	136,663	33,339
Shares	232,693	242,419
Warrants	2,134	6,382
Outside Malaysia		
Other government securities	114,000	114,000
Floating rate notes	61,941	86,062
Bonds	87,400	116,482
Shares	2,931	3,213
Unquoted securities:		
In Malaysia		
Promissory notes	375	375
Private debt securities	530,395	506,597
Floating rate notes	18,971	18,971
Bonds	29,047	266,687
Corporate loans stocks	583,756	335,952
Shares	181,461	312,493
Others	–	100
Outside Malaysia		
Private debt securities	7,383	–
Shares	1,365	2,096
Floating rate notes	–	13,788
Bonds	–	24,282
	13,813,766	9,329,687
Accretion of discount less amortisation of premium	37,129	43,032
Allowance for diminution in value of investment securities	(495,671)	(418,106)
Total investment securities	13,355,224	8,954,613

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

6 INVESTMENT SECURITIES (CONTINUED)

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
(a) Market value of quoted money market instruments and quoted securities:		
In Malaysia		
Malaysian government securities	2,472,323	1,192,840
Government investment issues	-	376,320
Cagamas bonds and Cagamas mudharabah bonds	1,078,280	646,851
Floating rate notes	102,046	107,720
Bonds	-	20,965
Corporate loans stocks	91,460	20,585
Shares	115,683	97,420
Warrants	1,857	2,586
Outside Malaysia		
Other government securities	456,063	429,272
Floating rate notes	22,100	35,396
Bonds	88,221	105,534
Shares	1,334	488
(b) The maturity structure of money market instruments held for investment is as follows:		
Maturing within one year	3,496,419	2,159,469
One year to three years	3,195,161	1,122,749
Three years to five years	2,087,278	1,252,198
Over five years	2,943,693	2,573,504
	11,722,551	7,107,920

Included in investment securities is an amount of RM7,661,949,000 (30.6.2003: RM3,474,796,000) being pledged to third parties in relation to securities sold under repurchase agreements.

Included in unquoted shares is a third party redeemable preference shares amounting to RM1,500,000 (30.6.2003: RM1,500,000) with a nominal value of RM1.00 each charged to another third party as part of financing transactions facilitated by subsidiaries.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

7 LOANS, ADVANCES AND FINANCING

	Group	
	31.12.2004	30.6.2003
	RM'000	RM'000
Overdrafts	6,296,659	6,953,563
Term loans		
– fixed rate	3,224,331	3,122,277
– floating rate	21,422,041	20,577,433
Credit card receivables	723,965	390,752
Bills receivable	1,443,917	1,044,835
Trust receipts	570,845	542,357
Staff loans	426,747	388,142
Block financing	4,424	8,278
Floor stocking	9,466	9,097
Hire-purchase debtors	4,922,675	2,771,127
Lease debtors	261,873	457,592
Revolving credit	5,330,564	6,810,679
Claims on customers under acceptance credits	4,589,896	4,562,102
	49,227,403	47,638,234
Less: Unearned interest and income	(774,006)	(406,688)
Gross loans, advances and financing	48,453,397	47,231,546
Provision for bad and doubtful debts		
– specific	(2,455,523)	(2,612,002)
– general	(824,954)	(791,932)
Interest-in-suspense/income-in-suspense	(1,261,183)	(1,381,000)
Net loans, advances and financing	43,911,737	42,446,612

Included in term loans are housing loans sold to Cagamas with recourse amounting to RM3,366,851,000 (30.6.2003: RM560,027,000).

(a) The maturity structure of loans, advances and financing is as follows:

	Group	
	31.12.2004	30.6.2003
	RM'000	RM'000
Maturing within one year	22,269,966	23,967,172
One year to three years	4,065,045	3,799,998
Three years to five years	3,800,016	3,950,292
Over five years	18,318,370	15,514,084
	48,453,397	47,231,546

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

(b) Loans, advances and financing analysed by their economic sectors are as follows:

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
Agriculture	1,523,593	1,963,148
Mining and quarrying	145,974	135,605
Manufacturing	10,237,701	10,464,417
Electricity, gas and water	827,247	1,315,170
Construction	3,190,240	3,502,589
Real estate	1,466,474	2,118,904
Purchase of landed property of which:		
(i) Residential	11,509,342	9,724,046
(ii) Non-residential	1,189,097	1,420,717
General commerce	5,275,438	4,825,264
Transport, storage and communication	1,311,534	1,531,243
Finance, insurance and business services	2,942,029	3,029,047
Purchase of securities	2,071,303	2,117,382
Purchase of transport vehicles	2,665,508	1,386,582
Consumption credit	2,737,095	1,997,932
Others	1,360,822	1,699,500
	48,453,397	47,231,546

(c) Movements in non-performing loans (including interest and income receivables) are as follows:

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
Balance as at the beginning of the financial period/year	7,737,400	6,696,163
Amount arising from acquisition of a subsidiary	-	1,694,399
Non-performing during the financial period/year	3,958,112	2,796,358
Recoveries	(996,459)	(687,676)
Non-performing reclassified as performing	(2,279,449)	(1,522,521)
Amount written off	(1,616,249)	(676,460)
Amount converted to investment securities	(432,981)	(562,859)
Exchange difference	8,810	(4)
Balance as at the end of the financial period/year	6,379,184	7,737,400
Net non-performing loans	2,666,537	3,748,698
% to net loans, advances and financing	5.95	8.51

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

(d) Movements in the provision for non-performing loans and interest-in-suspense/income-in-suspense accounts are as follows:

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
Specific provision		
Balance as at the beginning of the financial period/year	2,612,002	2,069,297
Amount arising from acquisition of a subsidiary	–	498,175
Provision made during the financial period/year	1,245,794	744,755
Transfer to allowance for diminution in value of investment securities	(69,619)	(123,496)
Amount written back in respect of recoveries	(444,477)	(150,722)
Amount written off	(893,828)	(432,954)
Amount transferred from provision for commitment and contingencies	39	7,000
Exchange difference	5,612	(53)
Balance as at the end of the financial period/year	<u>2,455,523</u>	<u>2,612,002</u>
General provision		
Balance as at the beginning of the financial period/year	791,932	698,441
Amount arising from acquisition of a subsidiary	–	95,518
Provision made during the financial period/year	46,320	7,040
Amount written back during the financial period/year	(15,743)	(9,067)
Exchange difference	2,445	–
Balance as at the end of the financial period/year	<u>824,954</u>	<u>791,932</u>
% of total loans less specific provision and interest-in-suspense/income-in-suspense	<u>1.84</u>	1.80
Interest-in-suspense/Income-in-suspense		
Balance as at the beginning of the financial period/year	1,381,000	956,485
Amount arising from acquisition of a subsidiary	–	342,289
Interest suspended during the financial period/year	883,237	570,723
Transfer to allowance for diminution in value of investment securities	(16,447)	(18,754)
Amount written back in respect of recoveries	(326,135)	(208,106)
Amount written off	(661,880)	(261,630)
Exchange difference	1,408	(7)
Balance as at the end of the financial period/year	<u>1,261,183</u>	<u>1,381,000</u>

8 CLIENTS' AND BROKERS' BALANCES

Clients' and brokers' balances are stated net of provision for doubtful debts and interest-in-suspense of RM7,987,000 (30.6.2003: RM7,496,000) and RM11,650,000 (30.6.2003: RM6,988,000) respectively.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

9 OTHER ASSETS

	Group		Company	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Other debtors, deposits and prepayments	214,002	194,368	36,900	33,018
Accrued interest receivable	114,955	99,538	44	30
Foreclosed properties	-	1,291	-	-
Housing loans acquired for sale to Cagamas (a)	-	16,544	-	-
	328,957	311,741	36,944	33,048

(a) Housing loans acquired for sale to Cagamas

In the normal course of its banking operations, the merchant bank subsidiary entered into agreements with third parties to acquire loans for onward sale to Cagamas. Included in 'Amount due to Cagamas' is the outstanding balance of RMNil (30.6.2003: RM16,544,000) for which the merchant bank subsidiary is liable in respect of loans sold to Cagamas.

10 AMOUNT DUE FROM HOLDING COMPANY

The amount due from holding company is unsecured, carries interest rate of 0.2% (30.6.2003: 0.2%) per annum above the average cost of funds ('COF') of the Company and is repayable on demand.

11 AMOUNT RECOVERABLE FROM DANAHARTA

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
Balance as at the beginning of the financial period/year	5,552	87,893
Provision made during the financial period/year	(5,552)	(80,513)
Amount recovered	-	(1,828)
Balance as at the end of the financial period/year	-	5,552

12 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from and to subsidiaries are unsecured and have no fixed terms of repayments. Approximately RM135,330,000 (30.6.2003: RM141,194,000) amounts due from subsidiaries and RM3,244,316,000 (30.6.2003: RM3,243,690,000) amounts due to subsidiaries are interest free while the remaining amounts bear interest equivalent to the cost of funds of the respective subsidiaries.

13 STATUTORY DEPOSITS

Included in statutory deposits are:

- non-interest bearing statutory deposits of RM1,424,281,000 (30.6.2003: RM1,278,221,000) relating to the banking and finance subsidiaries which are maintained with BNM in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised-1994), with the Ministry of Finance, Negara Brunei Darussalam in compliance with Section 6A of the Banking Act, and with the Monetary Authority of Singapore in compliance with Banking Act, Cap. 19 and Singapore Finance Companies Act, Cap 108. The amounts are determined by the respective authorities.
- interest bearing statutory deposits of RM100,000 (30.6.2003: RM100,000) relating to a trust subsidiary which is maintained with a banking subsidiary in accordance with Section 4(2)(d) of the Labuan Trust Companies Act, 1990.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

14 DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
Deferred tax assets	199,880	178,211
Deferred tax liabilities	(2,665)	(22,370)
	<u>197,215</u>	<u>155,841</u>
Balance as at the beginning of the financial period/year	155,841	334,620
Amount arising from disposal of a subsidiary	27	-
Transfer from/(to) income statement (Note 36)	41,118	(178,779)
Exchange difference	229	-
Balance as at the end of the financial period/year	<u>197,215</u>	<u>155,841</u>

The movements in deferred tax assets and liabilities during the financial period, prior to offsetting of balances, comprise the following:

Group	Temporary differences arising from leasing business	Property, plant and equipment	Interest-in- suspense/ income-in- suspense	General provision on loans, advances and financing	Tax losses	Provision for liability	Other temporary differences	Total
31.12.2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax assets								
Balance as at the beginning of the financial period	(25,333)	937	7,003	211,420	8,279	336	-	202,642
Transfer from/(to) income statement	33,297	112	(1,793)	6,800	(3,300)	(22)	815	35,909
Exchange difference	-	-	-	-	30	201	-	231
Balance as at the end of the financial period	<u>7,964</u>	<u>1,049</u>	<u>5,210</u>	<u>218,220</u>	<u>5,009</u>	<u>515</u>	<u>815</u>	<u>238,782</u>

Property, plant and equipment	Other temporary differences	Total
RM'000	RM'000	RM'000

Deferred tax liabilities

Balance as at the beginning of the financial period	(41,076)	(5,725)	(46,801)
Amount arising from disposal of a subsidiary	-	27	27
Transfer from income statement	3,422	1,787	5,209
Exchange difference	-	(2)	(2)
Balance as at the end of the financial period	<u>(37,654)</u>	<u>(3,913)</u>	<u>(41,567)</u>

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year, prior to offsetting of balances, comprise the following (continued):

Group 30.6.2003	Property, plant and equipment RM'000	Interest-in- suspense/ income-in- suspense RM'000	General provision on loans, advances and financing RM'000	Tax losses RM'000	Provision for liability RM'000	Other temporary differences RM'000	Total RM'000
Deferred tax assets							
Balance as at the beginning of the financial year	1,115	234,687	177,686	4,161	458	23	418,130
Transfer (to)/from income statement	(178)	(227,684)	33,734	4,118	(122)	(23)	(190,155)
Balance as at the end of the financial year	937	7,003	211,420	8,279	336	-	227,975
Temporary differences							
	arising from leasing business RM'000	Property, plant and equipment RM'000	Other temporary differences RM'000	Total RM'000			
Deferred tax liabilities							
Balance as at the beginning of the financial year	(31,079)	(44,928)	(7,503)	(83,510)			
Transfer from income statement	5,746	3,852	1,778	11,376			
Balance as at the end of the financial year	(25,333)	(41,076)	(5,725)	(72,134)			

Deferred tax assets have not been recognised on the following as it is not probable that the relevant subsidiaries will generate sufficient future taxable profits available against which the deductible temporary differences can be utilised:

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
Unabsorbed tax losses carried forward	3,225,513	3,244,366
Unabsorbed capital allowances carried forward	55	42
	3,225,568	3,244,408

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

15 INVESTMENTS IN SUBSIDIARIES

	Company	
	31.12.2004 RM'000	30.6.2003 RM'000
Unquoted shares in Malaysian companies, at cost	6,970,967	6,970,967
Unquoted shares in companies outside Malaysia, at cost	7,771	7,771
	6,978,738	6,978,738
Impairment loss on subsidiaries	(198,444)	(198,444)
	6,780,294	6,780,294

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest		Principal activities
			31.12.2004 %	30.6.2003 %	
RHB Bank Berhad	Malaysia	1,949,985,976	70	70	Commercial banking
RHB Bank (L) Ltd	Malaysia	USD54,000,000	70	70	Offshore banking
RHB Capital Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	70	70	Nominee services for Malaysian beneficial shareholders
RHB Capital Nominees (Asing) Sdn Bhd	Malaysia	10,000	70	70	Nominee services for foreign beneficial shareholders
RHB Investment Ltd ¹	Singapore	S\$19,000,000	70	70	Property investment and rental
Banfora Pte Ltd ¹	Singapore	S\$25,000,000	70	70	Property investment and rental
RHB Bank Nominees Pte Ltd ¹	Singapore	S\$100,000	70	70	Nominee services
RHB Delta Finance Berhad	Malaysia	150,000,000	70	70	Finance company
RHB Leasing Sdn Bhd	Malaysia	10,000,000	70	70	Leasing company
RHB Trade Services Limited ¹	Hong Kong	HK\$2	70	70	Processing of letters of credits reissuance favouring Hong Kong beneficiaries
RHB Capital Properties Sdn Bhd	Malaysia	21,800,000	70	70	Property investment
Utama Assets Sdn Bhd	Malaysia	2,300,000	70	70	Property investment

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest		Principal activities
			31.12.2004 %	30.6.2003 %	
RHB Sakura Merchant Bankers Berhad	Malaysia	338,646,000	100	100	Merchant banking
RHB Unit Trust Management Berhad	Malaysia	2,000,000	100	100	Management of unit trust funds
RHB Merchant Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	100	100	Nominee services for Malaysian beneficial shareholders
RHB Merchant Nominees (Asing) Sdn Bhd	Malaysia	10,000	100	100	Nominee services for foreign beneficial shareholders
RHB Securities Sdn Bhd	Malaysia	200,000,000	100	100	Stockbroking
RHB Nominees Sdn Bhd	Malaysia	25,000	100	100	Nominee and custodian services
RHB Nominees (Asing) Sdn Bhd	Malaysia	25,000	100	100	Nominee and custodian services for foreign beneficial shareholders
RHB Nominees (Tempatan) Sdn Bhd	Malaysia	25,000	100	100	Nominee and custodian services for Malaysian beneficial shareholders
RHB Asset Management Sdn Bhd	Malaysia	2,000,000	100	100	Asset management
RHB Research Institute Sdn Bhd	Malaysia	500,000	100	100	Research services
RHB Futures Sdn Bhd	Malaysia	13,500,000	100	100	Futures and options broker
RHB Marketing Services Sdn Bhd	Malaysia	100,000	100	100	Investment holding
Straits Asset Holdings Sdn Bhd	Malaysia	45,000,000	100	100	Investment holding
Straits-G.K. Goh Research Sdn Bhd ²	Malaysia	500,000	–	100	Research services
RHB Management Services (Jersey) Limited	Jersey, Channel Islands	GBP12	100	100	Management services
RHB Insurance Berhad	Malaysia	100,000,000	79.5	79.5	General insurance

Notes to the financial statements

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15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest		Principal activities
			31.12.2004 %	30.6.2003 %	
RHB International Trust (Labuan) Sdn Bhd	Malaysia	150,000	100	100	Offshore trust company
RHB International Trust (L) Ltd ³	Malaysia	USD2	100	–	Offshore trust company
RHB Hartanah Sdn Bhd	Malaysia	100,000	100	100	Property investment
RHB Equities Sdn Bhd ⁴	Malaysia	20,000,000	100	100	Equity related services
RHB Asia Pte Ltd ¹	Singapore	S\$12,000,000	100	100	Investment holding
RHB Capital (Jersey) Limited	Jersey, Channel Islands	GBP4,012	100	100	Investment holding
RHB Overseas Limited	Jersey, Channel Islands	GBP100	100	100	Investment holding
RHB Capital Berhad's dormant subsidiaries					
RHB Bena Sdn Bhd	Malaysia	5,000,000	100	100	Dormant
RHBF Sdn Bhd	Malaysia	148,145,176	100	100	Dormant
KYF Sdn Bhd	Malaysia	50,000,000	100	100	Dormant
Kwong Yik Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	100	100	Dormant
Kwong Yik Nominees (Asing) Sdn Bhd	Malaysia	10,000	100	100	Dormant
KYB Trust Management Sdn Bhd	Malaysia	2	100	100	Dormant
RHB Dynamic Technologies Sdn Bhd	Malaysia	100,000	100	100	Dormant
KYB Sdn Bhd	Malaysia	1,735,137,489	100	100	Dormant
Rashid Hussain Securities (Philippines) Inc ^{1,5}	Philippines	PHP180,000,000	100	100	Dormant
PT Rashid Hussain Securities ^{1,6}	Indonesia	IDR35,000,000,000	85	85	Dormant

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest		Principal activities
			31.12.2004 %	30.6.2003 %	
RHB Bank Berhad's dormant subsidiaries					
UMBC Sdn Bhd	Malaysia	499,999,818	70	70	Dormant
USB Nominees Sdn Bhd	Malaysia	10,000	70	70	Dormant
USB Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	70	70	Dormant
USB Nominees (Asing) Sdn Bhd	Malaysia	10,000	70	70	Dormant
RHB Delta Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	70	70	Dormant
INFB Jaya Sdn Bhd	Malaysia	50,000,000	70	70	Dormant
Utama Gilang Sdn Bhd	Malaysia	800,000,000	70	70	Dormant
U.B. Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	70	70	Dormant
RHB Sakura Merchant Bankers Berhad's dormant subsidiaries					
RHB Venture Capital Sdn Bhd	Malaysia	2	100	100	Dormant
RHB Holdings Sdn Bhd	Malaysia	2	100	100	Dormant
Semara Jaya Sdn Bhd ⁷	Malaysia	2	–	100	Dormant
Straits Nominees (Tempatan) Sdn Bhd	Malaysia	25,000	100	100	Dormant
Straits Nominees (Asing) Sdn Bhd	Malaysia	25,000	100	100	Dormant
SFSB Services (Melaka) Sdn Bhd	Malaysia	5,000,000	100	100	Dormant
SSSB Services (Melaka) Sdn Bhd	Malaysia	40,000,000	100	100	Dormant

Notes:

- ¹ Subsidiaries audited by overseas firms associated with PricewaterhouseCoopers, Malaysia.
- ² The company ceased to be a subsidiary of Straits Asset Holdings Sdn Bhd with effect from 18 July 2003.
- ³ The company is incorporated in the Federal Territory of Labuan on 19 December 2003 under the Offshore Companies Act, 1990.
- ⁴ With effect from 1 July 2001, the company's activities relate primarily to recovery of outstanding debts.
- ⁵ The company has ceased operations effective from the close of business on 10 December 2001.
- ⁶ The company has ceased operations on 31 July 2001 and commenced proceedings for members' voluntary dissolution.
- ⁷ With effect from 7 October 2004, the company has been dissolved following the strike-off procedure pursuant to Section 308 of the Companies Act, 1965.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

16 INVESTMENTS IN ASSOCIATES

	31.12.2004 RM'000	30.6.2003 RM'000
Group		
Share of net assets other than goodwill of associates		
– in Malaysia	16,135	16,987
– outside Malaysia	–	4,269
	16,135	21,256
Company		
Unquoted shares, at cost	36,000	36,000

The details of the associates are as follows:

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest		Principal activities
			31.12.2004 %	30.6.2003 %	
Positive Properties Sdn Bhd	Malaysia	23,040,000	50	50	Property investment
RHB-Cathay Securities Pte Ltd ¹	Singapore	S\$3,000,000	49	49	Dormant
RHB-Cathay Nominees Pte Ltd ²	Singapore	S\$2	–	49	Dormant
CMS Trust Management Berhad	Malaysia	6,765,300	34.3	34.3	Management of unit trust funds

Notes:

- Disposal of the company's stockbroking business to UOB-Kay Hian Pte Ltd was completed in financial year ended 30 June 2002. On 21 December 2003, the company commenced members' voluntary winding up.
- The company has been dissolved on 8 July 2003.

17 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land, buildings and renovation	Leasehold land and buildings	Buildings renovation and improvements	Computer equipment and software	Furniture, fittings and equipment	Motor vehicles	Total
31.12.2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
Balance as at the beginning of the financial period	632,429	194,720	85,140	573,757	212,678	34,354	1,733,078
Additions	40,940	137	482	98,246	7,668	7,187	154,660
Arising from disposal of a subsidiary	–	–	–	(167)	(163)	(258)	(588)
Disposals	(4,685)	(4,417)	–	(1,504)	(274)	(15,578)	(26,458)
Write-offs	(7,668)	–	(5)	(10,189)	(7,726)	(5)	(25,593)
Exchange difference	1,926	9,308	–	601	861	112	12,808
Reclassification	(792)	–	–	676	116	–	–
Balance as at the end of the financial period	662,150	199,748	85,617	661,420	213,160	25,812	1,847,907

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land, buildings and renovation RM'000	Leasehold land and buildings RM'000	Buildings renovation and improve- ments RM'000	Computer equipment and software RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
31.12.2004							
Accumulated depreciation							
Balance as at the beginning of the financial period	119,114	11,632	24,777	353,176	184,835	28,124	721,658
Charge for the financial period	25,978	2,743	259	118,722	15,217	4,000	166,919
Arising from disposal of a subsidiary	-	-	-	(99)	(98)	(155)	(352)
Disposals	(303)	(162)	-	(972)	(271)	(15,393)	(17,101)
Write-offs	(5,231)	-	(1)	(8,942)	(7,692)	(3)	(21,869)
Exchange difference	902	135	-	578	788	112	2,515
Reclassification	37	-	-	634	(671)	-	-
Balance as at the end of the financial period	140,497	14,348	25,035	463,097	192,108	16,685	851,770
Accumulated impairment loss							
Balance as at the beginning of the financial period	-	13,533	-	2,925	-	-	16,458
Charge for the financial period	1,132	11,907	-	-	-	-	13,039
Exchange difference	-	1,144	-	-	-	-	1,144
Balance as at the end of the financial period	1,132	26,584	-	2,925	-	-	30,641
Net book value as at the end of the financial period	520,521	158,816	60,582	195,398	21,052	9,127	965,496
30.6.2003							
Cost	632,429	194,720	85,140	573,757	212,678	34,354	1,733,078
Accumulated depreciation	(119,114)	(11,632)	(24,777)	(353,176)	(184,835)	(28,124)	(721,658)
Accumulated impairment loss	-	(13,533)	-	(2,925)	-	-	(16,458)
Net book value as at the end of the financial year	513,315	169,555	60,363	217,656	27,843	6,230	994,962

Included in the net book value of motor vehicles is an amount of RM1,760,000 (30.6.2003: RMNil) which is purchased under hire-purchase arrangement.

Included in the freehold land, buildings and renovation is cost of freehold land amounting to RM148,622,000 (30.6.2003: RM151,441,000).

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The net book values of short term (unexpired period of less than fifty years) and long term (unexpired period of fifty years or more) leasehold land and buildings are RM7,661,000 (30.6.2003: RM7,336,000) and RM155,735,000 (30.6.2003: RM162,219,000) respectively. Included in the net book values of the short term and long term leasehold land and buildings are leasehold land amounting to RM471,000 (30.6.2003: RM513,000) and RM96,985,000 (30.6.2003: RM101,826,000) respectively.

Included in the freehold land, buildings and renovation is a property at cost of RM301,916,000 (30.6.2003: RM303,140,000) belonging to a wholly-owned subsidiary which has been charged as collateral for the Company's borrowings as at 31 December 2004.

The above property, plant and equipment include the following assets under construction:

	Group	
	31.12.2004	30.6.2003
	RM'000	RM'000
At cost		
Freehold land, buildings and renovation	5,992	101,647
Furniture, fittings and equipment	11,232	29,771
	17,224	131,418

Company	Computer equipment and software	Furniture, fittings and equipment	Motor vehicles	Total
31.12.2004	RM'000	RM'000	RM'000	RM'000
Cost				
Balance as at the beginning of the financial period	-	-	-	-
Transfer in	10	10	-	20
Additions	132	18	2,514	2,664
Balance as at the end of the financial period	142	28	2,514	2,684
Accumulated depreciation				
Balance as at the beginning of the financial period	-	-	-	-
Transfer in	6	6	-	12
Charge for the financial period	42	9	754	805
Balance as at the end of the financial period	48	15	754	817
Net book value as at the end of the financial period	94	13	1,760	1,867

Included in the net book value of motor vehicles is an amount of RM1,760,000 which is purchased under hire-purchase arrangement.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

18 GOODWILL

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
Balance as at the beginning of the financial period/year	1,193,195	264,883
Amount arising from the acquisition of subsidiaries	-	928,312
Fair value adjustment on assets acquired in previous year	(21,000)	-
Balance as at the end of the financial period/year	<u>1,172,195</u>	<u>1,193,195</u>
The breakdown of the goodwill is as follows:		
Subsidiaries	1,164,308	1,185,308
Associates	7,887	7,887
	<u>1,172,195</u>	<u>1,193,195</u>

19 DEPOSITS FROM CUSTOMERS

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
Demand deposits	12,749,497	10,247,056
Savings deposits	4,521,857	3,928,838
Fixed deposits	32,561,105	33,787,549
Promissory notes	199,000	10,700
Negotiable certificates of deposits	135,793	547,288
	<u>50,167,252</u>	<u>48,521,431</u>
(a) The maturity structure of fixed deposits, promissory notes and negotiable certificates of deposits is as follows:		
Due within six months	25,687,741	27,032,144
Six months to one year	6,679,131	6,449,046
One year to three years	454,580	844,085
Three years to five years	74,436	19,612
Over five years	10	650
	<u>32,895,898</u>	<u>34,345,537</u>
(b) The deposits are sourced from the following classes of customers:		
Business enterprises	22,843,687	24,184,978
Individuals	22,079,018	18,789,523
Others	5,244,547	5,546,930
	<u>50,167,252</u>	<u>48,521,431</u>

20 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
Licensed banks	5,679,881	2,353,032
Licensed finance companies	-	40,500
Other financial institutions	1,444,061	1,487,049
	<u>7,123,942</u>	<u>3,880,581</u>

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

21 CLIENTS' AND BROKERS' BALANCES

Included in clients' and brokers' balances are clients' trust balances held by the stockbroking subsidiary in trust of RM128,862,000 (30.6.2003: RM38,064,000).

22 OTHER LIABILITIES

	Group		Company	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Other creditors and accruals	331,067	243,861	6,676	10,388
Accrued interest payable	303,946	307,365	15,287	14,441
Amount due to BNM (a)	276,769	164,703	–	–
Accruals for operational expenses	143,186	179,571	–	–
General insurance fund (b)	115,265	89,021	–	–
Lessee deposits	74,063	53,766	–	–
Hire-purchase instalment received in advance	53,546	1,756	–	–
Short term employee benefits	41,233	56,595	–	–
Remisiers' trust deposits	13,085	11,927	–	–
Credit Guarantee Corporation Funding Programme	756	452	–	–
Amount payable for sale of units	–	18,586	–	–
Amount payable for creation of units due to funds	14,037	14,980	–	–
Provision for commitments and contingencies (c)	–	21,439	–	–
Provision for restructuring expenses (d)	–	7,250	–	–
Hire-purchase creditors (e)	1,996	–	1,996	–
	1,368,949	1,171,272	23,959	24,829

(a) Amount due to BNM

The 'Amount due to BNM' mainly comprises of collections on ex-Sime Bank's non-performing loans sold to BNM which are managed by RHB Bank. Amount due to BNM was subject to interest at rates ranging from 2.80% to 3.27% (30.6.2003: 2.84% to 3.01%) per annum.

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
(b) General insurance fund		
Provision for outstanding claims	74,801	56,333
Unearned premium reserve	40,464	32,688
	115,265	89,021
(c) Provision for commitments and contingencies		
Balance as at the beginning of the financial period/year	21,439	28,439
Amount written off	(21,400)	–
Amount transferred to specific provision for loans, advances and financing	(39)	(7,000)
Balance as at the end of the financial period/year	–	21,439

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

22 OTHER LIABILITIES (CONTINUED)

(d) Provision for restructuring expenses

	Group		Company	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Balance as at the beginning of the financial period/year	7,250	6,633	-	1,234
Provision made during the financial period/year	-	5,000	-	-
Utilised during the financial period/year	(5,462)	(3,149)	-	-
Unutilised amount reversed	(1,788)	(1,234)	-	(1,234)
Balance as at the end of the financial period/year	-	7,250	-	-
Current – less than one year	-	7,250	-	-

The provision relates to the restructuring of the commercial bank subsidiary, RHB Bank, which includes the acquisition of Bank Utama (Malaysia) Berhad (now known as Utama Gilang Sdn Bhd) ('Bank Utama'), the issuance of RM800 million Tier II subordinated bonds 2002/2012 and the rationalisation expenses from the merger of Bank Utama and RHB Bank.

(e) Hire-purchase creditors

	Group and Company	
	31.12.2004 RM'000	30.6.2003 RM'000
Minimum lease payment		
– not later than one year	471	-
– later than one year and not later than two years	471	-
– later than two years and not later than five years	1,330	-
	2,272	-
Future finance charges on hire-purchase	(276)	-
Present value of hire-purchase creditors	1,996	-
Current	372	-
Non-current	1,624	-
	1,996	-
Present value of hire-purchase creditors		
– not later than one year	372	-
– later than one year and not later than two years	393	-
– later than two years and not later than five years	1,231	-
	1,996	-

Hire-purchase are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The effective average interest rates of hire-purchase creditors at balance sheet date is 5.4% (30.6.2003: Nil) per annum.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

23 BORROWINGS

		Group		Company	
		31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Secured:					
Revolving credits	(a)	318,000	20,000	318,000	20,000
Term loans	(b)	240,000	150,000	240,000	150,000
Unsecured:					
Revolving credits	(c)	127,200	220,000	122,200	137,500
Overdrafts	(d)	35,936	39,818	35,935	39,818
Redeemable Serial Fixed Rate Bonds 2002/2007	(e)	500,000	500,000	500,000	500,000
7.5% Bonds 2003/2009	(f)	200,000	200,000	200,000	200,000
		1,421,136	1,129,818	1,416,135	1,047,318
Maturity period of borrowings:					
Repayable within one year		586,136	279,818	581,135	197,318
One year to three years		375,000	275,000	375,000	275,000
Three years to five years		460,000	375,000	460,000	375,000
Over five years		–	200,000	–	200,000
		1,421,136	1,129,818	1,416,135	1,047,318

The borrowings of the Group and the Company are as follows:

(a) Revolving credits (secured)

Secured revolving credit facilities of RM318,000,000 (30.6.2003: RM20,000,000) are secured against a property of a wholly-owned subsidiary, shares of the Company owned by the holding company and standby letter of credit from a Labuan offshore bank. The secured revolving credit facilities bear interest at rates ranging from 3.60% to 5.35% (30.6.2003: 3.63% to 4.73%) per annum.

(b) Term loans (secured)

The secured term loans of RM240,000,000 (30.6.2003: RM150,000,000) are secured against a property of a wholly-owned subsidiary and shares of the Company owned by the holding company. The term loans bear interest at rate of 7.50% (30.6.2003: 7.90%) per annum.

(c) Revolving credits (unsecured)

The unsecured revolving credit facilities of RM127,200,000 (30.6.2003: RM220,000,000) bear interest at rates ranging from 3.97% to 5.75% (30.6.2003: 3.55% to 6.00%) per annum.

(d) Overdrafts (unsecured)

The unsecured overdrafts bear interest at rates ranging from 7.25% to 8.00% (30.6.2003: 8.00%) per annum.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

23 BORROWINGS (CONTINUED)

(e) Redeemable Serial Fixed Rate Bonds 2002/2007

On 1 November 2002, the Company issued RM500 million in aggregate nominal value of redeemable unsecured serial fixed rate bonds ('Serial Bonds'). The Serial Bonds comprising 3 series, are as follows:

Series	Nominal value RM'million	Maturity date	Coupon rate (per annum)
1	125.0	1 November 2005	6.0%
2	125.0	1 November 2006	6.2%
3	250.0	1 November 2007	6.4%

The coupon payment is payable semi-annually in arrears in May and November each year from May 2003 with the final coupon payment to be made on the respective maturity dates of each series.

A sinking fund is created by the Company and administered by the trustee of the Serial Bonds to ensure repayment of the Serial Bonds on maturity date. Dividend income from subsidiaries received by the Company will first be credited into the said sinking fund to ensure the following balances are met at their respective dates:

	Minimum balance RM'million
As at 30 April 2004	50.0
As at 30 April 2005	125.0
As at 30 April 2006	125.0
As at 30 April 2007	125.0

As at 31 December 2004, the Company has fulfilled the existing sinking fund requirements.

(f) 7.5% Bonds 2003/2009

The Company had on 4 April 2003 issued RM200 million nominal amount of bonds 2003/2009 ('Bonds 2003/2009'). The Bonds 2003/2009, with tenure of 6 years, bear interest at rate of 7.5% per annum, payable semi-annually in arrears, from October 2003. A sinking fund is created by the Company and administered by the trustee of the Bonds 2003/2009 to ensure repayment of the Bonds 2003/2009 on maturity date. Dividend income from subsidiaries received by the Company will first be deposited into the Serial Bonds' sinking fund and any excess thereof shall then be deposited into the Bonds 2003/2009 sinking fund until the minimum balances are met at the respective dates:

	Minimum balance RM'million
As at 4 April 2007	50.0
As at 4 April 2008	100.0
As at 4 April 2009	200.0

The Company had on 17 January 2005 fully redeemed the Bonds 2003/2009.

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FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

24 SUBORDINATED OBLIGATIONS

		Group	
		31.12.2004	30.6.2003
		RM'000	RM'000
8.2% RM165 million Tier II subordinated bonds 2002/2012	(a)	165,000	165,000
6.85% RM800 million Tier II subordinated bonds 2002/2012	(b)	800,000	800,000
6.625% USD150 million Tier II subordinated notes 2002/2013	(c)	568,080*	567,722 *
		1,533,080	1,532,722

* Net of unaccrued discount of RM1.9 million (30.6.2003: RM2.3 million)

(a) 8.2% RM165 million Tier II Subordinated Bonds 2002/2012

On 9 December 2002, RHB Sakura issued a 10 year non-callable 5-year Subordinated Bonds for an aggregate nominal value of RM165 million at par ('Sub Bonds'). The Sub Bonds are redeemable unsecured subordinated obligations of RHB Sakura and qualified as Tier II capital for the purpose of BNM's capital adequacy requirements.

The Sub Bonds constitute redeemable unsecured obligations of RHB Sakura, subordinated in right and priority of payment, to the extent and in the manner provided in the terms of the Sub Bonds, to all deposit liabilities and other liabilities of RHB Sakura except those liabilities which by their terms rank *pari passu* in right of priority of payment with or subordinate to the Sub Bonds. The Sub Bonds are, in the event of a distribution of assets in the winding up or liquidation of RHB Sakura, rank senior to the share capital of RHB Sakura.

The Sub Bonds was used as part settlement of the transfer consideration paid by RHB Sakura for the Transfer of the Securities and Securities Related Business Entities from the Company to RHB Sakura pursuant to the Group Restructuring Scheme of the RHB Group.

The coupon for Sub Bonds shall be accrued at the rate of 8.2% per annum and commencing from the beginning of the sixth year from the issue date, the coupon rate shall be stepped up to 10.7% per annum to the maturity date. Coupon payments are payable semi-annually in arrears, with the last payment to be made on the maturity date.

(b) 6.85% RM800 million Tier II Subordinated Bonds 2002/2012

On 24 December 2002, RHB Bank issued a RM800 million nominal value 10 year redeemable unsecured Subordinated Bonds ('Sub-Bonds'). The Sub-Bonds are due in 2012. The Sub-Bonds may be redeemed at par at the option of RHB Bank on its fifth anniversary date ('First Redemption Date') or on each anniversary of the First Redemption Date up to the maturity date.

Interest on the Sub-Bonds shall be accrued at 6.85% per annum for the first five years ('Initial Coupon'). From the First Redemption Date onwards until the maturity date, the coupon rate shall be increased by 1.5% above the Initial Coupon rate or be equivalent to the base lending rate of Malayan Banking Berhad prevailing as at the First Redemption Date plus 1.5% whichever is higher. Interest is payable semi-annually in arrears from the date of issuance until the maturity date.

The Sub-Bonds constitute direct, unconditional, subordinated and unsecured obligations of RHB Bank, and will rank *pari passu* without any preference amongst themselves.

(c) 6.625% USD150 million Tier II Subordinated Notes 2002/2013

On 27 December 2002, RHB Bank issued a USD150 million nominal value (RM570 million equivalent) 10 year Subordinated Notes ('Sub-Notes') due 2013, callable with step-up in 2008 at 6.625% maturing on 25 January 2013. RHB Bank may at its option, subject to prior written approval of BNM, redeem the Sub-Notes on 25 January 2008 at their principal amount plus accrued interest. In addition, RHB Bank may at its option, subject to prior written approval as aforesaid, redeem the Sub-Notes at any time at their principal amount plus accrued interest in the event of certain changes affecting taxation in Malaysia as described under the 'Terms and Conditions of the Notes – Redemption and Purchase'.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

24 SUBORDINATED OBLIGATIONS (CONTINUED)

- (c) 6.625% USD150 million Tier II Subordinated Notes 2002/2013 (continued)

Interest on the Notes shall be accrued at 6.625% per annum from issue date to, but excluding 25 January 2008 and, thereafter, at rate per annum equal to the US Treasury Rate (as defined under 'Terms and Conditions of the Notes – Interest') plus 6.475%. Interest is payable in arrears on 25 July and 25 January in each year, commenced on 25 July 2003.

The Sub-Notes constitute direct, unsecured and subordinated obligations of RHB Bank, and will rank *pari passu* with the RM800 million Sub-Bonds due 2012. The Sub-Notes will rank *pari passu* without any preference amongst themselves.

25 IRREDEEMABLE NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES ('INCPS')

The salient features of the INCPS are as follows:

- (a) A non-cumulative preferential dividend (less tax) is payable at the following rates:
- (i) for the period from the date of issue of INCPS to the day preceding the fifth anniversary date of issue of the INCPS, a non-cumulative preferential dividend at the rate of 8% (less tax) per annum; and
 - (ii) thereafter, a non-cumulative preferential dividend at the rate of 10% (less tax) per annum.
- (b) Save and except that the INCPS shall rank in priority to RHB Bank's ordinary shares as regards to the preferential dividend, and with regards to the return of capital in the event of winding up, the INCPS holders have no right to participate in the surplus assets and profits of RHB Bank.
- (c) The INCPS carry no right to attend and vote at general meetings of RHB Bank unless the dividends on the INCPS are in arrears for more than 3 months or the general meeting is:
- (i) for any resolution which varies or is deemed to vary the rights and privileges of such INCPS; or
 - (ii) for any resolution for winding up of RHB Bank.
- (d) Holders of the INCPS have the option of converting the INCPS into new RHB Bank's ordinary shares in the first 5 years from the date of issue of the INCPS ('Conditional Conversion Period') should:
- (i) RHB Bank cease to be a subsidiary of the Company; or
 - (ii) the risk weighted capital adequacy ratio of RHB Bank falls to a level at or below 8.5% and this is not remedied within 3 months from the occurrence of such event; or
 - (iii) at any time the aggregate of dividends which are missed and not paid, exceed 4% of the par value of the INCPS; or
 - (iv) at any time after the Conditional Conversion Period, at the Optional Conversion Price. The Optional Conversion Price means the consolidated net assets per RHB Bank's ordinary share based on its consolidated management financial statements immediately preceding the date of conversion multiplied by 1.2 times. The Optional Conversion Price is subject to adjustments under certain circumstances in accordance with the terms of the INCPS.
- (e) In the event RHB Bank undertakes an initial public offering of shares for the purpose of seeking a listing on the Bursa Securities, the outstanding INCPS will be mandatorily converted based on a specified price which would yield a return of 12% per annum on the INCPS.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

26 SHARE CAPITAL

	Company	
	31.12.2004 RM'000	30.6.2003 RM'000
Authorised:		
Ordinary shares of RM1.00 each		
Balance as at the beginning/end of the financial period/year	2,500,000	2,500,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
Balance at the beginning of the financial period/year	1,823,468	1,823,468
Issue of shares pursuant to exercise of warrants	7	-
Balance at the end of the financial period/year	1,823,475	1,823,468

27 RESERVES

The reserve funds represent non-distributable profits held by the banking and finance subsidiaries in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and by the securities subsidiaries in accordance with the rules of the relevant stock exchanges. These funds are not distributable as cash dividends.

The other reserves comprise share premium of a subsidiary consolidated after the Scheme of Arrangement under Section 176 of the Companies Act, 1965, undertaken by the Company and the subsidiary in 1994, whereby the Company acquired the entire issued and fully paid up share capital of that subsidiary via an exchange of shares.

28 RETAINED PROFITS

Based on the estimated tax credits available, the prevailing tax rate applicable to dividends and subject to agreement with the tax authorities, the Company has sufficient tax credits under Section 108(6) of the Income Tax Act, 1967 and tax exempt income to frank dividends of approximately RM160,000,000 (30.6.2003: RM232,000,000) and RM178,000,000 (30.6.2003: RM123,000,000) respectively out of its retained profits as at 31 December 2004. Dividend declared in excess of the said amount would subject to income tax liability at the rate of 28%.

29 INTEREST INCOME

	Group		Company	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
Loans, advances and financing	3,820,064	2,488,342	-	-
Money at call, deposits and placements with financial institutions	334,163	98,561	2,039	3,908
Dealing securities	231,907	148,592	-	-
Investment securities	487,339	227,460	-	-
Margin financing	5,818	1,304	-	-
Others	150,063	72,958	101,591	49,613
	5,029,354	3,037,217	103,630	53,521
Amortisation of premium less accretion of discount	(23,727)	(4,253)	-	-
Net interest suspended	(544,212)	(359,671)	-	-
	4,461,415	2,673,293	103,630	53,521

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

30 INTEREST EXPENSE

	Group		Company	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
Deposits and placements from financial institutions	174,408	109,652	-	-
Deposits from customers	1,616,779	976,390	-	-
Subordinated obligations	159,815	55,360	-	-
Borrowings	118,699	73,072	122,837	78,456
Others	313,055	75,920	7,919	4,806
	2,382,756	1,290,394	130,756	83,262

31 NON-INTEREST INCOME

	Group		Company	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
Fee income				
Service charges and fees	218,767	122,256	-	-
Brokerage	109,746	30,879	-	-
Commission	125,857	72,152	-	-
Guarantee fees	44,407	31,437	-	-
Unit trust fee income (a)	37,599	15,579	-	-
Corporate advisory fees	15,684	14,467	-	-
Fund management fees	9,059	5,749	-	-
Underwriting fees	6,842	1,657	-	-
Placement fees	3,400	22,237	-	-
Rollover fees	815	223	-	-
Other fee income	49,241	13,494	-	-
	621,417	330,130	-	-
Investment income				
Net profit from sale of investment securities	49,362	87,021	-	-
Net profit from dealing securities	59,371	98,610	-	-
Gross dividends from Malaysia				
- investment securities	8,507	17,144	-	-
- subsidiaries	-	-	225,948	108,452
Gross dividends from outside Malaysia				
- investment securities	61	-	-	-
- subsidiaries	-	-	9,971	20,695
Allowance for diminution in value of investment securities	(37,816)	(29,436)	-	-
	79,485	173,339	235,919	129,147

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

31 NON-INTEREST INCOME (CONTINUED)

	Group		Company	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
Other income				
Foreign exchange gain/(loss)				
– realised	139,133	79,776	–	–
– unrealised	10,142	(3,967)	–	–
Underwriting surplus before management expenses (b)	42,497	27,751	–	–
Net gain on disposal of property, plant and equipment	3,071	12,710	–	–
Rental income	5,517	4,964	–	–
Gain on allocation of Bursa Malaysia shares	12,492	–	–	–
Other operating income	22,009	24,315	–	–
Other non-operating income	3,198	8,535	–	–
	238,059	154,084	–	–
Total	938,961	657,553	235,919	129,147

	Group	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
(a) Unit trust fee income are derived as follows:		
Income from sale of units	940,597	502,776
Income from cancellation of units	672,885	32,263
Cost of units created and repurchased	(1,601,886)	(532,591)
	11,596	2,448
Annual management fee income	26,003	13,131
	37,599	15,579
(b) Underwriting surplus before management expenses are derived as follows:		
Insurance premium earned	118,022	63,964
Net claims incurred	(70,078)	(34,175)
Net commissions	(5,447)	(2,038)
	42,497	27,751

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

32 OVERHEAD EXPENSES

	Group		Company	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
Personnel costs	902,012	517,416	23,740	275
Establishment costs	447,780	260,566	1,862	23
Marketing expenses	82,375	43,148	2,581	919
Administration and general expenses	210,839	148,294	11,993	6,622
	1,643,006	969,424	40,176	7,839

Personnel costs comprise the following:

Salaries, bonus, wages and allowances	721,779	404,288	18,592	(285)
Defined contribution plan	107,293	61,682	3,246	53
Other staff related costs	72,940	51,446	1,902	507
	902,012	517,416	23,740	275

The above expenditure includes the following disclosures:

Property, plant and equipment				
– depreciation	166,919	101,251	805	–
– written off	3,724	570	–	–
– impairment loss	13,039	16,458	–	–
Rental of premises	46,194	35,003	577	–
Rental of equipment	8,052	3,069	2	–
Directors' remuneration (Note 33)	16,404	6,391	14,071	3,048
Auditors' remuneration				
– statutory audit fees	1,211	2,290	170	184
– special audit fees	2,145	–	184	–
– non-audit fees	386	684	89	460
	10,135	9,829	84	–

33 DIRECTORS' REMUNERATION

Forms of remuneration in aggregate for all directors of the Company charged against the net profit for the financial period/year are as follows:

	Group		Company	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
Executive director				
– salaries, bonus and other remuneration	11,240	3,355	11,240	2,214
– defined contribution plan	2,248	838	2,248	554
– fees	–	77	–	–
– estimated monetary value of benefits-in-kind	21	41	21	–
	13,509	4,311	13,509	2,768

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

33 DIRECTORS' REMUNERATION (CONTINUED)

	Group		Company	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
Non-executive directors				
– fees	800	632	206	165
– other remuneration	2,074	1,436	356	115
– estimated monetary value of benefits-in-kind	21	12	–	–
	2,895	2,080	562	280
Total	16,404	6,391	14,071	3,048

The list of directors are disclosed in page 44 of the Directors' report.

In the previous financial year, the Company made a gratuity payment of RM20 million to the former Executive Chairman upon his retirement and this item was borne by the securities subsidiary. The retirement gratuity paid was not reflected as an expense in the Income Statement in the previous financial year ended 30 June 2003 as the amount had been accrued for in prior years.

34 LOAN AND FINANCING LOSS AND PROVISION

	Group	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
Provision for/(Write back of) bad and doubtful debts		
– specific provision (net)	802,741	594,027
– general provision	29,882	(1,905)
Bad debts		
– recovered	(44,556)	(19,210)
– written off	123	676
Amount recoverable from Danaharta		
– provision for impairment during the financial period/year	5,552	80,513
– write back on final settlement	(118,246)	(3,293)
(Write back of)/Specific provision for other debtors	(4,627)	4,169
	670,869	654,977

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

35 INCPS DIVIDENDS

	Group	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
INCPS dividends declared by a subsidiary:		
– first semi-annual gross dividend 4% (30.6.2003: 4%) paid on 30 November 2003 (30 November 2002) including 28% tax	44,300	44,299
– second semi-annual gross dividend 4% (30.6.2003: 4%) paid on 31 May 2004 (31 May 2003) including 28% tax	44,179	44,058
– third semi-annual gross dividend 4% and 5% paid on 30 November 2004 including 28% tax	55,081	–
– gross dividend payable	9,355	–
	152,915	88,357

The INCPS dividends are paid in accordance with the terms of the INCPS (refer to Note 25).

36 TAXATION AND ZAKAT

	Group		Company	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
Income tax based on profit for the financial period/year				
– Malaysian income tax	250,870	165,874	56,164	25,869
– overseas taxation	2,538	1,288	2,194	4,553
Deferred tax (Note 14)	(41,118)	178,779	–	–
Tax on INCPS dividends	(42,816)	(24,740)	–	–
	169,474	321,201	58,358	30,422
Over provision in respect of prior years	(19,704)	(230,927)	(28,062)	–
Zakat	3	301	–	–
	149,773	90,575	30,296	30,422

The over provision in prior years for the financial year ended 30 June 2003 is mainly in respect of the change in the banking subsidiary's estimated tax provisioning on interest-in-suspense in arriving at its taxable income. Correspondingly, the deferred tax assets recognised by the banking subsidiary in prior years relates to interest-in-suspense that has been reversed in the previous financial year.

The tax rates applicable to the respective countries at the balance sheet date are as follows:

	31.12.2004 %	30.6.2003 %
Malaysia	28.0	28.0
Singapore	22.0	22.0

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

36 TAXATION AND ZAKAT (CONTINUED)

The numeric reconciliation between the applicable statutory income tax rate to the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	18 months ended 31.12.2004 %	12 months ended 30.6.2003 %	18 months ended 31.12.2004 %	12 months ended 30.6.2003 %
Tax at Malaysian statutory tax rate	28.0	28.0	28.0	28.0
Tax effect in respect of:				
Effect of different tax rate in Labuan/other countries	(4.0)	(3.4)	(0.4)	(1.4)
Non taxable income	(0.7)	(0.9)	-	-
Non allowable expenses	3.9	3.8	7.0	6.2
Over provision in respect of prior years	(3.8)	(0.8)	(16.6)	-
Other temporary differences not recognised in prior years	(3.3)	(2.3)	-	0.4
Current year loss not recognised as deferred tax assets during the financial period/year	-	2.5	-	-
Deferred tax assets recognised on general provision vested over from a subsidiary	-	(6.2)	-	-
Effective tax rate	20.1	20.7	18.0	33.2

	Group	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
Tax losses are analysed as follows:		
Tax savings recognised during the financial period/year arising from utilisation of tax losses brought forward from previous years	15,572	2,001

37 EARNINGS PER SHARE

	Group	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
Net profit for the financial period/year	457,207	250,600
Weighted average number of ordinary shares in issue ('000)	1,823,468	1,823,468
Basic earnings per share (sen)	25.1	13.7

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 ORDINARY DIVIDENDS

	Group and Company	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
	First interim dividend – 3% less income tax at 28% in respect of financial period ended 31 December 2004 (30.6.2003: 2% less income tax at 28% in respect of financial year ended 30 June 2003)	39,387
Second interim dividend – 3.5% less income tax at 28% in respect of financial period ended 31 December 2004 (30.6.2003: Nil)	45,951	–
Third interim dividend – 3.5% less income tax at 28% in respect of financial period ended 31 December 2004 (30.6.2003: Nil)	45,951	–
Final dividend – Nil (30.6.2003: 2% less income tax at 28% in respect of financial year ended 30 June 2002)	–	26,258
Special interim dividend – Nil (30.6.2003: 5.5% less income tax at 28% in respect of financial year ended 30 June 2003)	–	72,209
	131,289	124,725

39 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. Apart from the provision for commitments and contingencies already made in the financial statements (Note 22(c)), no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

	Group			
	31.12.2004		30.6.2003	
	Principal amount RM'000	Credit equivalent amount* RM'000	Principal amount RM'000	Credit equivalent amount* RM'000
Direct credit substitutes	1,796,398	1,796,398	2,139,025	2,139,025
Transaction-related contingent items	1,052,316	526,158	1,137,156	568,579
Short term self-liquidating trade-related contingencies	1,923,997	384,799	1,477,588	295,518
Obligations under underwriting agreements	409,444	204,722	416,990	208,495
Housing loans sold directly and indirectly to Cagamas with recourse	54,080	54,080	57,925	57,925
Irrevocable commitments to extend credit				
– maturity exceeding one year	3,243,485	1,621,743	3,491,621	1,745,811
– maturity not exceeding one year	17,671,810	–	18,341,190	–
Foreign exchange-related contracts				
– less than one year	13,899,588	172,469	4,472,019	70,612
– one year to less than five years	199,500	15,860	190,000	19,760
Interest rate-related contracts				
– less than one year	990,000	1,503	326,000	825
– one year to less than five years	2,176,000	40,956	1,246,000	61,952
– more than five years	–	–	153,500	5,700
Others	541,088	–	614,179	1
	43,957,706	4,818,688	34,063,193	5,174,203

* The credit equivalent amount is arrived at using the credit conversion factor as per BNM's circulars.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

39 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Breakdown of foreign exchange and interest rate-related contracts:

	Group	
	31.12.2004	30.6.2003
	Notional principal amount RM'000	Notional principal amount RM'000
Foreign exchange-related contracts		
- forwards/swaps	12,788,609	3,987,029
- options	371,671	457,419
- cross-currency interest rate swaps	190,000	190,000
- spots	748,808	27,571
Interest rate-related contracts		
- futures	1,739,000	309,500
- swaps	1,427,000	1,416,000

Foreign exchange and interest rate-related contracts are subject to market risk and credit risk.

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 the balance sheet date, the amount of contracts which were not hedged and hence, exposed to market risk was RM1,099,993,000 (30.6.2003: RM1,074,567,000).

Credit risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Group has a gain position. As at the balance sheet date, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM52,220,000 (30.6.2003: RM133,660,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

RHB Bank has also given a continuing guarantee to BNM to meet the liabilities and financial obligations and requirements of its subsidiary, RHB Bank (L) Ltd, arising from offshore banking business in the Federal Territory of Labuan.

40 NON-CANCELLABLE OPERATING LEASE COMMITMENTS

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

	Group	
	31.12.2004	30.6.2003
	RM'000	RM'000
Rental of premises		
Within one year	19,011	19,900
Between one to five years	16,927	20,008
More than five years	505	202
	36,443	40,110

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

41 CAPITAL COMMITMENTS

	Group	
	31.12.2004	30.6.2003
	RM'000	RM'000
Capital expenditure for property, plant and equipment:		
– authorised and contracted for	19,992	37,045
– authorised but not contracted for	44,624	79,296
	64,616	116,341

42 SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Related parties and relationships

The related parties of, and their relationship with the Company are as follows:

Related parties	Relationship
Rashid Hussain Berhad	Holding and Ultimate holding company
RHB Property Management Sdn Bhd	}
RHB-DAEWOO Sdn Bhd	}
Bandar Wawasan Management Sdn Bhd	}
RHB Kawal Sdn Bhd	}
RHB Management Company Sdn Bhd	}
RHB Modal-Ekuiti Sdn Bhd	}
Malaysian Mint Sdn Bhd	}
Spektra Perkasa Sdn Bhd	}
RHB Health Care Sdn Bhd	}
Subsidiaries of the Company as disclosed in Note 15	Subsidiaries

(b) Significant related party transactions

As announced by the Company on 16 December 2003, RHB Bank had entered into recurrent related party transactions of a revenue nature which are necessary for day-to-day operations with Asterix Systems Sdn Bhd ('Asterix').

These transactions involve the procurement by RHB Bank of IT hardware, software, peripherals and services (collectively, 'IT products and services'), and a sub-license for the software for the e-HR System, from Asterix.

During the period from 1 April 2003 to 16 December 2003, RHB Bank procured IT products and services from Asterix amounting to RM1,447,748. Since then, RHB Bank has not procured further IT products and services from Asterix.

As for the sub-license for the software for the e-HR System, RHB Bank became a party to a business agreement formerly entered into by Bank Utama and Asterix on 30 April 2002 ('Business Agreement'), following the merger of the banking business of Bank Utama with RHB Bank which took effect on 1 May 2003.

The e-HR System is an internet browser based payroll and human resources solution offered to customers of RHB Bank. The agreed rate payable to Asterix under the Business Agreement is RM200 per month per customer. For the period from 1 May 2003 until 16 December 2003, the amount incurred by RHB Bank under the Business Agreement was RM627,800. Since then until 31 December 2004, the amount incurred by RHB Bank under the Business Agreement is less than 5% of the consolidated net tangible assets of the Company.

The interested related party for the above transactions with Asterix is Dato Sri Sulaiman Abdul Rahman Taib, the Executive Chairman and a deemed major shareholder of both Rashid Hussain Berhad and the Company. As at the date of the said announcement, he held direct equity interest of 69.37% in Asterix. This equity interest has since increased to 79%.

Notes to the financial statements

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42 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions (continued)

The following are the significant related party transactions (other than those separately disclosed in the notes to the financial statements) in respect of transactions entered into during the current financial period/year.

	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
(i) Interest income (Note 10)		
Rashid Hussain Berhad	101,591	49,613
(ii) Overhead expenses		
RHB Property Management Sdn Bhd – property management fees	14,766	9,353
RHB Management Company Sdn Bhd – management fees	12,410	12,563
RHB Kawal Sdn Bhd – security service fees	8,503	5,349

43 SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segment and geographical segment.

Inter-segment transactions are conducted on an arms-length basis and on normal commercial terms not more favourable than those generally available to the public.

Unallocated expenses comprise all back-office processes, cost centres which support the operating businesses and non-profit generating divisions in the Group. It includes corporate expenses that are not allocated to individual business segments. These expenses are not directly attributed to the business segments and cannot be allocated on a reasonable basis. The funding cost of subsidiaries and associates are included in this category.

(a) Primary reporting format – by business segment

The Group's business segment can be organised into the following main segments reflecting the Group's internal reporting structure:

Wholesale banking

Wholesale banking caters to funding or lending needs of corporate customers including public listed corporations and its related entities, multinational corporations (including Japanese), financial institutions, Government and state owned entities, small and medium enterprises. Included under wholesale banking are offshore banking activities carried out by RHB Bank (L) Ltd which borrowing and lending facilities are offered in major currencies mainly to corporate customers. This segment also includes lease financing activities carried out by RHB Leasing Sdn Bhd which is predominant to middle market customers.

Retail banking

Retail banking focuses on providing products and services to individual customers. The products and services offered to customers include credit facilities (mortgages, hire-purchase financing, study loans and personal loans), credit cards, remittance services, deposit collection and investment products.

Treasury and money market

Treasury and money market operations is involved in proprietary trading in fixed income and foreign exchange, derivatives trading and structuring, managing customer-based foreign exchange and money market transactions, funding and investment in ringgit and foreign currencies.

Islamic Banking business

Islamic Banking business focuses on providing a full range of commercial banking products and services in accordance with the principles of Shariah to individual customers, corporate clients, Government and state owned entities and small and medium sized enterprises.

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43 SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format – by business segment (continued)

	Wholesale banking	Retail banking	Treasury and money market	Islamic Banking business	Financial advisory and under- writing	Stock- broking and other securities related business	Insurance	Others	Total
31.12.2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	27,066,139	17,381,759	27,046,396	6,200,396	3,651	346,227	218,378	1,472,266	79,735,212
Investments in associates	-	-	-	-	-	4,601	-	11,534	16,135
Goodwill									1,172,195
Tax recoverable									65,014
Deferred tax assets									199,880
Unallocated assets									939,986
Total assets									<u>82,128,422</u>
Segment liabilities	24,539,265	16,476,188	25,058,795	5,706,425	699	339,432	136,034	49,295	72,306,133
Taxation									7,655
Deferred tax liabilities									2,665
Borrowings									1,421,136
Subordinated obligations									1,533,080
INCPS									1,104,469
Unallocated liabilities									585,967
Total liabilities									<u>76,961,105</u>
Other segment items									
Capital expenditure	7,033	59,629	11,146	627	262	4,867	3,166	6,210	92,940 ¹
Depreciation of property, plant and equipment	3,960	68,991	3,245	429	254	10,106	1,843	9,845	98,673 ¹
Impairment loss on property, plant and equipment	664	-	-	-	-	-	-	12,375	13,039
Other non-cash expenses other than depreciation and impairment loss	902,773	273,101	-	80,767	(4,621)	491	237	(5,245)	1,247,503 ²

Note:

1. Excluding capital expenditure and depreciation of support divisions that are not directly attributed to the business segments and cannot be allocated on a reasonable basis amounting to RM61,720,000 and RM68,246,000 respectively.
2. Included in other non-cash expenses other than depreciation and impairment loss are loan and financing loss and provision and net interest suspended.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

43 SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format – by business segment (continued)

	Wholesale banking RM'000	Retail banking RM'000	Treasury and money market RM'000	Islamic Banking business RM'000	Financial advisory and under- writing RM'000	Stock- broking and other securities business related RM'000	Insurance RM'000	Others RM'000	Total RM'000
30.6.2003									
Segment liabilities	27,379,025	12,392,806	15,057,819	5,450,905	1,021	196,766	109,999	44,583	60,632,924
Taxation									16,793
Deferred tax liabilities									22,370
Borrowings									1,129,818
Subordinated obligations									1,532,722
INCPS									1,104,469
Unallocated liabilities									334,025
Total liabilities									<u>64,773,121</u>
Other segment items									
Capital expenditure	4,094	33,239	922	262	116	5,782	1,101	10,056	55,572 ¹
Depreciation of property, plant and equipment	3,087	43,213	2,336	473	74	7,159	1,114	8,495	65,951 ¹
Impairment loss on property, plant and equipment	-	-	-	-	-	2,925	-	13,533	16,458
Other non-cash expenses other than depreciation and impairment loss	814,039	164,520	-	40,948	3,092	568	25	(2,000)	1,021,192 ²

Note:

- Excluding capital expenditure and depreciation of support divisions that are not directly attributed to the business segments and cannot be allocated on a reasonable basis amounting to RM86,706,000 and RM35,300,000 respectively.
- Included in other non-cash expenses other than depreciation and impairment loss are loan and financing loss and provision and net interest suspended.

(b) Secondary reporting format – by geographical segment

The geographical information is prepared based on the location of the assets. The Group's activities are principally conducted in Malaysia.

	Revenue RM'000	Total assets RM'000	Capital expenditure RM'000
31.12.2004			
Malaysia	5,413,455	78,013,232	143,223
Outside Malaysia	183,989	4,115,190	11,437
	<u>5,597,444</u>	<u>82,128,422</u>	<u>154,660</u>
30.6.2003			
Malaysia	3,291,544	66,323,720	132,593
Outside Malaysia	144,297	3,161,971	9,685
	<u>3,435,841</u>	<u>69,485,691</u>	<u>142,278</u>

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

44 HOLDING AND ULTIMATE HOLDING COMPANY

The Directors regard Rashid Hussain Berhad, a company incorporated in Malaysia, as its holding and ultimate holding company.

45 CAPITAL ADEQUACY

BNM's guideline on capital adequacy requires banking institutions to maintain adequate level of capital to withstand losses which may result from credit and risk associated with financing operations.

The risk-weighted capital adequacy ratio of the commercial bank subsidiary, RHB Bank of 14.20% (30.6.2003: 13.00%), the merchant bank subsidiary, RHB Sakura of 21.85% (30.6.2003: 19.45%) and the finance subsidiary, RHB Delta Finance of 9.93% (30.6.2003: 19.06%), exceed the minimum requirement.

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

	Group	
	31.12.2004	30.6.2003
	RM'000	RM'000
Tier I capital		
Paid-up ordinary share capital	1,823,475	1,823,468
Paid-up INCPS	1,104,469	1,104,469
Share premium	1,114,593	1,114,564
Other reserves	1,279,066	936,222
Deferred tax assets	(199,880)	(178,211)
Deferred tax liabilities	2,665	22,370
Minority interests	950,183	838,316
Less: Goodwill	(1,172,195)	(1,193,195)
Total Tier I capital	4,902,376	4,468,003
Tier II capital		
Subordinated obligations	1,533,080	1,532,722
General provision for bad and doubtful debts	824,954	791,932
Total Tier II capital	2,358,034	2,324,654
Total capital	7,260,410	6,792,657
Less:		
Holdings of other financial institutions capital	-	(4,655)
Total capital base	7,260,410	6,788,002
Risk-weighted assets	49,393,477	48,857,187
Capital ratios		
Core capital ratio	9.93%	9.15%
Risk-weighted capital adequacy ratio	14.70%	13.89%

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

46 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

(a) Rationalisation of the Leasing and Hire-Purchase Businesses of RHB Delta Finance Berhad ('RHB Delta Finance') and RHB Leasing Sdn Bhd ('RHB Leasing') via a Scheme of Arrangement pursuant to Sections 176 and 178 of the Companies Act, 1965

In the previous financial year, RHB Leasing, the Company's indirect subsidiary, entered into a scheme of arrangement with RHB Delta Finance, the holding company of RHB Leasing, pursuant to Sections 176 and 178 of the Companies Act, 1965, to implement the rationalisation of the respective companies' leasing and hire-purchase businesses which involved the following:

- (i) RHB Delta Finance transferring all its leasing business to RHB Leasing; and
- (ii) RHB Leasing transferring all businesses other than its leasing business to RHB Delta Finance;

such that the leasing business would be conducted solely by RHB Leasing and the hire-purchase business would be conducted solely by RHB Delta Finance.

The abovesaid rationalisation exercise which has been approved by the Minister of Finance and BNM on 29 April 2003 and sanctioned by the High Court of Malaya on 29 September 2003 was implemented via a vesting order with effect from 1 November 2003.

(b) Merger talks with Allianz Aktiengesellschaft ('Allianz AG')

During the financial period, BNM had granted in principle approval for the Company to begin merger talks with Allianz AG in terms of non-banking business opportunities in Malaysia. However, in the same financial period, Allianz AG and the Company had mutually agreed to terminate the merger talks.

47 SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

- (a) On 11 January 2005, the Company issued RM600 million Bonds. The proceeds from the issuance of the RM600 million Bonds were utilised as follows:

	RM'million
Partial repayment of the Company's existing short term borrowings	250.0
Early redemption of the Company's 7.5% Bonds 2003/2009	220.0
Working capital	122.3
	<u>592.3</u>

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

47 SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE (CONTINUED)

- (b) On 28 January 2005, a Writ of Summons had been filed at the High Court of Malaya in Kuala Lumpur by the Company, RHB Securities Sdn Bhd ('RHB Securities') and RHB Equities Sdn Bhd ('RHB Equities') against the following individuals:
- (i) Tan Sri Dato' Abdul Rashid bin Hj Mohamed Hussain in his capacity as former Executive Chairman of RHB Capital and RHB Securities and in his capacity as former Director of RHB Equities;
 - (ii) Mr Chong Kin Leong in his capacity as former Director of RHB Capital and RHB Equities;
 - (iii) Mr Seah Fook Chin in his capacity as former Director of RHB Capital and RHB Equities;
 - (iv) Encik Tajul Ariffin bin Mohd Tahir in his capacity as former Executive Director of RHB Securities and in his capacity as former Director of RHB Equities;
 - (v) Mr Ong Tiang Lock in his capacity as former Director of RHB Equities; and
 - (vi) Encik Rosley bin Ahmad in his capacity as former principal legal advisor and former Company Secretary of RHB Capital, RHB Securities and RHB Equities;

for a total sum of RM1,430,410,355.96 on the grounds of breach of fiduciary duties, breach of trust, breach of contracts of employment and/or negligence in relation to certain margin finance facilities granted by RHB Equities during the abovenamed individuals' tenure as directors and/or officers of RHB Capital and/or RHB Securities and/or RHB Equities.

On 2 March 2005, the Company announced that RHB Capital, RHB Securities and RHB Equities have filed a fresh Writ of Summons ('New Writ') on the additional grounds of dishonest breach of fiduciary duties and fraudulent breach of trust.

The Defendants, the amount claimed from them, and the grounds of claim as stated in the New Writ remains the same as in the earlier Writ of Summons filed in 28 January 2005, save and except for the addition of the grounds of dishonest breach of fiduciary duties and fraudulent breach of trust.

Prior to the filing of the New Writ, the said earlier Writ of Summons was discontinued.

RHB Securities is a wholly-owned subsidiary of RHB Sakura Merchant Bankers Berhad which in turn is a wholly-owned subsidiary of the Company whereas RHB Equities is a wholly-owned subsidiary of the Company.

The suit is not expected to have any material adverse effect on the financial results of the Group and the Company for the financial year ending 31 December 2005.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

47 SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE (CONTINUED)

- (c) On 2 February 2005, an Islamic Banking subsidiary was incorporated under the name of RHB Islamic Bank Berhad ('RHB Islamic Bank') following the receipt of relevant authorities approval. RHB Islamic Bank is a wholly-owned subsidiary of RHB Bank, a 70% subsidiary of the Company.

RHB Islamic Bank received its licence to transact Islamic Banking business with effect from 1 March 2005, pursuant to Section 3(4) of the Islamic Banking Act, 1983.

On 2 March 2005, the Company announced that RHB Islamic Bank and RHB Bank has obtained the approval from BNM to commence negotiations with the Dallah Albaraka Group for a possible partnership through a direct equity participation in RHB Islamic Bank of up to 30%.

On 10 March 2005, the Company announced that a vesting order has been obtained from the High Court of Malaya on 8 March 2005 which gave full effect to a business transfer agreement executed between RHB Islamic Bank and RHB Bank on 4 March 2005. The business transfer agreement records the parties' understanding with regard to the transfer and vesting of the Islamic Banking business of RHB Bank to RHB Islamic Bank.

The said business transfer agreement was executed after receipt of approval from the Minister of Finance through BNM via letter dated 3 March 2005 and the Banking and Financial Institutions (Exemption) Order 2005 made on 26 February 2005 pursuant to Section 118(4) of Banking and Financial Institutions Act, 1989.

In consideration of the transfer and vesting of the Islamic Banking business of RHB Bank to RHB Islamic Bank, prior approval was obtained from the Securities Commission ('SC') and the Foreign Investment Committee ('FIC') for RHB Islamic Bank to issue ordinary shares of RM1.00 each at par equal to the net book value of the said assets less the liabilities of the Islamic Banking business ('Net Book Value') as at 15 March 2005, the day immediately before the transfer date of 16 March 2005. For reference purpose, a provisional transfer consideration of RM455,642,000 has been used, based on the audited Net Book Value as at 30 June 2004. This provisional transfer consideration will be adjusted accordingly to reflect the final consideration based on the audited Net Book Value as at 15 March 2005.

The said SC approval was subject to the conditions that RHB Bank must fully comply with the relevant requirements with regard to the implementation of the said proposal as stipulated in the SC's Policies and Guidelines on Issue/Offer of Securities and for RHB Bank to inform SC upon completion of the said proposal. In the same SC approval letter, it was also communicated that the FIC had approved the proposed transfer of Islamic Banking business by RHB Bank to its Islamic Banking subsidiary pursuant to the Guidelines on the Acquisition of Interest, Mergers and Take-Over by Local and Foreign Interests on the basis that the effective Bumiputera equity structure of RHB Bank will be maintained at 52.73%.

RHB Islamic Bank began its operations on 16 March 2005 and offers its products and services through RHB Bank's network of branches in addition to its own branches.

All Islamic Banking customers of RHB Bank became customers of RHB Islamic Bank, along with the transfer and vesting of the Islamic Banking business of RHB Bank subsisting as at 15 March 2005 to RHB Islamic Bank, with effect from 16 March 2005.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

48 ACQUISITION OF BANK UTAMA (MALAYSIA) BERHAD (NOW KNOWN AS UTAMA GILANG SDN BHD) ('BANK UTAMA')

During the financial year ended 30 June 2003, RHB Bank completed the acquisition of Bank Utama on 24 December 2002.

The effect of the acquisition on the financial results of the Group for the financial year ended 30 June 2003 was as follows:

	RM'000
Interest income	117,281
Interest expense	(51,343)
Net interest income	<u>65,938</u>
Income from Islamic Banking business	8,792
	<u>74,730</u>
Non-interest income	(6,671)
Net income	<u>68,059</u>
Overhead expenses	(38,249)
Operating profit	<u>29,810</u>
Loan and financing loss and provision	(66,124)
Loss before taxation and zakat	<u>(36,314)</u>
Taxation and zakat	(1,166)
Loss after taxation and zakat	<u>(37,480)</u>
Minority interest	11,244
Decrease in Group's net profit	<u>(26,236)</u>

The effect of the acquisition on the financial position of the Group at 30 June 2003 was as follows:

	RM'000
ASSETS	
Cash and short term funds	52,527
Deposits and placements with banks and other financial institutions	1,140,626
Investment securities	1,780,221
Loans, advances and financing	4,914,355
Other assets	27,052
Statutory deposits with BNM	224,555
Tax recoverable	6,845
Deferred tax assets	5,195
Investments in subsidiaries	2,310
Investment in an associate	3,315
Property, plant and equipment	17,639
Goodwill	884,118
TOTAL ASSETS	<u>9,058,758</u>

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

48 ACQUISITION OF BANK UTAMA (MALAYSIA) BERHAD (NOW KNOWN AS UTAMA GILANG SDN BHD) ('BANK UTAMA') (CONTINUED)

RM'000

LIABILITIES

Deposits from customers	6,245,402
Deposits and placements of banks and other financial institutions	370,578
Obligations on securities sold under repurchase agreements	114,400
Bills and acceptances payable	299,328
Other liabilities	118,185
Amount due to Cagamas	140,481
TOTAL LIABILITIES	<u>7,288,374</u>
Increase in Group's net assets before minority interests	1,770,384
Minority interests	(265,879)
Increase in Group's net assets after minority interests	<u>1,504,505</u>

The above effect is determined based on the assets and liabilities of Bank Utama which were vested over to RHB Bank on 1 May 2003 and the financial position of the subsidiaries of Bank Utama as at 30 June 2003.

Details of net assets acquired, goodwill and cash flow arising from the acquisition in the financial year ended 30 June 2003 was as follows:

	At the date of acquisition RM'000
ASSETS	
Cash and short term funds	62,855
Deposits and placements with banks and other financial institutions	1,023,665
Investment securities	1,593,372
Loans, advances and financing	5,208,499
Other assets	27,332
Statutory deposits with BNM	217,869
Investment in an associate	3,315
Property, plant and equipment	18,545
	<u>8,155,452</u>
LIABILITIES	
Deposits from customers	6,350,271
Deposits and placements of banks and other financial institutions	360,386
Bills and acceptances payable	272,086
Other liabilities	99,001
Amount due to Cagamas	152,411
Taxation	(20)
	<u>7,234,135</u>
Fair value of net assets acquired	921,317
Goodwill	884,118
Total purchase consideration	<u>1,805,435</u>
Less: Purchase consideration discharged by sub-bond	(800,000)
Purchase consideration discharged by cash	<u>1,005,435</u>
Less: Cash and cash equivalents in subsidiary acquired	(62,855)
Cash outflow on acquisition	<u>942,580</u>

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

48 ACQUISITION OF BANK UTAMA (MALAYSIA) BERHAD (NOW KNOWN AS UTAMA GILANG SDN BHD) ('BANK UTAMA') (CONTINUED)

Merger of Bank Utama and RHB Bank

On 1 May 2003, all of the assets, except for Bank Utama's 49% equity interest in CMS Trust Management Berhad, and all liabilities of Bank Utama were transferred and taken over by RHB Bank pursuant to a vesting order under Section 50 (1) of the Banking and Financial Institutions Act, 1989. The assets and liabilities of Bank Utama which were transferred to RHB Bank are set out in the table below:

	RM'000
Assets transferred	
Cash and short term funds	50,991
Deposits and placements with banks and other financial institutions	1,140,626
Investment securities	1,780,221
Gross loans, advances and financing	5,902,511
Less: – specific provision	(544,305)
– general provision	(95,431)
– interest-in-suspense/income-in-suspense	(348,130)
Other assets	26,791
Statutory deposits with BNM	224,555
Tax recoverable	6,814
Deferred tax assets	5,195
Investments in subsidiaries	2,310
Property, plant and equipment	14,477
	<u>8,166,625</u>
Liabilities transferred	
Deposits from customers	6,245,402
Deposits and placements of banks and other financial institutions	370,578
Obligations on securities sold under repurchase agreements	114,400
Bills and acceptances payable	299,328
Other liabilities	117,959
Amount due to Cagamas	140,481
	<u>7,288,148</u>
Net assets transferred	<u>878,477</u>

The banking licence of Bank Utama was surrendered on 2 May 2003.

49 CONTINGENT LIABILITIES

Guarantees issued

As at balance sheet date, the Company extended unsecured guarantees of RM179,500,000 (30.6.2003: RM87,000,000) and RM145,000,000 (30.6.2003: RM487,000,000) for borrowings and performance of the obligations of its securities subsidiaries respectively. As at balance sheet date, RM6,000,000 (30.6.2003: RM1,000,000) of the borrowings were utilised by the subsidiaries of the Company.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

49 CONTINGENT LIABILITIES (CONTINUED)

Other contingent liabilities

(a) The Company

On 19 October 2001, the Company filed a suit against Carta Bintang Sdn Bhd ('CBSB'), the vendor of SJ Securities Sdn Bhd ('SJ Securities'), for the recovery of the deposit of RM32,800,000 ('Deposit') paid by the Company pursuant to the sale and purchase agreement dated 7 November 2000 between CBSB and the Company for the sale and purchase of 60 million shares in SJ Securities. CBSB subsequently filed a counterclaim of RM258,688,153.42 together with interest thereon, and costs.

The suit is still ongoing and the solicitors for the Company are of the opinion that the chances of successfully recovering the Deposit are good. In addition, the solicitors for the Company are also of the opinion that the prospects of successfully defending the counterclaim filed by CBSB against the Company are good and that the said counterclaim is unlikely to succeed.

In view of the above, the Company has not made any provision in relation to the said counterclaim, in the financial statements for the financial period ended 31 December 2004.

(b) RHB Equities and RHB Securities

RHB Equities and RHB Securities, both wholly-owned subsidiaries of the Company, are parties, as the first and second defendants, to a suit for damages and for the return of shares pledged by the plaintiff as third party collateral for margin finance facilities initially provided by RHB Equities, which were subsequently transferred to RHB Securities together with the third party collateral. The plaintiff claimed that the transfer was made without the plaintiff's consent and has obtained an interim injunction to restrain disposal of the collateral. RHB Equities and RHB Securities have filed a defence and counterclaim against the said suit.

Since the above suit is still ongoing and the solicitors for RHB Equities and RHB Securities are unable to ascertain the outcome of the claims, RHB Equities and RHB Securities have not made any provision in the financial statements for the financial period ended 31 December 2004.

50 USE OF FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy is adopted from the main operating subsidiaries risk management policies. Various initiatives and development have been formed at the operating subsidiaries in order to identify, measure, control and monitor all identifiable risks.

The Group operates within a clearly defined set of principles and guidelines based on best practice that have been approved by the Board. Various working committees were formed at the operating subsidiaries in carrying out the process to ensure that all identifiable risks are addressed and managed adequately.

The main areas of financial risks faced by the Company and the Group and the policies to address these financial risks in respect of the Company and the major areas of banking activities represented by the commercial bank, RHB Bank; the merchant bank, RHB Sakura and the securities operations, RHB Securities are set out as follows:

RHB CAPITAL BERHAD

Liquidity risk

The Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding requirements are met. The Company's cash flows is reviewed regularly to ensure that it has sufficient level of cash and cash equivalents to meet its working capital requirements and is able to settle its commitments when they fall due.

Interest rate risk

The Company's primary interest rate risk relates to interest-bearing borrowings. The Company manages its interest rate exposure through the use of fixed and floating rate debt. The objectives for the mix between fixed and floating rate borrowings are set to manage the fluctuations in interest rates and their impact on the Company.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

50 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

RHB BANK BERHAD ('Bank')

Overview and organisation

Risk is inherent in the banking business and sound risk management is the cornerstone of prudent and successful banking. In compliance with best practices under the Malaysian Code of Corporate Governance, the Board of Directors ('Board') is responsible for identifying principal risks and ensuring that there is an ongoing process to continuously manage the Bank's risks proactively.

The Risk Management Committee ('RMC') of the Board provides oversight and management of all risks in an integrated way. Risk Management Division ('RMD') is independent and reports directly to this committee. RMD through RMC assists the Board to formulate risk related policies, advises the Board on the risk impact of business strategies and reviews compliance by the management to the risk policy framework that is approved by the Board.

Primary responsibility for managing risks, however, rests with the business managers. They are best equipped to ensure that risk management and control are continuously focused on the way business is conducted. There is a continuous review of business activities and processes to identify significant risks areas and implement control procedures to operate within established corporate policies and limits. Additionally, the management of risks associated with financial instruments is continuously carried out in the organisation. The Board has set up policies and procedures to manage the risks that may arise in connection with the use of financial instruments.

Market risk management

Market risk is the risk of potential loss resulting from adverse movements in the level of market prices or rates, the two key components being interest rate risk and foreign currency exchange risks. It is incurred as a result of trading and non-trading activities.

The primary objective of market risk management is to ensure that losses from market risk can be promptly addressed and risk positions are sufficiently liquid to enable the Bank to have adequate funding position without incurring potential loss that is beyond sustainability.

A framework of approved risk policies, methodologies and limits as approved by the Board, controls financial market activities. The Asset Liability Committee ('ALCO') has a fundamental responsibility in asset/liability management and establishes strategies amongst others which assist in reducing the exposure to market risk. The compliance with limits and policies are in turn monitored by RMD.

Apart from monitoring compliance with risk policies, methodologies and limits, a number of techniques are used to measure and control market risks. Value at Risk ('VAR') method is used for estimation of potential loss arising from positions held for a specified period of time. Scenario analysis and stress testing examine the impact of unusual market forces on the existing portfolios.

Derivative financial instruments are used principally to hedge exposures to fluctuation in foreign exchange rates and interest rates. Risk of market rate change subsequent to acquisition is generally offset by opposite effects on the items being hedged.

Some specific methods for managing the various types of market risks are:

(i) Currency risk

Currency risk refers to the risk that earnings and the value of financial instruments will fluctuate due to changes in foreign exchange rates.

There is an approved position limits for each currency and an overall total limit. Trading loss limits are imposed on each trading desk and on each individual dealer. The levels of these exposures (including off-balance sheet items) by currency and overall total for both intra-day and overnight positions are monitored daily for compliance with the approved limits. These limits are reviewed regularly and are in line with strategies set by ALCO.

Foreign and overseas investments, which are funded by purchases with resultant open foreign exchange positions, are monitored and appropriate hedging strategies are undertaken in line with market trends.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

50 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

Market risk management (continued)

(ii) Interest rate risk

Interest rate risk is the risk to earnings and the value of financial instruments held by the Bank caused by fluctuation in the interest rates. Interest rate risks arise from differences in maturities and repricing dates of assets, liabilities and off-balance sheet items.

The ALCO monitors the balance sheet position and assesses it for profit and loss impacts arising from sensitivity to interest rate movements. There are set limits on the level of mismatch of interest rate repricing that may be undertaken, which are monitored monthly. VAR and sensitivity analysis are undertaken to provide guidance towards limiting interest rate risks.

Liquidity risk

The primary objective of liquidity risk management is to ensure that the Bank maintains sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

Liquidity is assessed based on the contractual and behavioural cash flow of assets, liabilities and off-balance sheet commitments, taking into account consideration of the realisable cash value of eligible liquefiable securities. The Bank sets limits on the minimum proportion of maturing funds available to meet call obligations and the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected level of demand. Net cash inflows are monitored by means of defined ratios. The Bank constantly ensures compliance with BNM's Liquidity Framework. The liquidity framework of the Bank is subject to periodic stress tests and the results are constantly assessed.

Credit risk

Credit risk represents the possibility of loss due to changes in the quality of counterparties and the market price for credit risk assets (collateral).

The primary objective of credit risk management is to keep the Bank's exposure to credit risk within its capability and financial capacity to withstand potential financial losses.

The credit policy is to develop a strong credit culture with the objective of maintaining a well diversified, evaluated and current portfolio, fully satisfied for credit risk, giving no concern for unexpected losses and which ensures a reliable and satisfactory risk weighted return. This policy, the bedrock of credit risk management, is in the form of a written statement of credit standards, principles and guidelines, which is distributed bank-wide and used as a common source of reference.

Stringent measures and processes are in place before credit proposals are approved. All credit proposals are first evaluated by the originating business units before being independently evaluated by the Chief Credit Officer ('CCO'). The Credit Committee and the Loans Committee of the Board sanction credits beyond the individual discretionary limit of the CCO. The strict adherence to the discretionary powers sanctioned by the Board is monitored.

A risk rating system is used to categorise the risk of individual credits and determine whether the Bank is adequately compensated. Client accounts are reviewed at regular intervals and weakening credits are transferred to the Loan Recovery Division for more effective management.

The Bank strives to maintain a diverse credit profile and track changing risk concentrations in response to market changes and external events. Risks are further mitigated through counterparty, industry and product exposure limits and risk reward mapping.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

50 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The management of operational risk is an important feature of sound risk management practice in today's banking operations. Policies and procedures, internal controls and internal reviews or audit processes are primary means to control operational risk. The operational risk function is responsible for development of bank-wide operational risk policies, frameworks and methodologies, and provide inputs to the business units on the operational risk areas. The respective business units are primarily responsible for managing operational risk on a day-to-day basis. Operating processes and policies are continually being refined and strengthened to prevent or minimise unexpected losses.

The Bank has embarked on its business continuity planning (BCP) programme for its Head Office, Datacentre and branches locations. Other initiatives to enhance better management of operational risks are the development of key risk indicators (KRIs) and operational risk self assessment (ORSA) for the various business/support groups.

The Human Resource Division has in place an established policies and procedures in ensuring quality people with integrity are recruited, trained and retained.

All new products introduced are evaluated by RMD before they are being endorsed by RMC and subsequently approved by the Board.

Information technology risk

As for IT risk, there is a continuous process of risk assessment and risk mitigation on the existing hardware, software and the processes.

IT risk management is the process that balances the operational and economic costs of protective measures of IT systems and data against the goal of the organisation.

Dedicated disaster recovery planning (DRP) hot site is established for the mainframe system, as well as for the other specific software systems that Bank has.

The Bank allocates substantial time and dedicated staff to constantly review, revamp and develop new policies and procedures to cater for the constant change of the financial industry.

RHB SAKURA MERCHANT BANKERS BERHAD ('Merchant Bank')

Market risk

Market risk is the risk of loss relating to the change in values of financial instruments or portfolio due to volatility of market variables such as interest rates, foreign exchange rates, credit spreads and equity prices.

Market risk is managed through policies and limits approved by the Board of Directors. Risk Management Department is responsible for the development and implementation of risk management policies and measurement techniques, and monitors limit utilisation on a daily basis.

Since no single risk statistic can reflect all aspects of market risk, the Merchant Bank uses a variety of techniques, both statistical and non-statistical, to measure and control the market risks it assumes in its various activities. The Merchant Bank uses the VAR statistical measure to measure the amount of potential loss from adverse market movement in an ordinary market environment. The Merchant Bank conducts back-testing of VAR against actual financial results, based on daily market risk-related revenue on a yearly basis.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

50 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

Market risk (continued)

While VAR measures the Merchant Bank's potential losses in normal market movements, extreme market movements are simulated under stress testing scenarios. Stress testing examines the impact that abnormally large swings in market factors, and periods of prolonged inactivity, might have on portfolios. The Merchant Bank stress test its portfolios using multiple scenarios that are continually reviewed and updated to reflect changes in economic events.

Stress results are provided on a monthly basis to Management and RMC for better understanding of event risk and to ascertain the Merchant Bank's tolerance to periods of extreme market turmoil.

In addition non-statistical risk measures such as net open position, sensitivity analysis and simulation models are also used to measure and provide additional information on market risk exposures and the direction in which the risk factors are moving.

Credit risk

Credit risk is the potential loss when the counterparty to a transaction does not fulfil its financial obligations to the Merchant Bank in a timely manner. Credit risk arises in the Merchant Bank's direct lending activities, primarily through loans and advances and guarantees. In addition, credit risk also occurs in the Merchant Bank's funding, investment, trading and derivatives activities, where counterparties may not be able to fulfil their obligations when they fall due.

In view of the significance of credit risk and the changing landscape of the debt market with the introduction of new and innovative products, the Merchant Bank has implemented several initiatives, which is consistent with BNM's Best Practices for the Management of Credit Risk.

The credit approving authority has been delegated to the Underwriting and Credit Committee comprising senior executives of the Merchant Bank. An Internal Risk Rating System has been developed and implemented to ensure credits are objectively measured and rated using a consistent methodology. All credit facilities are assigned an internal rating on a scale of one to thirteen based on a standard set of qualitative and quantitative factors. The internal rating process is a two-tier approach that assigns rating to obligor and facility separately. In addition, an independent Credit Administration and Rehabilitation Department performs pre-approval credit review to ensure that credit proposals are independently evaluated and adherence to the Merchant Bank's Credit Policy. Credit Administration and Rehabilitation Department is also responsible for managing problem credits.

Credit exposures are reviewed at least once a year for signs of deterioration in financial condition, which could affect the client's ability to meet its obligation to the Merchant Bank. Frequency of credit review is dependent on the internal rating assigned whereby higher risk credits are reviewed more than once a year.

Credit Administration and Rehabilitation Department works in tandem with Risk Management Department to formulate policies, limits, guidelines and risk measurement methodologies. These models are subject to ongoing review and back-testing to ensure the continuing validity of their parameters.

Liquidity and funding risk

Liquidity risk management is concentrated on the management of liquidity structure of the Merchant Bank's assets, liabilities and commitments so that cash flows are appropriately balanced to ensure the Merchant Bank is able to fulfil its current and future payment obligations in full when due.

RHB Sakura's liquidity risk management is modelled based on BNM's New Liquidity Framework ('NLF'). The NLF analyses cash flows of assets, liabilities and potential off-balance sheet funding requirements under specific normal behaviour assumptions to ensure that the Merchant Bank has sufficient liquidity to meet potential future cash requirements over a 30-day forward horizon.

In addition to the NLF, the Merchant Bank uses a blend of complementary qualitative and quantitative tools and techniques to manage and control liquidity risk. These include 'what-if' scenario analysis under hypothetical crisis situations and liquidity indicators to monitor deposit concentration.

The Merchant Bank has a Liquidity Contingency Plan that could be implemented on a timely basis so that appropriate action can be taken to remedy any dramatic change in market conditions.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

50 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, controls, fraud, unauthorised activities, errors and omissions, inefficiencies, systems and technology failures or external event. The impact of operational risk can be financial loss, reputation impairment, loss of competitive position or legal and regulatory proceedings.

The Merchant Bank endeavours to minimise operational risk by maintaining a system of comprehensive policies and a control framework designed to provide a sound and well-controlled operational environment. The Merchant Bank has established and maintained a comprehensive system of internal controls based on the principle of checks and balances, segregation of duties, independent checks and verification processes.

In addition, the Merchant Bank's internal auditors have implemented the Control Self-Assessment ('CSA') and adopted a risk-based approach to the internal audit function. Internal audit performs regular audits to ensure adherence to policies and procedures, and evaluates and assesses the adequacy of internal control systems, new product and systems, and the reliability and integrity of data processing operations.

RHB SECURITIES SDN BHD ('RHB Securities')

Market risk

Market risk is defined as fluctuations in exposure resulting from adverse movement and volatility in share prices.

Market risk in RHB Securities as a result of its equity trading activities could arise either from client-related business or from proprietary positions. Such risks are managed/mitigated as follows:

- Clients' purchase positions are secured against collateral pledged by commissioned dealer's representatives and clients by way of cash or shares.
- Assignment of appropriate trading limits.
- Daily monitoring of large exposure risk to single equity and single client to manage the concentration risk.
- Requirement of collateral or upfront payment for purchase of volatile stocks prior to the date of the transaction and exposure to volatile stocks are being closely monitored.
- In compliance with the Business Rules of Bursa Securities, clients must settle all positions on the third market day after the transaction day (i.e. T+3), otherwise the outstanding positions will be force sold by RHB Securities on the following market day. Hence, the market risk is contained within 4 market days after the transaction day.
- The Business Rules of Bursa Securities on Capital Adequacy Requirements ('CAR') restrict stockbroking companies' exposure in relation to position risk, counter party risk, large exposure risk, underwriting risk and operational risk.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

50 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

Credit risk

Credit and counterparty risk is defined as the possibility of losses due to an unexpected default or deterioration of a business partner's creditworthiness.

In trading activities, credit risk arises from the possibility that our counterparty not being able or willing to fulfil its obligation on a transaction on or before settlement date.

The Credit Control Division in RHB Securities ensures that credit risk is mitigated by:

- Structured and systematic credit checking and processing based on approved policies, procedures and guidelines.
- Proper trading limit structure for dealer's representatives and clients are in place in line with the credit policies.
- Daily review and monitoring of exposure and adequacy of collateral.
- Requirement of upfront payment for purchase positions prior to the date of transaction for any exposure which is beyond acceptable risk tolerance levels.
- Internal policy on suspension of clients from trading once their accounts are overdue. Clients' losses are reviewed daily and recovery action initiated where appropriate.
- All losses incurred by clients are secured against the dealer representatives' collaterals and/or commissions/incentives.

Interest rate risk

RHB Securities's financial position is not significantly affected by changes in market interest rate. Any exposure is minimum as the funds placed are for short term.

Liquidity and cash flow risk

RHB Securities maintains sufficient cash and have access to sufficient funding through an adequate amount of committed credit facilities and ability to close out market positions. RHB Securities has in place the following measures to manage such risks:

- Arrangement with licensed banks to maintain credit facilities for trade payments.
- RHB Securities monitors its level of funds on a daily basis.

Operational risk

Operational risk is defined as the possibility of losses due to errors in the processing of transactions, breakdown in the controls around front, middle and back office activities and errors or failures in system support.

Written policies and procedures, proper controls and segregation of duties are in place to mitigate such risk.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

50 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk

The tables below summarise the Group's and the Company's exposure to interest rate risks. The assets and liabilities at carrying amount are categorised by the earlier of contractual repricing or maturity dates:

Group	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years	Islamic Banking business	Non- interest bearing	Total
31.12.2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS									
Cash and short term funds	11,698,901	-	-	-	-	-	609,363	425,967	12,734,231
Securities purchased under resale agreements	40,458	-	-	-	-	-	-	-	40,458
Deposits and placements with banks and other financial institutions	276,592	240,371	11,414	13,718	-	-	1,021	-	543,116
Dealing securities	1,220,829	1,053,617	525,781	692,630	1,439,149	207,475	896,659	30,890	6,067,030
Investment securities	1,197,746	1,262,736	798,260	916,160	4,917,275	3,446,020	779,884	37,143	13,355,224
Loans, advances and financing	30,756,163	4,425,485	1,759,326	515,926	4,229,451	2,828,645	3,755,595	(4,358,854)	43,911,737
Clients' and brokers' balances	23,528	71,358	-	-	-	-	-	177,193	272,079
Other assets	20,904	-	127	85	464	1,182	13,581	292,614	328,957
Amount due from holding company	1,032,489	-	-	-	-	-	-	-	1,032,489
Statutory deposits	-	-	-	100	-	-	143,624	1,280,657	1,424,381
Tax recoverable	-	-	-	-	-	-	-	65,014	65,014
Deferred tax assets	-	-	-	-	-	-	21,179	178,701	199,880
Investments in associates	-	-	-	-	-	-	-	16,135	16,135
Property, plant and equipment	-	-	-	-	-	-	669	964,827	965,496
Goodwill	-	-	-	-	-	-	-	1,172,195	1,172,195
TOTAL ASSETS	46,267,610	7,053,567	3,094,908	2,138,619	10,586,339	6,483,322	6,221,575	282,482	82,128,422
LIABILITIES									
Deposits from customers	19,438,328	5,602,391	3,148,040	6,539,612	425,921	10	3,683,805	11,329,145	50,167,252
Deposits and placements of banks and other financial institutions	3,415,756	908,958	279,317	487,685	706,071	51,104	1,273,222	1,829	7,123,942
Obligations on securities sold under repurchase agreements	7,899,741	44,900	-	-	-	-	-	-	7,944,641
Bills and acceptances payable	651,994	728,564	292,545	-	-	-	606,464	343,364	2,622,931
Clients' and brokers' balances	105,697	-	-	-	-	-	-	191,837	297,534
Other liabilities	237,124	-	10,000	-	-	-	142,934	978,891	1,368,949
Amount due to Cagamas	-	-	-	30,483	2,775,184	561,184	-	-	3,366,851
Taxation	-	-	-	-	-	-	408	7,247	7,655
Deferred tax liabilities	-	-	-	-	-	-	-	2,665	2,665
Borrowings	721,136	-	125,000	-	575,000	-	-	-	1,421,136
Subordinated obligations	-	-	-	-	1,533,080	-	-	-	1,533,080
INCPS	-	-	-	-	1,104,469	-	-	-	1,104,469
TOTAL LIABILITIES	32,469,776	7,284,813	3,854,902	7,057,780	7,119,725	612,298	5,706,833	12,854,978	76,961,105
On-balance sheet interest sensitivity gap	13,797,834	(231,246)	(759,994)	(4,919,161)	3,466,614	5,871,024	-	-	-
Off-balance sheet interest sensitivity gap	(7,771)	(11,321)	269,428	9,355	179,000	-	-	-	-
TOTAL INTEREST SENSITIVITY GAP	13,790,063	(242,567)	(490,566)	(4,909,806)	3,645,614	5,871,024	-	-	-

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

50 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk (continued)

Group	Up to	>1-3	>3-6	>6-12	>1-5	Over 5	Islamic	Non-	Total
30.6.2003	1 month	months	months	months	years	years	Banking	interest	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	business	bearing	RM'000
							RM'000	RM'000	RM'000
ASSETS									
Cash and short term funds	3,683,550	-	-	-	-	-	475,461	593,199	4,752,210
Securities purchased under resale agreements	55,400	-	-	-	-	-	-	-	55,400
Deposits and placements with banks and other financial institutions	29,780	199,704	79,049	21,808	-	-	4,913	-	335,254
Dealing securities	1,145,925	1,481,808	1,082,356	330,162	668,503	1,403,610	1,747,798	52,772	7,912,934
Investment securities	408,711	461,467	437,336	1,233,304	1,955,902	3,381,362	822,768	253,763	8,954,613
Loans, advances and financing	30,887,416	7,332,873	1,768,621	877,213	1,996,400	1,470,695	2,794,834	(4,681,440)	42,446,612
Clients' and brokers' balances	21,574	9,466	-	-	-	-	-	112,268	143,308
Other assets	-	-	-	329	16,747	434	6,553	287,678	311,741
Amount due from holding company	806,937	-	-	-	-	-	-	-	806,937
Amount recoverable from Danaharta	-	-	-	-	-	-	-	5,552	5,552
Statutory deposits	-	-	-	100	-	-	157,009	1,121,212	1,278,321
Tax recoverable	-	-	-	-	-	-	-	95,185	95,185
Deferred tax assets	-	-	-	-	-	-	-	178,211	178,211
Investments in associates	-	-	-	-	-	-	-	21,256	21,256
Property, plant and equipment	-	-	-	-	-	-	382	994,580	994,962
Goodwill	-	-	-	-	-	-	-	1,193,195	1,193,195
TOTAL ASSETS	37,039,293	9,485,318	3,367,362	2,462,916	4,637,552	6,256,101	6,009,718	227,431	69,485,691
LIABILITIES									
Deposits from customers	16,126,897	7,438,832	6,302,274	5,177,351	332,089	-	4,447,346	8,696,642	48,521,431
Deposits and placements of banks and other financial institutions	843,256	874,024	449,015	52,161	815,639	80,584	765,618	284	3,880,581
Obligations on securities sold under repurchase agreements	3,142,291	35,102	3,000	-	-	-	-	-	3,180,393
Bills and acceptances payable	1,030,850	1,538,454	391,200	657	-	-	262,597	275,739	3,499,497
Clients' and brokers' balances	19,857	-	-	-	-	-	-	117,347	137,204
Other liabilities	176,630	-	-	-	-	-	154,309	840,333	1,171,272
Amount due to Cagamas	2,478	40,284	14,271	52,379	345,646	121,513	-	-	576,571
Taxation	-	-	-	-	-	-	827	15,966	16,793
Deferred tax liabilities	-	-	-	-	-	-	-	22,370	22,370
Borrowings	269,818	70,000	90,000	-	500,000	200,000	-	-	1,129,818
Subordinated obligations	-	-	-	-	1,532,722	-	-	-	1,532,722
INCPS	-	-	-	1,100,000	4,469	-	-	-	1,104,469
TOTAL LIABILITIES	21,612,077	9,996,696	7,249,760	6,382,548	3,530,565	402,097	5,630,697	9,968,681	64,773,121
On-balance sheet interest sensitivity gap	15,427,216	(511,378)	(3,882,398)	(3,919,632)	1,106,987	5,854,004			
Off-balance sheet interest sensitivity gap	(248,958)	(57,081)	15,507	89,391	567,000	(74,500)			
TOTAL INTEREST SENSITIVITY GAP	15,178,258	(568,459)	(3,866,891)	(3,830,241)	1,673,987	5,779,504			

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

50 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk (continued)

Company	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years	Non- interest bearing	Total
31.12.2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
Cash and short term funds	105,411	-	-	-	-	-	5,376	110,787
Deposits and placements with banks and other financial institutions	-	371	310	125	-	-	-	806
Other assets	-	-	-	-	-	-	36,944	36,944
Amount due from holding company	1,032,489	-	-	-	-	-	-	1,032,489
Amounts due from subsidiaries	-	-	-	-	-	-	135,330	135,330
Tax recoverable	-	-	-	-	-	-	11,496	11,496
Investments in subsidiaries	-	-	-	-	-	-	6,780,294	6,780,294
Investments in associates	-	-	-	-	-	-	36,000	36,000
Property, plant and equipment	-	-	-	-	-	-	1,867	1,867
TOTAL ASSETS	1,137,900	371	310	125	-	-	7,007,307	8,146,013
LIABILITIES								
Other liabilities	-	-	-	-	-	-	23,959	23,959
Amounts due to subsidiaries	96,850	-	-	-	-	-	3,244,316	3,341,166
Borrowings	716,135	-	125,000	-	575,000	-	-	1,416,135
TOTAL LIABILITIES	812,985	-	125,000	-	575,000	-	3,268,275	4,781,260
ON-BALANCE SHEET INTEREST SENSITIVITY GAP	324,915	371	(124,690)	125	(575,000)	-		
30.6.2003								
ASSETS								
Cash and short term funds	1,665	-	-	-	-	-	257	1,922
Deposits and placements with banks and other financial institutions	-	812	299	-	-	-	-	1,111
Other assets	-	-	-	-	-	-	33,048	33,048
Amount due from holding company	806,937	-	-	-	-	-	-	806,937
Amounts due from subsidiaries	-	-	-	-	-	-	141,194	141,194
Tax recoverable	-	-	-	-	-	-	16,609	16,609
Investments in subsidiaries	-	-	-	-	-	-	6,780,294	6,780,294
Investments in associates	-	-	-	-	-	-	36,000	36,000
TOTAL ASSETS	808,602	812	299	-	-	-	7,007,402	7,817,115
LIABILITIES								
Other liabilities	-	-	-	-	-	-	24,829	24,829
Amounts due to subsidiaries	143,593	-	-	-	-	-	3,243,690	3,387,283
Borrowings	237,318	20,000	90,000	-	500,000	200,000	-	1,047,318
TOTAL LIABILITIES	380,911	20,000	90,000	-	500,000	200,000	3,268,519	4,459,430
ON-BALANCE SHEET INTEREST SENSITIVITY GAP	427,691	(19,188)	(89,701)	-	(500,000)	(200,000)		

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

50 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk (continued)

Summary of weighted average interest rates by major currencies for monetary financial instruments:

	Group			Company
	31.12.2004			31.12.2004
	RM	USD	SGD	RM
	%	%	%	%
Weighted average interest rates				
ASSETS				
Cash and short term funds	2.76 to 2.84	2.31	1.13	2.73
Securities purchased under resale agreements	–	–	0.45	–
Deposits and placements with banks and other financial institutions	2.21 to 3.38	2.49	1.07	3.38
Dealing securities	2.77 to 3.68	–	–	–
Investment securities	3.56 to 7.00	3.22	1.11	–
Loans, advances and financing	6.09 to 6.37	3.31	6.70	–
Clients' and brokers' balances	7.74	–	–	–
Amount due from holding company	6.47	–	–	6.47
Other financial assets	2.73 to 4.80	–	–	–
LIABILITIES				
Deposits from customers	2.76 to 2.96	1.99	0.90	–
Deposits and placements of banks and other financial institutions	2.69 to 2.99	2.27	–	–
Obligations on securities sold under repurchase agreements	2.64 to 2.66	2.88	–	–
Bills and acceptances payable	2.99	–	–	–
Clients' and brokers' balances	2.66	–	–	–
Amount due to Cagamas	4.26	–	–	–
Amounts due to subsidiaries	–	–	–	3.91
Borrowings	4.22 to 6.01	–	–	6.01
Subordinated obligations	6.85 to 8.20	6.63	–	–
Other financial liabilities	2.80 to 5.40	–	–	5.40

The effective dividend rate of INCPS is 8.58% (30.6.2003: 8.00%).

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

50 USE OF FINANCIAL INSTRUMENTS (CONTINUED)**(b) Interest rate risk (continued)**

Summary of weighted average interest rates by major currencies for monetary financial instruments (continued):

	Group			Company
	30.6.2003			30.6.2003
Weighted average interest rates	RM	USD	SGD	RM
	%	%	%	%
ASSETS				
Cash and short term funds	2.97 to 3.00	1.43	1.09	2.75
Securities purchased under resale agreements	–	–	0.41	–
Deposits and placements with banks and other financial institutions	2.56 to 4.00	1.38 to 1.43	–	4.00
Dealing securities	3.19 to 4.45	–	–	–
Investment securities	2.80 to 6.94	3.16	1.86	–
Loans, advances and financing	4.35 to 7.07	2.83	4.49	–
Clients' and brokers' balances	8.63	–	–	–
Amount due from holding company	6.87	–	–	6.87
Other financial assets	4.25 to 4.55	–	–	–
LIABILITIES				
Deposits from customers	2.84 to 3.07	1.04	1.27	–
Deposits and placements of banks and other financial institutions	3.12 to 3.16	1.38 to 1.71	–	–
Obligations on securities sold under repurchase agreements	2.64 to 2.74	–	0.55	–
Bills and acceptances payable	2.76 to 3.21	–	–	–
Clients' and brokers' balances	2.67	–	–	–
Amount due to Cagamas	3.75 to 4.15	–	–	–
Amounts due to subsidiaries	–	–	–	4.71
Borrowings	4.45 to 6.49	–	–	6.49
Subordinated obligations	6.85 to 8.20	6.63	–	–
Other financial liabilities	2.86 to 3.00	–	–	–

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

50 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk

Credit risk exposure analysed by industry in respect of the Group's and the Company's financial assets, including off-balance sheet financial instruments, are set out below:

Group	Short term	Securities			Loans,	Other	On-	Commitments
	funds and	purchased	Dealing	Investment	advances	financial	balance	and
31.12.2004	deposits and	under	securities	securities	and	assets	sheet	contingencies
	placements	resale			financing*		total	
	with	agreements						
	financial							
	institutions							
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	-	112,702	1,248,832	132	1,361,666	772,766
Mining and quarrying	-	-	-	-	145,589	-	145,589	65,117
Manufacturing	-	-	290,039	499,873	9,149,179	2,196	9,941,287	9,434,913
Electricity, gas and water	-	-	124,514	105,475	496,643	2,593	729,225	564,293
Construction	-	-	36,607	240,226	2,550,200	85	2,827,118	2,742,539
Real estate	-	-	249,475	229,827	1,090,459	2,620	1,572,381	430,926
Purchase of landed property	-	-	-	459	12,243,780	1,278	12,245,517	1,965,524
General commerce	-	-	35,569	34,816	4,920,046	964	4,991,395	4,636,326
Transport, storage and communication	-	-	173,512	2,094,243	1,304,667	3,080	3,575,502	1,111,039
Finance, insurance and business services	11,759,979	40,458	2,393,571	4,399,107	2,572,054	310,550	21,475,719	15,079,075
Government and government agencies	703,900	-	2,666,452	4,702,166	820,405	96,398	8,989,321	-
Purchase of securities	-	-	-	3,434	1,986,889	256,570	2,246,893	262,404
Purchase of transport vehicles	-	-	-	-	2,528,884	35	2,528,919	83,427
Consumption credit	-	-	-	-	2,587,991	11	2,588,002	4,078,555
Others	-	-	63,936	60,107	1,091,073	1,259,922	2,475,038	2,730,802
	12,463,879	40,458	6,033,675	12,482,435	44,736,691	1,936,434	77,693,572	43,957,706

* Excludes general provision amounting to RM824,954,000.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

50 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk (continued)

Group	Short term	Securities	Dealing	Investment	Loans,	Other	On-	Commitments
	funds and	purchased						
30.6.2003	deposits and	with	securities	securities	and	assets	sheet	contingencies
	placements	financial	agreements	agreements	financing*		total	
	with	institutions	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	financial	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	–	–	999	17,160	1,778,526	–	1,796,685	675,908
Mining and quarrying	–	–	–	–	132,247	–	132,247	79,285
Manufacturing	–	–	193,341	550,542	9,216,593	3,450	9,963,926	8,389,922
Electricity, gas and water	–	–	125,762	100,923	1,298,694	589	1,525,968	632,382
Construction	–	–	465,045	465,551	2,848,539	2,372	3,781,507	2,780,982
Real estate	–	–	243,236	367,357	1,838,766	208	2,449,567	604,891
Purchase of landed property	–	–	–	1,087	10,846,253	1,109	10,848,449	2,274,226
General commerce	–	–	53,218	40,879	4,351,195	1,640	4,446,932	3,853,839
Transport, storage and communication	–	–	723,109	1,981,224	1,405,502	2,966	4,112,801	1,332,905
Finance, insurance and business services	3,831,836	–	3,335,191	1,538,675	2,707,873	171,946	11,585,521	8,156,577
Government and government agencies	672,634	55,400	2,683,249	3,048,303	258,350	3,624	6,721,560	84,317
Purchase of securities	–	–	37,012	28,530	1,992,857	144,662	2,203,061	176,475
Purchase of transport vehicles	–	–	–	–	1,254,635	71	1,254,706	56,353
Consumption credit	–	–	–	–	1,822,686	54	1,822,740	1,523,739
Others	–	–	–	81,672	1,485,828	1,044,701	2,612,201	3,441,392
	4,504,470	55,400	7,860,162	8,221,903	43,238,544	1,377,392	65,257,871	34,063,193

* Excludes general provision amounting to RM791,932,000.

Company	Short term	Amount	Amount	Other	On-
	funds and				
31.12.2004	deposits and	subsidaries	company	assets	sheet
	placements	RM'000	RM'000	RM'000	total
	with				
	financial				
	institutions				
	RM'000				
Finance, insurance and business services	111,593	–	–	120	111,713
Others	–	135,330	1,032,489	32,853	1,200,672
	111,593	135,330	1,032,489	32,973	1,312,385
30.6.2003					
Finance, insurance and business services	3,033	–	–	30	3,063
Others	–	141,194	806,937	32,800	980,931
	3,033	141,194	806,937	32,830	983,994

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

51 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Quoted and observable market prices, where available, are used as the measure of fair values. However, for a significant portion of the financial instruments, including loans and advances to customers, such market prices do not exist as there is currently no ready market wherein exchanges between willing parties occur.

Accordingly, various methodologies have been used to estimate what the approximate fair values of such instruments might be. These methodologies involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in the uncertainties and assumptions could significantly affect these estimates and the resulting fair value estimates. Where these methodologies are not able to estimate the approximate fair values, such instruments are stated at carrying amount.

In addition, fair value information is not provided for non-financial instruments and financial instruments that are excluded from the scope of MASB Standard 24 which requires fair value information to be disclosed. These include property, plant and equipment, investments in subsidiaries and associates and intangibles.

Therefore, for a significant portion of the Group's financial instruments, including loans and advances to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amount that the Group could have realised in a sales transaction at the balance sheet date. The fair value information presented herein should also in no way be construed as representative of the Group's underlying value as a going concern.

Furthermore, it is the Group's intention to hold most of its financial instruments to maturity and, therefore, it is not probable that the fair value estimates shown will be realised.

The following table shows the carrying amounts and the estimated fair values of the Group and the Company's financial instruments:

	Group		Company	
	Carrying value RM'000	Estimated fair value RM'000	Carrying value RM'000	Estimated fair value RM'000
31.12.2004				
Financial assets				
Cash and short term funds	12,734,231	12,734,231	110,787	110,787
Securities purchased under resale agreements	40,458	40,458	-	-
Deposits and placements with banks and other financial institutions	543,116	543,116	806	806
Dealing securities	6,067,030	6,439,953	-	-
Investment securities	13,355,224	13,650,497	-	-
Loans, advances and financing	43,911,737	44,013,196	-	-
Clients' and brokers' balances	272,079	272,079	-	-
Amount due from holding company	1,032,489	1,032,489	1,032,489	1,032,489
Amounts due from subsidiaries	-	-	135,330	135,330
Other financial assets	302,164	302,164	32,973	32,973

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

51 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table shows the carrying amounts and the estimated fair values of the Group and the Company's financial instruments (continued):

	Group		Company	
	Carrying value RM'000	Estimated fair value RM'000	Carrying value RM'000	Estimated fair value RM'000
31.12.2004				
Financial liabilities				
Deposits from customers	50,167,252	50,167,252	-	-
Deposits and placements of banks and other financial institutions	7,123,942	7,123,942	-	-
Obligations on securities sold under repurchase agreements	7,944,641	7,944,641	-	-
Bills and acceptances payable	2,622,931	2,622,931	-	-
Clients' and brokers' balances	297,534	297,534	-	-
Amount due to Cagamas	3,366,851	3,372,081	-	-
Amounts due to subsidiaries	-	-	3,341,166	3,341,166
Borrowings	1,421,136	1,446,243	1,416,135	1,441,242
Subordinated obligations	1,533,080	1,624,687	-	-
INCPS	1,104,469	1,875,124	-	-
Other financial liabilities	1,238,350	1,238,350	23,959	23,714
30.6.2003				
Financial assets				
Cash and short term funds	4,752,210	4,752,210	1,922	1,922
Securities purchased under resale agreements	55,400	55,400	-	-
Deposits and placements with banks and other financial institutions	335,254	335,254	1,111	1,111
Dealing securities	7,912,934	8,225,719	-	-
Investment securities	8,954,613	9,121,097	-	-
Loans, advances and financing	42,446,612	42,460,006	-	-
Clients' and brokers' balances	143,308	143,308	-	-
Amount due from holding company	806,937	806,937	806,937	806,937
Amounts due from subsidiaries	-	-	141,194	141,194
Other financial assets	290,402	290,402	32,830	32,830
Financial liabilities				
Deposits from customers	48,521,431	48,523,355	-	-
Deposits and placements of banks and other financial institutions	3,880,581	3,880,581	-	-
Obligations on securities sold under repurchase agreements	3,180,393	3,180,393	-	-
Bills and acceptances payable	3,499,497	3,499,497	-	-
Clients' and brokers' balances	137,204	137,204	-	-
Amount due to Cagamas	576,571	575,940	-	-
Amounts due to subsidiaries	-	-	3,387,283	3,387,283
Borrowings	1,129,818	1,156,436	1,047,318	1,073,936
Subordinated obligations	1,532,722	1,551,516	-	-
INCPS	1,104,469	1,181,782	-	-
Other financial liabilities	1,162,165	1,162,165	24,829	24,829

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

51 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Off-balance sheet financial instruments

The derivative financial instruments outstanding include forward and swap contracts for the purchase and sale of foreign currencies, entered into by the Group for trading or hedging purposes.

Group	Contract or underlying principal amount RM'000	Period-end positive fair value RM'000	Period-end negative fair value RM'000
31.12.2004			
Foreign exchange-related contracts			
– forwards/swaps	12,788,609	31,126	13,025
– options	371,671	3,255	2,072
– cross-currency interest rate swaps	190,000	–	1,383
– spots	748,808	757	511
Interest rate-related contracts			
– futures	1,739,000	2,281	1,240
– swaps	1,427,000	9,871	23,480
30.6.2003			
Foreign exchange-related contracts			
– forwards/swaps	3,987,029	10,505	13,511
– options	457,419	5,068	5,169
– cross-currency interest rate swaps	190,000	–	2,132
– spots	27,571	13	13
Interest rate-related contracts			
– futures	309,500	251	85
– swaps	1,416,000	39,801	32,157

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

The fair values above include net fair value profit of RM8,832,000 (30.6.2003: net fair value profit of RM8,065,000) that has been recognised in the financial statements as at 31 December 2004. The balance of fair value differences mainly relate to hedged instruments which are not marked to market.

The fair values are based on the following methodologies and assumptions:

Cash and short term funds and securities purchased under resale agreements

The carrying amounts are a reasonable estimate of the fair values because of their short term nature.

Deposits and placements with banks and other financial institutions

The estimated fair values of deposits and placements with banks and other financial institutions with maturities of less than one year are estimated to approximate their carrying values. For deposits and placements with maturities of more than one year, fair value is estimated 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.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

51 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Dealing and investment securities

The estimated fair value is generally based on quoted and observable market prices at the balance sheet date. Where such quoted or observable market prices are not available on certain securities, the fair value is estimated by reference to market indicative yields or net tangible asset backing of the investee. Where discounted cash flow techniques are used, the estimated future cash flows are discounted using the prevailing market rates for a similar instrument at the balance sheet date.

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 risk 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, being the expected recoverable amount.

Clients' and brokers' balances

The carrying amount of these balances approximate fair values due to the relatively short term maturity of these financial instruments.

Amounts due from/to subsidiaries and holding company

The amounts due from/to subsidiaries and holding company have no fixed terms of repayment and are deemed repayable on demand. The fair values approximate their carrying values as at 31 December 2004.

Other assets

Other assets consist of mainly debtors and accrued interest receivable. The carrying amount of these financial assets are assumed to approximate their fair value due to short tenure of less than one year.

Deposits from customers, placements of banks and other financial institutions

For deposits from customers, placements of banks and other financial institutions with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair values. For deposits with maturities more than one year, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits and placements with similar remaining period to maturities.

Obligations on securities sold under repurchase agreements and bills and acceptance payable

The carrying amounts are a reasonable estimate of the fair values because of their short term nature.

Amount due to Cagamas

For amount due to Cagamas with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair values. For amount due to Cagamas with maturities of more than one year, fair value is estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

Borrowings

The estimated fair values of borrowings are based on discounted cash flow model using a current yield curve appropriate for the remaining term to maturity.

Subordinated obligations

The estimated fair values of subordinated obligations are generally based on quoted and observable market prices at the balance sheet date.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

51 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

INCPS

The estimated fair value of the INCPS is based on the price over net assets value of comparable banks, adjusted for the conversion option of the INCPS.

Other liabilities

Other liabilities comprise of mainly interest payable and accrued expenses. The carrying amounts of these financial liabilities are assumed to approximate their fair value due to short tenure of less than one year.

Off-balance sheet financial instruments

The fair value of exchange rate and interest rate contracts is the estimated amount the Group would receive or pay to terminate the contracts at the reporting date.

52 ISLAMIC BANKING BUSINESS

BALANCE SHEET AS AT 31 DECEMBER 2004

	Note	Group	
		31.12.2004 RM'000	30.6.2003 RM'000
ASSETS			
Cash and short term funds	a	609,363	475,461
Deposits and placements with financial institutions	b	1,021	4,913
Dealing securities	c	896,659	1,747,798
Investment securities	d	779,884	822,768
Financing and other advances	e	3,755,595	2,794,834
Other assets	f	13,581	10,144
Statutory deposit		143,624	157,009
Deferred tax assets	g	21,179	–
Property, plant and equipment		669	382
TOTAL ASSETS		6,221,575	6,013,309
LIABILITIES, ISLAMIC BANKING FUNDS AND MINORITY INTERESTS			
Deposits from customers	h	3,683,805	4,447,346
Deposits and placements of banks and other financial institutions	i	1,273,222	765,618
Bills and acceptances payable		606,464	262,597
Zakat		408	827
Other liabilities	j	142,934	157,900
TOTAL LIABILITIES		5,706,833	5,634,288
ISLAMIC BANKING FUNDS	k	360,319	265,315
MINORITY INTERESTS		154,423	113,706
TOTAL LIABILITIES, ISLAMIC BANKING FUNDS AND MINORITY INTERESTS		6,221,575	6,013,309
COMMITMENTS AND CONTINGENCIES	q	1,409,573	1,407,279

The accompanying notes 52(a) to 52(r) form an integral part of these financial statements.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

52 ISLAMIC BANKING BUSINESS (CONTINUED)**INCOME STATEMENT****FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004**

	Note	Group	
		18 months ended	12 months ended
		31.12.2004 RM'000	30.6.2003 RM'000
Income derived from investment of depositors' funds	l	320,383	200,336
Financing loss and provision	m	(63,153)	(29,401)
Transfer from/(to) profit equalisation reserve	l	6,970	(4,257)
		264,200	166,678
Income attributable to depositors	l	(170,486)	(110,296)
Income attributable to shareholders		93,714	56,382
Income derived from investment of shareholders' funds	l	40,201	19,212
Net income		133,915	75,594
Overhead expenses	n	(19,370)	(10,078)
Profit before taxation and zakat		114,545	65,516
Taxation	o	21,179	–
Zakat		(3)	(301)
Profit after taxation and zakat		135,721	65,215
Minority interests		(40,717)	(19,564)
Net profit for the financial period/year		95,004	45,651

STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS**FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004**

Group	Islamic Banking funds	Retained earnings	Total
	RM'000	RM'000	RM'000
Balance as at 1 July 2003	130,900	134,415	265,315
Net profit for the financial period	–	95,004	95,004
Balance as at 31 December 2004	130,900	229,419	360,319
Balance as at 1 July 2002	109,900	88,764	198,664
Amount vested over from a subsidiary	21,000	–	21,000
Net profit for the financial year	–	45,651	45,651
Balance as at 30 June 2003	130,900	134,415	265,315

The accompanying notes 52(a) to 52(r) form an integral part of these financial statements.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

52 ISLAMIC BANKING BUSINESS (CONTINUED)

CASH FLOW STATEMENT

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

	Group	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	114,545	65,516
Adjustments for:		
Income from investment securities	(9,542)	(15,363)
Accretion of discount less amortisation of premium	(32,636)	(10,683)
Gain on sale of investment securities	(16,051)	(19,054)
Specific provision	40,096	23,475
General provision	23,131	5,926
Income suspended	17,428	6,544
Profit equalisation reserve (written-back)/transferred	(6,970)	4,257
	130,001	60,618
(Increase)/Decrease in operating assets:		
Deposits and placements with financial institutions	3,510	7,491
Financing and other advances	(1,041,418)	(273,795)
Dealing securities	851,139	(1,046,929)
Other assets	(3,457)	(6,838)
Statutory deposit	13,385	(27,020)
Increase/(Decrease) in operating liabilities:		
Deposits from customers	(763,159)	159,271
Deposits and placements of banks and other financial institutions	507,604	564,968
Bills and acceptances payable	343,867	89,487
Other liabilities	(7,985)	(191,907)
Cash generated from/(used in) operations	33,487	(664,654)
Zakat paid	(421)	(226)
Net cash generated from/(used in) operating activities	33,066	(664,880)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(288)	(23)
Income received from investment securities	85,062	16,910
Net sale of investment securities	16,062	302,802
Net cash generated from investing activities	100,836	319,689
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Net increase/(decrease) in cash and cash equivalents	133,902	(345,191)
Cash and cash equivalents at the beginning of the financial period/year	475,461	820,652
Cash and cash equivalents at the end of the financial period/year	609,363	475,461

The accompanying notes 52(a) to 52(r) form an integral part of these financial statements.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

52 ISLAMIC BANKING BUSINESS (CONTINUED)

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
(a) CASH AND SHORT TERM FUNDS		
Cash and balances with banks and other financial institutions	1,791	3,061
Money at call and deposit placements maturing within one month	607,572	472,400
	609,363	475,461
(b) DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS		
Licensed banks	1,021	4,913
(c) DEALING SECURITIES		
Money market instruments:		
<u>Quoted</u>		
Government investment issues	74,179	258,367
Cagamas bonds	15,000	15,000
Private debt securities	136,919	295,832
<u>Unquoted</u>		
BNM bills	-	114,424
Islamic accepted bills	463,510	628,317
Private debt securities	207,051	435,858
	896,659	1,747,798
Market value of quoted money market instruments:		
Government investment issues	75,300	258,367
Cagamas bonds	14,781	14,988
Private debt securities	136,606	296,539
(d) INVESTMENT SECURITIES		
Money market instruments:		
<u>Quoted</u>		
Government investment issues	-	361,552
Cagamas mudharabah bonds	80,790	35,000
<u>Unquoted</u>		
Islamic debt securities	683,720	410,350
	764,510	806,902
Quoted securities in Malaysia:		
Shares	281	281
Unquoted securities in Malaysia:		
Shares	575	325
	765,366	807,508
Accretion of discount less amortisation of premium	14,518	15,260
Total investment securities	779,884	822,768

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

52 ISLAMIC BANKING BUSINESS (CONTINUED)

	Group	
	31.12.2004	30.6.2003
	RM'000	RM'000
(d) INVESTMENT SECURITIES (CONTINUED)		
(i) Market value of quoted money market instruments and quoted securities:		
Government investment issues	–	376,320
Cagamas mudharabah bonds	79,793	35,002
Shares in Malaysia	168	162
	<hr/>	<hr/>
(ii) The maturity structure of money market instruments held for investment is as follows:		
Maturing within one year	5,074	275,784
One year to three years	141,430	319,201
Three years to five years	511,960	119,620
More than five years	106,046	92,297
	764,510	806,902
	<hr/>	<hr/>
(e) FINANCING AND OTHER ADVANCES		
Overdrafts	42,140	6,821
Term financing:		
– house financing	1,047,716	679,656
– syndicated term financing	687,641	430,784
– hire-purchase receivables	30	164
– leasing receivables	190	263,997
– other term financing	742,289	707,816
Trust receipts	2,189	4,320
Claim on customers under acceptance credits	905,743	642,946
Revolving credit	518,110	175,272
	3,946,048	2,911,776
Unearned income	(7,503)	(13,449)
Gross financing and other advances	3,938,545	2,898,327
	<hr/>	<hr/>
Provision for bad and doubtful financing:		
– general	(75,659)	(52,528)
– specific	(77,354)	(37,940)
Income-in-suspense	(29,937)	(13,025)
Net financing and other advances	3,755,595	2,794,834
	<hr/>	<hr/>
(i) Gross financing and other advances analysed by concepts are as follows:		
Al - Bai' Inah	12,083	20,265
Al - Bai' Bithaman Ajil	2,982,668	1,957,447
Al - Ijarah	199	263,997
Al - Murabahah	943,595	656,618
	3,938,545	2,898,327
	<hr/>	<hr/>
(ii) The maturity structure of gross financing and other advances are as follows:		
Maturing within one year	1,698,571	867,465
One year to three years	102,758	266,017
Three years to five years	310,817	344,918
Over five years	1,826,399	1,419,927
	3,938,545	2,898,327
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Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

52 ISLAMIC BANKING BUSINESS (CONTINUED)

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
(e) FINANCING AND OTHER ADVANCES (CONTINUED)		
(iii) Gross financing and other advances according to economic sectors are as follows:		
Agriculture	285,696	402,684
Mining and quarrying	3	879
Manufacturing	921,343	645,485
Electricity, gas and water	276,939	52,088
Construction	153,533	105,330
Real estate	210,089	226,937
Purchase of landed property of which:		
(i) Residential	1,047,941	679,656
(ii) Non-residential	34,200	51,385
General commerce	333,923	159,455
Transport, storage and communication	56,265	87,017
Finance, insurance and business services	194,480	280,215
Purchase of securities	323,576	5,167
Purchase of transport vehicles	66	130
Consumption credit	23,522	7,373
Others	76,969	194,526
	3,938,545	2,898,327
(iv) Movements in non-performing debts and financing are as follows:		
Balance as at the beginning of financial period/year	270,881	165,162
Amount arising from the acquisition of a subsidiary	-	5,086
Non-performing during the financial period/year	169,075	123,336
Amount recovered	(94,982)	(20,953)
Amount reclassified as performing	(55,876)	(1,750)
Amount written off	(1,415)	-
Balance as at the end of financial period/year	287,683	270,881
Net non-performing financing	180,392	219,916
% of net non-performing financing to total financing (less specific provision and income-in-suspense)	4.8%	7.7%
(v) Movements in general provision, specific provision and income-in-suspense are as follows:		
General provision		
Balance as at the beginning of financial period/year	52,528	36,212
Amount arising from the acquisition of a subsidiary	-	10,390
Provision made during the financial period/year	23,152	6,301
Amount written back	(21)	(375)
Balance as at the end of financial period/year	75,659	52,528
% of total financing less specific provision and income-in-suspense	2.0%	1.8%

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

52 ISLAMIC BANKING BUSINESS (CONTINUED)

	Group	
	31.12.2004	30.6.2003
	RM'000	RM'000
(e) FINANCING AND OTHER ADVANCES (CONTINUED)		
(v) Movements in general provision, specific provision and income-in-suspense are as follows: (continued)		
Specific provision		
Balance as at the beginning of financial period/year	37,940	9,693
Amount arising from the acquisition of a subsidiary	–	5,040
Provision made during the financial period/year	51,138	26,330
Amount written back in respect of recoveries	(11,041)	(2,934)
Amount written off	(683)	(189)
Balance as at the end of financial period/year	<u>77,354</u>	<u>37,940</u>
Income-in-suspense		
Balance as at the beginning of financial period/year	13,025	6,476
Income suspended during the financial period/year	40,137	13,272
Amount written back in respect of recoveries	(22,709)	(6,701)
Amount written off	(516)	(22)
Balance as at the end of financial period/year	<u>29,937</u>	<u>13,025</u>
(f) OTHER ASSETS		
Others debtors, deposits and prepayment	10,859	7,015
Accrued income receivable	2,722	3,129
	<u>13,581</u>	<u>10,144</u>
(g) DEFERRED TAX ASSETS		
General provision on financing and other advances		
Balance as at the beginning of financial period/year	–	–
Credited to income statement	21,179	–
Balance as at the end of financial period/year	<u>21,179</u>	<u>–</u>
(h) DEPOSITS FROM CUSTOMERS		
Non-Mudharabah Funds		
Demand deposits	861,401	596,632
Savings deposits	456,844	362,708
Negotiable certificates of deposits	135,793	417,288
	<u>1,454,038</u>	<u>1,376,628</u>
Mudharabah Funds		
Demand deposits	262,272	215,453
General investment deposits	1,616,256	2,382,909
Special investment deposits	351,239	472,356
	<u>2,229,767</u>	<u>3,070,718</u>
Total deposits	<u>3,683,805</u>	<u>4,447,346</u>

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

52 ISLAMIC BANKING BUSINESS (CONTINUED)

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
(h) DEPOSITS FROM CUSTOMERS (CONTINUED)		
(i) Maturity structure of investment deposits and negotiable certificates of deposits are as follows:		
Due within six months	1,371,058	2,411,995
Six months to one year	589,457	787,303
One year to three years	84,346	55,579
Three years to five years	58,427	17,676
	2,103,288	3,272,553
(ii) The deposits are sourced from the following customers:		
Business enterprises	1,866,787	2,835,188
Individuals	811,372	629,157
Others	1,005,646	983,001
	3,683,805	4,447,346
(i) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS		
Non-Mudharabah Funds		
Licensed banks	1,268,988	747,324
Other financial institutions	4,234	18,294
	1,273,222	765,618
(j) OTHER LIABILITIES		
Amount due to commercial bank subsidiary	117,958	122,480
Accrued income payable	9,683	15,264
Profit equalisation reserve (see below)	4,002	10,972
Other accruals and payables	11,291	9,184
	142,934	157,900
Profit equalisation reserve:		
Balance as at the beginning of financial period/year	10,972	5,400
Amount arising from the acquisition of a subsidiary	-	2,050
Amount transferred out	-	(735)
Amount provided during the financial period/year	3,480	9,665
Amount written back during the financial period/year	(10,450)	(5,408)
Balance as at the end of financial period/year	4,002	10,972
(k) ISLAMIC BANKING FUNDS		
Allocated capital funds	130,900	130,900
Retained earnings	229,419	134,415
	360,319	265,315

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

52 ISLAMIC BANKING BUSINESS (CONTINUED)

	Group	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
(I) INCOME FROM ISLAMIC BANKING BUSINESS		
Income derived from investment of depositors' funds	320,383	200,336
Income attributable to depositors	(170,486)	(110,296)
Income derived from investment of shareholders' funds	40,201	19,212
	190,098	109,252
Transfer from/(to) profit equalisation reserve	6,970	(4,257)
	197,068	104,995
Income derived from investment of depositors' funds are as follows:		
Income derived from investment of:		
(i) Mudharabah deposits	162,873	124,970
(ii) Non-Mudharabah deposits	157,510	75,366
	320,383	200,336
(i) Income derived from investment of Mudharabah deposits:		
Income from financing	110,523	72,294
Income from investment securities	22,585	16,080
Income from dealing securities	18,121	4,974
Income from deposits with financial institutions	7,767	4,868
	158,996	98,216
(Loss)/Gain from sale of dealing securities	(2,243)	17,135
Net gain from sales of investment securities	4,426	8,454
Commission	1,694	1,165
	162,873	124,970
(ii) Income derived from investment of Non-Mudharabah deposits:		
Income from financing	106,884	42,734
Income from investment securities	21,842	11,218
Income from dealing securities	17,524	3,470
Income from deposits with financial institutions	7,511	3,289
	153,761	60,711
(Loss)/Gain from sale of dealing securities	(2,170)	8,019
Net gain from sales of investment securities	4,281	5,897
Commission	1,638	739
	157,510	75,366
(iii) Income attributable to depositors:		
Deposits from customers:		
Mudharabah funds	91,924	71,665
Non-Mudharabah funds	36,312	19,830
Deposits and placement of banks and other financial institutions:		
Mudharabah funds	2,957	1,420
Non-Mudharabah funds	39,293	17,381
	170,486	110,296

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

52 ISLAMIC BANKING BUSINESS (CONTINUED)

	Group	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
(I) INCOME FROM ISLAMIC BANKING BUSINESS (CONTINUED)		
(iv) Income derived from investment of shareholders' funds:		
Income from financing	20,969	8,532
Income from investment securities	4,260	1,926
Income from dealing securities	3,418	596
Income from deposits with financial institutions	1,703	581
	30,350	11,635
(Loss)/Gain from sales of dealing securities	(423)	1,987
Net gain from sales of investment securities	835	1,013
Fees and commission income:		
– commission	2,095	1,172
– service charges and fees	7,344	3,405
	9,439	4,577
	40,201	19,212

Profit distribution to depositors is based on the 'Framework of Rate of Return ('the Framework')' issued by BNM. The Framework is based on the return on assets concept, calculating the income from each asset. The return on assets after deducting incidental expenses and provision for losses for financing and advances are distributed to the depositors using the weighted average method.

	Group	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
(m) FINANCING LOSS AND PROVISION		
Provision for bad and doubtful financing:		
– specific provision (net)	40,096	23,396
– general provision	23,131	5,926
	63,227	29,322
Provision on amount recoverable from Danaharta	–	79
Bad loans recovered	(74)	–
	63,153	29,401

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

52 ISLAMIC BANKING BUSINESS (CONTINUED)

	Group	
	18 months ended 31.12.2004 RM'000	12 months ended 30.6.2003 RM'000
(n) OVERHEAD EXPENSES		
Personnel costs	12,334	6,670
Establishment costs	2,896	1,445
Marketing expenses	1,191	417
Administration and general expenses	2,949	1,546
	19,370	10,078
Personnel costs comprise of the following:		
Salaries, bonus and wages	9,690	5,066
Defined contribution plan	1,560	782
Other staff related costs	1,084	822
	12,334	6,670
(o) TAXATION		
Deferred taxation	21,179	-
	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
(p) CAPITAL ADEQUACY		
Tier I capital		
Allocated capital funds	130,900	130,900
Other reserves	229,419	134,415
Deferred tax assets	(21,179)	-
Minority interests	154,423	113,706
Total Tier I capital	493,563	379,021
Tier II capital		
General provision for bad and doubtful debts	75,659	52,528
Total Tier II capital	75,659	52,528
Total capital base	569,222	431,549
Capital ratios		
Core capital ratio	12.5%	11.2%
Risk-weighted capital adequacy ratio	14.4%	12.7%
The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:		
10%	9,575	16,700
20%	95,833	189,612
50%	555,596	468,368
100%	3,278,124	2,717,145
	3,939,128	3,391,825

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

52 ISLAMIC BANKING BUSINESS (CONTINUED)

(q) COMMITMENTS AND CONTINGENCIES

Risk weighted exposure of the Group are as follows:

	31.12.2004		30.6.2003	
	Principal amount RM'000	Credit equivalent amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000
Direct credit substitutes	–	–	52,700	52,700
Transaction-related contingent items	116,013	58,007	70,817	35,408
Short term self-liquidating trade-related contingencies	97,146	19,429	32,238	6,448
Assets sold with recourse and commitment with drawdown	54,080	54,080	57,925	57,925
Irrevocable commitment to extend credit				
– maturity more than one year	187,961	93,981	355,727	177,864
– maturity less than one year	938,178	–	821,677	–
Miscellaneous	16,195	–	16,195	–
	1,409,573	225,497	1,407,279	330,345

(r) DISCLOSURE OF SHARIAH ADVISORS

The banking subsidiary has engaged the services of the Shariah Advisory Council comprise of four qualified Shariah professionals. The main duties and responsibilities of the Shariah Advisory Council is to provide consultancy service on the conformance of Shariah principles in the areas of:

- (i) Banking subsidiary's practice/operations/legal documentation
- (ii) New product proposals
- (iii) Theme/mode/media/message in advertising/promotional activities
- (iv) Computation of zakat
- (v) Roadshows conducted in selected areas on 'as-need' basis

53 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 March 2005.

Statement by directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato Sri Sulaiman Abdul Rahman Taib and Vaseehar Hassan bin Abdul Razack, being two of the directors of RHB Capital Berhad state that, in the opinion of the directors, the accompanying financial statements set out on pages 48 to 139 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 2004 and of the results and cash flows of the Group and the Company for the financial period 1 July 2003 to 31 December 2004 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 dated 28 March 2005.

DATO SRI SULAIMAN ABDUL RAHMAN TAIB
EXECUTIVE CHAIRMAN

VASEEHAR HASSAN BIN ABDUL RAZACK
DIRECTOR

Statutory declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Albert Chan Huat Cheng, the officer primarily responsible for the financial management of RHB Capital Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 48 to 139 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.

ALBERT CHAN HUAT CHENG

Subscribed and solemnly declared by the abovenamed Albert Chan Huat Cheng at Kuala Lumpur in Malaysia on 28 March 2005 before me.

MOHD RADZI BIN YASIN
COMMISSIONER FOR OATHS

Report of the auditors

TO THE MEMBERS OF RHB CAPITAL BERHAD

We have audited the financial statements set out on pages 48 to 139. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We have 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 directors, as well as evaluating the overall financial statement 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 provisions of the Companies Act, 1965, the applicable approved accounting standards in Malaysia and Bank Negara Malaysia Guidelines 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 Company as at 31 December 2004 and of the results and cash flows of the Group and Company for the financial period 1 July 2003 to 31 December 2004; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in note 15 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' report thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in 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.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comments made under subsection (3) of Section 174 of the Act.

PRICEWATERHOUSECOOPERS

(No. AF: 1146)
Chartered Accountants

MOHAMMAD FAIZ BIN MOHAMMAD AZMI

(No. 2025/03/06(J))
Partner of the firm

Kuala Lumpur
28 March 2005

Analysis of shareholdings

AS AT 28 FEBRUARY 2005

AUTHORISED SHARE CAPITAL	:	RM2,500,000,000 comprising 2,500,000,000 ordinary shares of RM1.00 each
ISSUED AND PAID-UP SHARE CAPITAL	:	RM1,823,474,695 comprising 1,823,474,695 ordinary shares of RM1.00 each
CLASS OF SHARES	:	Ordinary shares of RM1.00 each
VOTING RIGHTS	:	Each shareholder present in person or by proxy at any Shareholders' Meeting shall be entitled on a show of hands to one vote, and on a poll each shareholder who is present in person or by proxy shall have one vote for each ordinary share held.
NUMBER OF SHAREHOLDERS	:	36,061

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of shareholdings
Less than 100	416	1.15	20,598	0.00
100 to 1,000	10,885	30.18	10,222,459	0.56
1,001 to 10,000	20,539	56.97	82,290,067	4.51
10,001 to 100,000	3,737	10.36	108,341,643	5.94
100,001 to 91,173,734 (Less than 5% of issued shares)	480	1.33	566,090,858	31.04
91,173,735 (5%) and above of issued shares	4	0.01	1,056,509,070	57.95
Total	36,061	100.00	1,823,474,695	100.00

List of top thirty (30) shareholders

AS AT 28 FEBRUARY 2005

Rank	Shareholder Name	No. of Shares	%
1	Mayban Nominees (Tempatan) Sdn Bhd <J.P. Morgan Chase Bank Berhad for Rashid Hussain Berhad (JPMC Labuan)>	424,456,678	23.28
2	Mayban Nominees (Tempatan) Sdn Bhd <Bayerische Landesbank for Rashid Hussain Berhad>	240,552,392	13.19
3	Mayban Nominees (Tempatan) Sdn Bhd <Rashid Hussain Berhad (514011724902)>	199,500,000	10.94
4	Public Nominees (Tempatan) Sdn Bhd <Rashid Hussain Berhad (KLC)>	192,000,000	10.53
5	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd <Rashid Hussain Berhad (3396 KLBR)>	53,300,000	2.92
6	Public Nominees (Tempatan) Sdn Bhd <Rashid Hussain Berhad (PBL)>	30,380,000	1.67
7	Amanah Raya Nominees (Tempatan) Sdn Bhd <Skim Amanah Saham Bumiputera>	29,000,000	1.59
8	Employees Provident Fund Board	28,352,531	1.55
9	RHB Nominees (Tempatan) Sdn Bhd <Rashid Hussain Berhad>	27,707,389	1.52
10	Permodalan Nasional Berhad	21,763,510	1.19
11	HSBC Nominees (Asing) Sdn Bhd <Pictet and Cie for Pictet Asia Growth Fund FCP (PAM Ref 3186)>	16,988,200	0.93
12	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd <Rashid Hussain Berhad>	15,000,000	0.82
13	Malaysia Nominees (Tempatan) Sendirian Berhad <Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)>	14,175,900	0.78
14	HSBC Nominees (Asing) Sdn Bhd <Pictet and Cie for Pictet Asia Targeted Fund FCP (PAM Ref 0933)>	13,905,900	0.76
15	HSBC Nominees (Asing) Sdn Bhd <Stichting Pensioenfondas ABP>	8,742,900	0.48
16	HSBC Nominees (Tempatan) Sdn Bhd <Nomura Asset Mgmt SG for Employees Provident Fund>	8,203,300	0.45
17	Amanah Raya Nominees (Tempatan) Sdn Bhd <Public Growth Fund>	6,822,600	0.37

List of top thirty (30) shareholders

AS AT 28 FEBRUARY 2005

Rank	Shareholder Name	No. of Shares	%
18	Citicorp Nominees (Asing) Sdn Bhd <CBNY for DFA Emerging Markets Fund>	6,809,600	0.37
19	Citicorp Nominees (Asing) Sdn Bhd <American International Assurance Company Limited (P CORE)>	6,739,900	0.37
20	Citicorp Nominees (Asing) Sdn Bhd <CB LDN for Stichting Pensioenfonds Voor de Gezondheid Geestelijke Maatschappelijke Belangen>	6,057,400	0.33
21	Bank Simpanan Nasional	5,658,000	0.31
22	Cartaban Nominees (Tempatan) Sdn Bhd <Amanah SSCM Nominees (Tempatan) Sdn Bhd for Employees Provident Fund Board (JF404)>	5,643,000	0.31
23	Lim Kah Ngam (Malaysia) Sdn Bhd	5,057,005	0.28
24	Mayban Nominees (Tempatan) Sdn Bhd <Mayban Trustees Berhad for Public Regular Savings Fund (N14011940100)>	4,878,800	0.27
25	Cartaban Nominees (Asing) Sdn Bhd <Investors Bank and Trust Company for Ishares Inc.>	4,672,200	0.26
26	Amanah Raya Nominees (Tempatan) Sdn Bhd <Publics Savings Fund>	4,331,500	0.24
27	Citicorp Nominees (Asing) Sdn Bhd <Ciplc for Pioneer Asset Management S.A.>	4,089,500	0.22
28	Lembaga Kemajuan Tanah Persekutuan (Felda)	4,034,000	0.22
29	HLG Nominee (Tempatan) Sdn Bhd <PB Trustee Services Berhad for HLG Growth Fund>	4,006,700	0.22
30	HSBC Nominees (Asing) Sdn Bhd	4,006,500	0.22

Substantial shareholders

AS AT 28 FEBRUARY 2005

No.	Substantial Shareholders	No. of shares		%
		Direct	Indirect	
1.	Rashid Hussain Berhad	1,182,896,459	–	64.87
2.	Utama Banking Group Berhad ^a	–	1,182,896,459	64.87
3.	Concordance Holdings Sdn Bhd ^b	–	1,182,896,459	64.87
4.	Cahaya Mata Sarawak Berhad ^c	–	1,182,896,459	64.87
5.	Dato Sri Sulaiman Abdul Rahman Taib ^d	–	1,182,896,459	64.87
6.	Haji Mahmud Abu Bekir Taib ^e	–	1,182,896,459	64.87
7.	Vaseehar Hassan bin Abdul Razack ^f	–	1,182,896,459	64.87

Notes:

- ^a Utama Banking Group Berhad (“UBG”) is a substantial shareholder of Rashid Hussain Berhad (“RHB”). Under Section 6A(4) of the Companies Act 1965, UBG is deemed interested in RHB’s interest in RHB Capital Berhad (“RHB Capital”).
- ^b Concordance Holdings Sdn Bhd (“Concordance”) is a substantial shareholder of UBG. Under Section 6A(4) of the Companies Act, 1965, Concordance is deemed interested in UBG’s deemed interest in RHB Capital.
- ^c Cahya Mata Sarawak Berhad (“CMSB”) holds 100% equity interest in Concordance. Under Section 6A(4) of the Companies Act, 1965, CMSB is deemed interested in Concordance’s deemed interest in RHB Capital.
- ^d Dato Sri Sulaiman Abdul Rahman Taib is a substantial shareholder of CMSB. Under Section 6A(4) of the Companies Act, 1965, he is deemed interested in CMSB’s deemed interest in RHB Capital.
- ^e Haji Mahmud Abu Bekir Taib is a substantial shareholder of CMSB. Under Section 6A(4) of the Companies Act, 1965, he is deemed interested in CMSB’s deemed interest in RHB Capital.
- ^f Vaseehar Hassan bin Abdul Razack is an indirect substantial shareholder of RHB. Under Section 6A(4) of the Companies Act, 1965, he is deemed interested in RHB’s interest in RHB Capital.

List of directors' interests in securities of the company and its related corporations

AS AT 28 FEBRUARY 2005

According to the register of directors' shareholdings, the interests of the directors in office at the end of the financial period in the securities of the Company and its related corporations were as follows:

	Number of ordinary shares of RM1.00 each			As at 31.12.2004
	As at 1.7.2003/ As at date of appointment	Bought	Sold	
The Company				
Dato Sri Sulaiman Abdul Rahman Taib – indirect ¹	1,182,896,459	–	–	1,182,896,459
Vaseehar Hassan bin Abdul Razack – indirect ¹	1,182,896,459	–	–	1,182,896,459
Dato' Mohd Salleh bin Hj Harun – direct	15,000	–	–	15,000
Holding Company				
Rashid Hussain Berhad				
Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	226,127,000	12,000,000 [#]	–	238,127,000
Vaseehar Hassan bin Abdul Razack – indirect ²	226,127,000	12,000,000 [#]	–	238,127,000

	Number of Warrants 1994/2004			As at 31.12.2004
	As at 1.7.2003/ As at date of appointment	Bought	Expired	
The Company				
Dato Sri Sulaiman Abdul Rahman Taib – indirect ¹	101,243,559	–	(101,243,559) [@]	–
Vaseehar Hassan bin Abdul Razack – indirect ¹	101,243,559	–	(101,243,559) [@]	–
Dato' Mohd Salleh bin Hj Harun – direct	5,250	–	(5,250) [@]	–

The Company issued 195,076,500 warrants on 28 December 1994 ('Warrants 1994/1999'). The Warrants 1994/1999 entitle their registered holders to the right to subscribe in cash for new ordinary shares of RM1.00 each in the Company on the basis of one new ordinary share of RM1.00 each for every one warrant held at an exercise price of RM5.40 per share within five (5) years from the date of issue. The exercise price of the Warrants 1994/1999 is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll executed on 7 December 1994. Pursuant to the Second Supplemental Deed Poll executed on 23 June 1999, the exercise period of the Warrants 1994/1999 has been extended by five (5) years and has expired on 27 December 2004 and the Warrants 1994/1999 are now known as Warrants 1994/2004.

List of directors' interests in securities of the company and its related corporations

AS AT 28 FEBRUARY 2005

	Number of Warrants 2001/2007			As at 31.12.2004
	As at 1.7.2003	Bought	Sold	
Holding Company				
Rashid Hussain Berhad				
Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	8,000,000	–	–	8,000,000
Vaseehar Hassan bin Abdul Razack – indirect ²	8,000,000	–	–	8,000,000

Each warrant of Rashid Hussain Berhad ('Warrants 2001/2002') entitles the registered holder to subscribe for one new ordinary share of RM1.00 each in Rashid Hussain Berhad at any time from the date of issue on 4 April 2001 at an exercise price of RM1.90 per share. The exercise price is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll executed on 13 February 2001. Pursuant to a Supplemental Deed Poll dated 20 March 2002, the exercise period of the Warrants 2001/2002 has been extended by five (5) years to expire on 24 March 2007 and the Warrants 2001/2002 are now known as Warrants 2001/2007.

	Nominal Amount (RM) of 2002/2012 0.5% Irredeemable Convertible Unsecured Loan Stocks of RM1.00 each nominal value ('RHB ICULS-A')			As at 31.12.2004
	As at 1.7.2003	Bought	Sold/ Convertible	
Holding company				
Rashid Hussain Berhad				
Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	461,206,479	–	(12,000,000)#	449,206,479
Vaseehar Hassan bin Abdul Razack – indirect ²	461,206,479	–	(12,000,000)#	449,206,479

The RHB ICULS-A entitle the registered holders to convert their RHB ICULS-A into new ordinary shares of RM1.00 each in Rashid Hussain Berhad ('New Shares') at the conversion price of RM1.00 per New Share ('Conversion Price') at any time within a period of ten (10) years from the date of issue on 24 December 2002 in accordance with the Trust Deed constituting the RHB ICULS-A dated 24 December 2002. The Conversion Price shall be satisfied by surrendering for conversion into New Shares such nominal value of RHB ICULS-A equal to the Conversion Price.

List of directors' interests in securities of the company and its related corporations

AS AT 28 FEBRUARY 2005

	Nominal Amount (RM) of 2002/2012 3.0% Irredeemable Convertible Unsecured Loan Stocks of RM1.00 each nominal value (‘RHB ICULS-B’)			
	As at 1.7.2003	Bought	Sold/ Converted	As at 31.12.2004
Holding company				
Rashid Hussain Berhad				
Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	403,471,898	–	–	403,471,898
Vaseehar Hassan bin Abdul Razack – indirect ²	403,471,898	–	–	403,471,898

The RHB ICULS-B entitle the registered holders to convert their RHB ICULS-B into new ordinary shares of RM1.00 each in Rashid Hussain Berhad (‘New Shares’) at the conversion price of RM1.13 per New Share (‘Conversion Price’) at any time within a period of ten (10) years from the date of issue on 24 December 2002 in accordance with the Trust Deed constituting the RHB ICULS-B dated 24 December 2002. The Conversion Price shall be satisfied by surrendering for conversion into New Shares such nominal value of RHB ICULS-B which equal to the Conversion Price or a combination of such nominal value of RHB ICULS-B and cash which aggregates to the Conversion Price, provided that at least RM1.00 nominal value of RHB ICULS-B is surrendered for conversion into one (1) New Share.

Notes:

- ¹ Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his indirect substantial interest in the holding company, Rashid Hussain Berhad.
- ² Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his indirect substantial interest in Utama Banking Group Berhad (‘UBG’).
- # On 3 September 2004, 12,000,000 new ordinary shares of RM1.00 each in Rashid Hussain Berhad were allotted and issued to UBG pursuant to UBG’s conversion of RM12,000,000 RHB ICULS-A.
- ® The Warrants 1994/2004 expired on 27 December 2004. Any Warrants 1994/2004 not exercised on the expiry date, have lapsed and are null and void and ceased to be exercisable thereafter. Accordingly, the Warrants 1994/2004 have been removed from the Official Listing of Bursa Malaysia Securities Berhad on 28 December 2004.

Sanctions and penalties

There were no public sanctions and/or penalties imposed on RHB Capital Berhad and its subsidiaries, Directors or management by the relevant regulatory bodies from 1 July 2003 to 28 February 2005.

Material contracts

There were no material contracts of RHB Capital Berhad ("RHB Capital") and its subsidiaries involving directors' and major shareholders' interests which subsisted at the end of the 18 months financial period from 1 July 2003 to 31 December 2004, or if not then subsisting, entered into since the end of the financial year ended 30 June 2003.

List of properties

HELD AS AT 31 DECEMBER 2004

Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value	Year of Acquisition or Revaluation
MALAYSIA									
Kuala Lumpur									
1. 18, Jalan Silang	RHB Bank Berhad	4 storey shop lots	1,379	Bank Branch	51	Freehold	–	696	1967
2. 318A & B Lorong Haji Taib Satu & Dua	RHB Bank Berhad	Vacant land	929	Car Park	–	Freehold))))		
3. 318C & D Lorong Haji Taib Dua	RHB Bank Berhad	Single Storey building	324	TNB sub-station	14	Freehold)))	– 4,267	1937
4. 318G Jalan Raja Laut	RHB Bank Berhad	6 ½ storey building	3,029	Vacant	14	Freehold))		
5. 58, 58A, 58B, 58C 60, 60A, 60B, 60C Jalan Bukit Bintang	RHB Bank Berhad	2 units of 4 storey shophouses	1,412	Bank Branch	40	Freehold	–	698	1997
6. 75, Jalan Tun H.S. Lee	RHB Bank Berhad	13 storey building	6,000	Bank Branch	39	Freehold	–	1,741	1997
7. 424 Jalan Tun Razak	RHB Hartanah Sdn Bhd	12 storey office building	20,440	Office Space	14	Freehold	–	136,417	1989
8. 426 Jalan Tun Razak	RHB Hartanah Sdn Bhd	16 storey office building	22,516	Office Space	8	Freehold	–	130,634	1989
9. 19-21 Medan Pasar	RHB Bank Berhad	5 storey building	1,298	Bank Collection Centre	22	Freehold	–	1,954	1983
10. 50, 52 Jalan Pasar	RHB Bank Berhad	2 units of 3 storey shophouses	1,326	Bank Branch	35	Freehold	–	797	1997
11. Lot 114-116 Ampang Park Shopping Complex Jalan Ampang	RHB Bank Berhad	2 units of shop lots in shopping complex	259	Bank Branch	31	Freehold	–	377	1997
12. No. 30, Jalan 7/108C Taman Sungai Besi	RHB Bank Berhad	2 units of 3 storey shop lots	980	Bank Branch	9	Leasehold	2085	710	1992
13. 178, 180 Main Street Salak South	RHB Bank Berhad	2 units of 4 storey building	972	Bank Branch	27	Leasehold	2073	717	1997
14. 38, 40, 42, Jalan 4/11 Jalan Taman Shamelin Perkasa, Cheras	RHB Bank Berhad	3 units of 4 storey building	1,964	Bank Branch	14	Leasehold	2082	1,596	1997

List of properties

HELD AS AT 31 DECEMBER 2004

	Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value	Year of Acquisition or Revaluation
15.	257, Jalan Genting Kelang	RHB Bank Berhad	3 storey shophouses	127	Bank Branch	19	Leasehold	2075	627	1999
16.	259, Jalan Genting Kelang	RHB Bank Berhad	3 storey shophouses	127	Bank Branch	19	Leasehold	2075	640	1999
17.	19 & 21 Jalan Tun Perak Kuala Lumpur	RHB Bank Berhad	1 unit of 3 storey shophouses	589	Bank Branch	6	Freehold	-	9,575	1999
18.	Unit 15(05) Alpha Tower Financial Park Labuan	RHB Bank (L) Ltd	Condominium	156	Residential	8	Leasehold	2090	746	1997
19.	Unit 12(06) Alpha Tower Financial Park Labuan	RHB Bank (L) Ltd	Condominium	189	Residential	8	Leasehold	2090	878	1997
20.	Lots 1 & 2 Jati Shop Houses Off Jln Tun Mustapha Labuan	RHB Bank Berhad	2 units of 3 storey shophouses	221	Bank Branch	14	Leasehold	2074	1,094	1995
Selangor										
21.	No. 1 & 3 Jalan Senangin Satu Tanjung Sepat	RHB Capital Properties Sdn Bhd	2 units of 2 storey shop lots	670	Bank Branch	19	Freehold	-	478	1984
22.	33 Persiaran Sultan Ibrahim, Klang	RHB Bank Berhad	3 storey building	995	Bank Branch	77	Freehold	-	577	1997
23.	76, 77 Jalan Besar Sg. Pelek, Sepang	RHB Bank Berhad	2 units of 2 storey building	499	Bank Branch	24	Freehold	-	190	1997
24.	11, 13 & 15 Jalan SS24/11 Taman Megah Petaling Jaya	RHB Bank Berhad	3 units of 3 storey shop lots	1,505	Bank Branch	23	Freehold	-	597	1997
25.	47 & 49 Jalan USJ 10/1 UEP Subang Jaya	RHB Bank Berhad	2 units of 3 storey shophouses	982	Bank Branch	8	Freehold	-	2,823	1997

List of properties

HELD AS AT 31 DECEMBER 2004

Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value	Year of Acquisition or Revaluation
26. Lot Nos. PT30324 PT30325, PT30326, PT30327 HS(D) 36962 36963, 36964, 36965 Bangi Business Park Kajang	RHB Bank Berhad	Vacant land	23,154	Vacant	-	Leasehold	2093	10,880	1996
27. 11, Jalan Niaga 16/3A Shah Alam	RHB Capital Properties Sdn Bhd	1 unit of 2 storey shoplots	468	Bank Branch	20	Leasehold	2076	269	1983
28. No. 3, Jln Medan Kecil 16/3A Seksyen 16 Bandar Shah Alam	Utama Assets Sdn Bhd	Land with 2 storey shophouse	181	Vacant	13	Leasehold	2076	135	1992
29. 25, Jalan Raja Haroun Taman Hijau, Kajang	RHB Capital Properties Sdn Bhd	2 unit of 3 storey shop lots	1,041	Bank Branch	18	Leasehold	2067	995	1985
30. 37 & 38 Jalan Memanda 7 Ampang	RHB Bank Berhad	2 units of 4 1/2 storey building	2,169	Bank Branch	13	Leasehold	2088	3,828	1997
31. No. 1, 3 & 5 Jalan 52/18 New Town Centre Petaling Jaya	RHB Capital Properties Sdn Bhd	3 units of 3 storey shop lots	1,702	Bank Branch	21	Leasehold	2067	2,403	1982
32. 13 & 15, Jalan 52/2 Seksyen 52 Petaling Jaya	RHB Bank Berhad	2 units of 2 storey shop lots	699	Bank Branch	45	Leasehold	2058	135	1997
33. 1, Jalan 14/20 Petaling Jaya	RHB Bank Berhad	1 unit of 4 storey building	892	Bank Branch	26	Leasehold	2068	358	1997
34. No. 54A & 54B Jalan SS1/22 Petaling Jaya	RHB Bank Berhad	2 units of 2 storey shophouses	266	Bank Branch	13	Freehold	-	1,004	1999
35. 391 & 392 Jalan 1A/1 Bandar Baru Sungai Buloh	RHB Bank Berhad	2 units of 2 storey shophouses	354	Bank Branch	16	Leasehold	2087	628	1999

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HELD AS AT 31 DECEMBER 2004

	Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value	Year of Acquisition or Revaluation
36.	157 & 159 Jalan SS2/24 Sg. Way/Subang Petaling Jaya	RHB Bank Berhad	2 storey shophouses	518	Bank Branch	26	Freehold	–	2,071	1999
37.	Lot No. P3.3 Persiaran Perbandaran Shah Alam	RHB Bank Berhad	Vacant land	3,788	Vacant Land	–	Leasehold	2092	3,119	1999
38.	Lot No. 8 Jalan Institusi Bandar Baru Bangi	RHB Bank Berhad	3 block of office building with 6 storey, 6 storey & 7 storey 1 block of 5 storey covered car park	56,188	Training Centre	–	Leasehold	2090	120,813	1999
39.	19, Taman Seri Selayang	RHB Bank Berhad	1 unit of 4 storey shophouse	456	Bank Branch	14	Freehold	–	2,196	1999
40.	24-26, Jalan Stesen Kelang	RHB Bank Berhad	3 storey commercial building	385	Bank Branch	36	Freehold	–	1,284	1999
41.	33, Persiaran Raja Muda Musa, Port Kelang	RHB Bank Berhad	5 storey renovated commercial building	527	Bank Branch	39	Leasehold	2064	2,804	1999
Negeri Sembilan										
42.	71, Jalan Murray Seremban	RHB Bank Berhad	2 storey shophouses	194	Tenanted	78	Freehold	–	3	1925
43.	158, 159 Jalan Besar Rantau	RHB Bank Berhad	2 storey shophouses	570	Bank Branch	22	Freehold	–	325	1997
44.	E105, B205, B305, B303 PD Perdana Condo Resorts, Port Dickson	RHB Bank Berhad	4 units holiday apartments	324	Holiday Apartment	16	Freehold	–	504	1995
45.	PT 9 & 10 Jalan Raja Melewar Kuala Pilah	RHB Bank Berhad	2 units of 3 storey shophouses	300	Bank Branch	43	Leasehold	2078	702	1999

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HELD AS AT 31 DECEMBER 2004

Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value	Year of Acquisition or Revaluation
46. 10 & 11 Jalan Dato' Abdul Rahman, Seremban	RHB Bank Berhad	2 units of 3 storey shophouses	456	Bank Branch	40	Freehold	–	1,461	1999
47. Unit B1.16 Tanjung Biru Condominium Port Dickson	RHB Bank Berhad	Resort apartment	80	Resort Apartment	15	Freehold	–	114	1999
48. Unit C4.21 Tanjung Biru Condominium Port Dickson	RHB Bank Berhad	Resort apartment	80	Resort Apartment	15	Freehold	–	114	1999
49. Unit B2.16 Tanjung Biru Condominium Port Dickson	RHB Bank Berhad	Resort apartment	80	Resort Apartment	15	Freehold	–	118	1999
Pahang									
50. No. 45 Jalan Telok Sisek Kuantan	RHB Bank Berhad	Converted bungalow lot	886	Bank Branch	54	Freehold	–	3,034	1994
51. 23, Jalan Tun Ismail Kuantan	RHB Bank Berhad	1 unit of 3 1/2 storey building	527	Bank Branch	25	Freehold	–	462	1997
52. Lot 13 & 14 Jalan Loke Yew Bentong	RHB Capital Properties Sdn Bhd	2 units of 2 storey shop lots	892	Bank Branch	20	Freehold	–	555	1981
53. PT No. 16477 & 16478 HS(D) 6797 6798 Mukim Gali, Raub	RHB Bank Berhad	2 units of 2 storey shop lots	862	Bank Branch	8	Leasehold	2092	825	1996
54. Penn Cottage Fraser's Hill	RHB Bank Berhad	1 storey bungalow	6,953	Resot Bungalow	58	Leasehold	2024	545	1999
Terengganu									
55. 59 Jalan Sultan Kuala Terengganu	RHB Bank Berhad	5 1/2 storey office building	2,960	Bank Branch	43	Leasehold	2048	2,599	1999

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HELD AS AT 31 DECEMBER 2004

Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value	Year of Acquisition or Revaluation
Kelantan									
56. Ground & First Floor No. 164, Jalan Pintu Pong, Kota Bharu	RHB Bank Berhad	Ground & First Floor of office block	1,377	Vacant	9	Freehold	–	2,045	1995
57. No. 782-786 Jalan Tok Hakim Kota Bharu	RHB Bank Berhad	4 storey commercial building	393	Bank Branch	41	Freehold	–	1,360	1999
58. 18-A, Jalan Tengku Ahmad, Pasir Mas	RHB Bank Berhad	3 units of 2 storey shophouses	335	Bank Branch	42	Leasehold	2017	519	1999
Kedah									
59. 27 & 28 Jalan Bakar Arang Sungai Petani	RHB Bank Berhad	3 units of 3 storey shops lot	1,130	Bank Branch	8	Freehold	–	752	1996
60. Ground & First Floor No. 5 & 6 Block C Bangunan Peruda Kuala Kedah	RHB Bank Berhad	2 units of 2 storey shop lots	443	Bank Branch	30	Leasehold	2075	195	1994
61. 1519, Jalan Tuanku Ibrahim, P.O. Box No. 3, Alor Setar	RHB Capital Properties Sdn Bhd	3 storey shop lot	531	Bank Branch	24	Leasehold	2027	249	1979
62. 97J, Seberang Jalan Putera, Alor Setar	RHB Bank Berhad	2 storey shoplot	654	Bank Branch	27	Leasehold	2033	770	1999
63. Lot Nos. 104, 105 & 106, Taman Pekan Baru Sungai Petani	RHB Bank Berhad	3 units of 3 1/2 storey shop lots	1,560	Bank Branch	9	Leasehold	2091	1,241	1997
64. No. 44 & 45 Jalan Raya, Kulim	RHB Bank Berhad	2 units of 2 1/2 storey shophouses	457	Bank Branch	42	Freehold	–	665	1999
65. No. 13 & 15 Jalan Pandak Mayah 1 Kuah, Langkawi	RHB Bank Berhad	2 units of 2 storey shophouses	268	Bank Branch	16	Freehold	–	731	1999
66. 11 & 12 Lorong Berkat Satu Taman Berkat Padang Serai	RHB Bank Berhad	2 units of 2 storey shophouses	271	Bank Branch	15	Freehold	–	413	1999

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HELD AS AT 31 DECEMBER 2004

Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value	Year of Acquisition or Revaluation
Pulau Pinang									
67. 1319 Jalan Bharu Chai Leng Park Seberang Prai	RHB Capital Properties Sdn Bhd	2 unit of 2 storey shop lots	885	Vacant	17	Freehold	–	921	1986
68. Unit 11, 12 2784 & 2785 Jalan Chain Ferry, Tmn Inderawasih Seberang Prai	RHB Bank Berhad	2 units of 3 storey shop lots	2,363	Bank Branch	9	Freehold	–	4,026	1995
69. Lots No. 10 & 11 Sg Bakap Business Park Seberang Prai	RHB Bank Berhad	2 units of 3 storey shop lots	856	Vacant	9	Freehold	–	697	1995
70. 6774, 6775 & 6776 Jalan Kg. Gajah Butterworth	RHB Bank Berhad	3 units 3 storey building	1,404	Bank Branch	19	Freehold	–	1,010	1997
71. Lot No. A16 & A17 Taman Inderawasih Seberang Pai	RHB Bank Berhad	2 units of 2 storey shop lots	709	Bank Collection Centre	10	Freehold	–	854	1997
72. Lots 112 & 114 Jalan Tan Sri Teh Ewe Lim Jelutong	RHB Bank Berhad	2 units of 3 storey shop lots	1,419	Bank Branch	12	Leasehold	2086	2,459	1996
73. No. 93-A Jalan Gurdwara 10300 Penang	RHB Delta Finance	1 unit of 4 storey shop lot	567	Finance Branch	9	Freehold	–	1,450	1996
74. 44 Lebuhraya Pantai Georgetown	RHB Bank Berhad	6 1/2 storey office	702	Bank Branch	44	Freehold	–	4,839	1999
75. 15, Jalan Pasar Ayer Itam	RHB Bank Berhad	2 storey commercial building	265	Bank Branch	15	Freehold	–	1,091	1999
76. 1244-1246 Jalan Padang Lallang Bukit Mertajam	RHB Bank Berhad	2 units of 2 storey shophouses	522	Bank Branch	19	Freehold	–	988	1999

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HELD AS AT 31 DECEMBER 2004

	Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value	Year of Acquisition or Revaluation	
Perak											
77.	81, Jalan Gopeng Kampar	RHB Bank Berhad	1 unit of 2 storey shop lot	223	Bank Branch	71	Freehold	–	68	1994	
78.	83, Jalan Gopeng Kampar	RHB Bank Berhad	1 unit of 2 storey shop lot	223	Bank Branch	71	Freehold	–	269	1997	
79.	85, Jalan Gopeng Kampar	RHB Bank Berhad	1 unit of 2 storey shop lot	223	Bank Branch	71	Freehold	–	267	1996	
80.	33A & 33B Jln Besar Ayer Tawar	RHB Bank Berhad	2 units of 2 storey shop lots	743	Bank Branch	37	Freehold	–	345	1979	
81.	Geran 8444 Lot 189N, 191N 193N, Seksyen 27 Jalan Tun Sambathan Ipoh	RHB Capital Properties Sdn Bhd	Vacant land	669	Vacant	19	Freehold	–	1,836	1984	
82.	18, 19 Jalan Besar Sungkai	RHB Bank Berhad	2 units of 2 storey shop lots	758	Bank Branch	15	Freehold	–	399	1997	
83.	433 & 435 Jalan Silibin Taman Silibin Jelapang	RHB Capital Properties Sdn Bhd	2 units 2 storey shop lots	908	Bank Branch	20	Leasehold	2073	578	1983	
84.	57, 59 Medan Gopeng Satu Gunung Rapat Ipoh	RHB Bank Berhad	2 units of 3 storey shophouses	1,104	Bank Branch	24	Leasehold	2077	367	1997	
85.	11, 12 Lorong Medang Taman Simpang Simpang, Taiping	RHB Bank Berhad	2 units of 2 storey shophouses	654	Bank Branch	18	Leasehold	2081	331	1999	
86.	No. 37, Jalan Medan Ipoh 5, Bandar Baru Medan Ipoh, Ipoh	RHB Insurance Bhd	2 storey shophouses	514	Insurance Branch	11	Leasehold	2092	626	1999	
87.	No. 243, (Lot 8806) Jalan Besar Bagan Serai	RHB Bank Berhad	2 storey commercial building	151	Bank Branch	42	Freehold))))	–	944	1999
88.	No. 243, (Lot 8808) Jalan Besar Bagai Serai	RHB Bank Berhad	2 storey commercial building	303	Bank Branch	45	Freehold)))			

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HELD AS AT 31 DECEMBER 2004

	Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value	Year of Acquisition or Revaluation
89.	Lots PT 1374 & 1375 Jalan Hutan Melintang Taman Sri Perak Simpang Empat Hutan Melintang	RHB Bank Berhad	2 units of 2 storey shophouses	388	Bank Branch	15	Leasehold	2085	352	1999
90.	7, Jalan Daeng Selili Kuala Kangsar	RHB Bank Berhad	2 storey shophouses	128	Bank Branch	43	Freehold	–	97	1999
91.	139 & 140 Jalan Besar Sungai Siput	RHB Bank Berhad	2 units of 2 storey shophouses	446	Bank Branch	42	Freehold	–	407	1999
92.	No. 68 & 70 Jalan Kota Taiping	RHB Bank Berhad	2 units of 3 storey shophouses	303	Bank Branch	43	Freehold	–	669	1999
93.	No. 2, 4, 6 & 8 Jalan Tun Sambathan Ipoh	RHB Bank Berhad	4 storey building	630	Bank Branch	6	Freehold	–	6,351	1999
94.	31 & 33 Jln Intan 2 Bandar Baru Teluk Intan	RHB Bank Berhad	2 units of 3 storey shop lot	338	Bank Branch	6	Freehold	–	762	1999
95.	44, Jln Tok Peng Kong Parit Buntar	RHB Bank Berhad	2 storey commercial building	399	Bank Branch	17	Freehold	–	596	1999
96.	6, Jalan Daeng Selili Kuala Kangsar	RHB Bank Berhad	2 storey shophouses	129	Bank Branch	Pre war	Freehold	–	283	1999
97.	25C, Jalan Datuk Ahmad Yunos Sitiawan	RHB Bank Berhad	3 ½ storey commercial building	327	Bank Branch	20	Freehold	–	685	1999
98.	699-710 Jalan Tasek Ipoh	RHB Bank Berhad	2 units of 2 storey shophouses	286	Bank Branch	18	Freehold	–	397	1999
99.	No. 62, Persiaran Greenhill Ipoh	RHB Bank Berhad	4 storey shophouses	409	Bank Branch	12	Leasehold	2894	2,336	1999

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HELD AS AT 31 DECEMBER 2004

	Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value	Year of Acquisition or Revaluation
Johor										
100.	4 & 5 Jalan Raya Taman Seraya Kulai	RHB Capital Properties Sdn Bhd	2 units of 3 storey shop lots	858	Bank Branch	18	Freehold	–	465	1985
101.	Ground Floor 35 & 37 Jln Permas Jaya 10/2 Bandar Bar Permas Jaya	RHB Bank Berhad	2 units of 4 storey shophouses	1,428	Bank Branch	8	Freehold	–	2,119	1997
102.	1 & 2, Jalan Raya Taman Tiram Baru Ulu Tiram	RHB Bank Berhad	4 storey building	1,312	Bank Branch	18	Freehold	–	864	1997
103.	Ground & Mezzanine Floor, Wisma Eng Lam 9, Jalan Ismail Batu Pahat	RHB Capital Properties Sdn Bhd	2 floors of office space	748	Vacant	13	Freehold	–	1,257	1990
104.	10-A1, A2, A3 & A4 Pusat Perdagangan Jalan Bandar Pasir Gudang	RHB Bank Berhad	1 unit of 4 storey shop lots	1,399	Bank Branch	10	Leasehold	2089	1,480	1994
105.	45 & 47 Jalan Bakawali 37 Taman Johor Jaya Johor Bahru	RHB Bank Berhad	2 units of 2 storey shophouses	353	Vacant	16	Freehold	–	711	1999
106.	105 & 106 Jalan Besar Yong Peng	RHB Bank Berhad	2 units of 2 storey shophouses	372	Bank Branch	42	Freehold	–	702	1999
107.	9, Jalan Abdullah Muar	RHB Bank Berhad	3 1/2 storey commercial building	737	Bank Branch	27	Freehold	–	3,463	1999
108.	89, Jalan Rahmat Batu Pahat	RHB Bank Berhad	4 storey office building	462	Bank Branch	19	Freehold	–	1,832	1999
109.	110 & 111 Jalan Genuang Segamat	RHB Bank Berhad	4 1/2 storey commercial building	382	Bank Branch	12	Freehold	–	1,323	1999
110.	8 & 9 Jalan Kijang Taman Mohd Yassim Simpang Renggam	RHB Bank Berhad	2 units of 3 storey shophouses	164	Bank Branch	19	Freehold	–	882	1999

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	Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value	Year of Acquisition or Revaluation
111.	2-6, Jalan Ronggeng 1 Taman Skudai Baru Johor Bahru	RHB Bank Berhad	3 storey commercial building	544	Bank Branch	17	Leasehold	2082	1,503	1999
112.	43, Jalan Bakawali 37 Taman Johor Jaya	RHB Bank Berhad	2 storey shophouses	143	Vacant	14	Freehold	–	315	1999
113.	No. 45 Jalan Kuning Dua, Taman Pelangi 80400 Johor Bahru	RHB Delta Finance	1 unit of 3 storey Intermediate shop lot	439	Finance Branch	16	Freehold	–	1,809	1996
Melaka										
114.	477A-C Plaza Melaka Jalan Hang Tuah Melaka	RHB Bank Berhad	3 units of 4 ½ storey shop lots	1,931	Bank Branch	20	Freehold	–	1,591	1997
115.	No. 339 Taman Melaka Raya Melaka Tengah	RHB Insurance Berhad	3 storey shophouses	462	Insurance Branch	19	Leasehold	2082	432	1999
116.	No. 181, Jalan Munshi Abdullah Melaka	RHB Bank Berhad	4 ½ storey shophouses	164	Bank Branch	44	Freehold	–	726	1999
117.	No. 5, 5-1, 5-2 No. 6, 6-1, 6-2 Delima Raya Bukit Baru	RHB Bank Berhad	2 adjoining units of ground 1st and 2nd floor	830	Bank Branch	6	Freehold	–	961	1999
Sarawak										
118.	256, Jalan Padungan Kuching	RHB Bank Berhad	4 storey shophouses	510	Bank Branch	20	Leasehold	2782	1,976	1999
119.	No. 85-89 Jalan Kampung Nyabor, 96000 Sibul	RHB Delta Finance	2 units of 4 storey shop lot	230	Finance Branch	22	Freehold	–	1,628	1992
120.	Lot 362 Block 9 Miri Concession Land District, Jalan Nakhoda Gampar, Miri Sarawak	RHB Bank Berhad	Land	502	–	14	Leasehold	2042	84	1982

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Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value	Year of Acquisition or Revaluation
Lot 362 Block 9 Miri Concession District, Jalan Nakhoda Gampar, Miri Sarawak	Utama Assets Sdn Bhd	4 storey building	502	Bank Branch	14	Leasehold	2042	2,279	1991
121. Lot 6969 Block 59 Muara Tuang Land District Kota Samarahan	Utama Assets Sdn Bhd	Land with 3 storey shophouse intermediate	122	Bank Branch	11)))))	Leasehold	2053	616	1994
Lot 6970 Block 59 Muara Tuang Land District Kota Samarahan	–	Land with 3 storey shophouse corner	178	Bank Branch))))				
Sabah									
122. 81 & 83, Jalan Gaya Kota Kinabalu	RHB Bank Berhad	1 unit of 3 storey shop lot	786	Bank Branch	50	Leasehold	2053	552	1954
123. Ground & First Floor Lot No. 5, Block 27 Fajar Complex, Tawau	RHB Bank Berhad	Ground, First & Second Floor of office complex	1,319	Bank Branch	12	Leasehold	2095	1,640	1994
124. Lot No. 1 & 2, Block A, Metro Shopping Complex Lahad Datu	RHB Bank Berhad	2 units of 3 storey shop lots	752	Bank Branch	9	Leasehold	2085	1,081	1995
125. Sub-Lot 1, Ground Floor, Wisma Khoo Siak Chiew Sandakan	RHB Capital Properties Sdn Bhd	Ground Floor of office complex	702	Bank Branch	19	Leasehold	2891	1,991	1984
SINGAPORE									
126. 10, Jalan Besar 01-03 Sim Lim Tower	RHB Bank Berhad	Ground Floor of office buildings	543	Bank Branch	25	Freehold	–	27,244	1999
127. No. 537/539 Geylang Road	RHB Bank Berhad	3 storey shophouses	374	Bank Branch	80	Freehold	–	8,869	1999

List of properties

HELD AS AT 31 DECEMBER 2004

	Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value	Year of Acquisition or Revaluation
128.	14A/B, 16AB & 18A/B East Coast Road	RHB Bank Berhad	3 units of 3 storey shophouses	442	Bank Branch	45	Freehold	–	14,390	1999
129.	1/1A/1B Yio Chu Kang Road	RHB Bank Berhad	First Floor of office buildings	101	Bank Branch	23	Freehold	–	10,991	1999
130.	64, South Bridge Road	RHB Investment Ltd	5 1/2 storey shophouse	139	Bank Branch	27	Leasehold	2050	4,511	1999
131.	727/A/B Havelock Road	RHB Investment Ltd	3 storey shophouse	146	Bank Branch	Pre war	Freehold	–	4,215	1999
132.	Block 65 Telok Blangah Drives	RHB Investment Ltd	Ground Floor and 1st Floor of housing development board (HDB)	299	Bank Branch	9	Leasehold	2077	3,185	1999
133.	90 Cecil Street	Banfora Pte Ltd	2 commercial buildings	796	Commercial Building	23	Leasehold	2980	97,761	1997
134.	Block 131 #01-1577/9 Jln Bukit Merah Singapore	RHB Bank Berhad	Grd Floor – office building 2nd Flr Ancillary	140	Bank Premise	23	Leasehold	2075	3,643	2001

Group branch network

KLANG VALLEY SOUTH RCB (CONSUMER)

Regional Consumer Banking Head:
Mohd Zainal Bong Abdullah
(03-9206 1657)

1. **Ampang Point**
37 & 38, Jalan Memanda 7
Taman Dato' Ahmad Razali
Jalan Ampang
68000 Ampang, Selangor
Roslina Mohamed
Branch Manager (03-4251 1271)
Tel : (03) 4252 1753, 4252 1907
Fax : (03) 4252 1898
 2. **Bahau**
Ground & First Floor
Lot 982 & 983, Wisma UMNO Jempol
Jalan Gurney
72100 Bahau, Negeri Sembilan
Deo Lee Yean
Branch Manager (06-454 2722)
Tel : (06) 454 1305
Fax : (06) 454 4015
 3. **Bandar Baru Ampang, Selangor**
27G – 29G Ground Floor &
29A First Floor,
Jln Wawasan Ampang 2/3
Bandar Baru Ampang
68000 Ampang, Selangor
Mohd Rawi B. Idrus
Branch Manager (03-4270 2059)
Tel : (03) 4270 2069, 4270 2068
Fax : (03) 4270 2060
 4. **Bandar Baru Nilai**
PT 7460 & 7461
Jalan Bandar Baru Nilai 1/1A
Putra Point, Bandar Baru Nilai
71800 Nilai, Negeri Sembilan
Hashimah Bt Muyop
Branch Manager (06-799 6028)
Tel : (06) 794 1015, 1006, 1007
(06) 794 1008, 1009, 1010, 1011
Fax : (06) 799 6095
 5. **Jenjarom**
M38 & M39, Sungai Jarom
42600 Jenjarom, Selangor
Ahmad Rifai Ibrahim
Branch Manager (03-3191 3477)
Tel : (03) 3191 3422, 3191 3433
Fax : (03) 3191 4328
 6. **Kajang**
25, Jalan Raja Harun
Taman Hijau
43000 Kajang, Selangor
Siew Kong Hon
Branch Manager (03-8736 2050)
Tel : (03) 8736 0599, 8736 0177
Fax : (03) 8733 8570
 7. **KLIA**
Unit 2A & 2B Block D3, Jalan KLIA S3
Southern Common Facilities
KLIA Selatan
64000 Kuala Lumpur International Airport
Adilah Binti Alias
Branch Manager (03-8787 4800)
Tel : (03) 8787 4799, 8787 4801
Fax : (03) 8787 4802
 8. **Mines Shopping Fair, Selangor**
G20, The Mines Shopping Fair
Jalan Dulang, Off Jalan Balakong
Mines Resort City
43300 Seri Kembangan, Selangor
Rozman Mohd Kassim
Branch Manager (03-8942 5195)
Tel : (03) 8942 5055, 8942 5157
Fax : (03) 8942 5218
 9. **Pandan Indah, Selangor**
Ground & Mezzanine Floor
7 & 9, Jalan Pandan Indah 4/2
55100 Pandan Indah, Selangor
Musa Hj Yusof
Branch Manager (03-4295 6339)
Tel : (03) 4295 0981, 4295 2260
Fax : (03) 4295 7127
 10. **Kuala Pilah**
Lots P.T. 9 & 10, Jalan Melewar
72000 Kuala Pilah, Negeri Sembilan
Mohd Basir Bin Mohd Ibrahim
Branch Manager (06-481 3995)
Tel : (06) 481 1442, 481 1513,
Fax : (06) 481 6478
 11. **Putrajaya Precinct 8**
Blok C – T.00 – U.02 & U.03
1, Jalan P 8 D, 2250 Putrajaya
Zuraini Bt Ahmad
Branch Manager (03-8889 1008)
Tel : (03) 8889 2546, 8889 2548,
8889 2549
Fax : (03) 8889 2900
 12. **Rantau**
158 & 159, Jalan Besar
71200 Rantau, Negeri Sembilan
Nor Azri Bin Haji Zaimardzuki
Branch Manager (06-694 4042)
Tel : (06) 694 1969, 694 1589
Fax : (06) 694 2690
 13. **Rasah Jaya**
677-678
Jalan RJ 1/6
Rasah Jaya
70300 Seremban, Negeri Sembilan
Mohamad Noor Baharudin
Branch Manager (06-631 2333)
Tel : (06) 631 2869, 631 2868, 631 2892
Fax : (03) 631 4433
 14. **Salak South, KL**
178-180, Main Street
Salak South
57100 Kuala Lumpur
Wong Sou Lee
Branch Manager (03-7983 6804)
Tel : (03) 7983 9177, 7983 9458,
7983 9306
Fax : (03) 7981 3357
 15. **Seremban**
10 & 11, Jalan Dato' Abdul Rahman
70000 Seremban, Negeri Sembilan
Maimunah Binti Nordin
Branch Manager (06-762 3023)
Tel : (06) 763 8623, 763 8555, 762 5249
Fax : (06) 762 0192
- including:-
- Giant Senawang (Service Center)**
Lot B24 – B44,
Giant Hypermarket Senawang
1571, Jalan Senawang
70450 Senawang, Negeri Sembilan
Mak Choe Kong
OIC: (06-678 1318)
Tel : (06) 678 1320, 678 1373
Fax : (06) 678 1477
 - 16. **Seri Kembangan, Selangor**
Lot 1484A & B, Jalan Besar
43300 Seri Kembangan, Selangor
Poon Bak Kian
Branch Manager (03-8943 9271)
Tel : (03) 8943 1455, 8943 1357,
8943 0276
Fax : (03) 8943 0441

Group branch network

17. **Simpang Pertang**
42 & 43, Taman Sri Pertang
72300 Simpang Pertang, N Sembilan
Anuar Bin Ariffin
Branch Manager (06-492 9550)
Tel : (06) 492 9520, 492 9550
Fax : (06) 492 9190
18. **Sungai Pelek**
76 & 77, Jalan Besar
43950 Sungai Pelek, Selangor
Chun Chun An @ Cheng Chun An
Branch Manager (03-3141 1385)
Tel : (03) 3141 1176, 3141 1394
Fax : (03) 3141 1100
19. **Taman Indah, Selangor**
7 & 9, Jalan SS 2/1
Off Jalan Balakong
Taman Indah, Batu 11
43200 Cheras, Selangor
Lee @ Lye Sai Wai
Branch Manager (03-9074 0999)
Tel : (03) 9074 0998, 9074 0997
Fax : (03) 9074 1344
20. **Taman Midah, KL**
18 & 20, Jalan Midah Satu
Taman Midah
56000 Kuala Lumpur
Tan Ka Yau
Branch Manager (03-9133 2407)
Tel : (03) 9131 2826, 9131 2898
Fax : (03) 9130 0588
21. **Taman Permata, Selangor**
Lot 6 & 7, Ground Floor
Giant Hypermarket Complex
Jalan Changkat Permata,
Tmn Permata
53300 Selangor
Rosmah Abu Bakar
Branch Manager (03-4106 9902)
Tel : (03) 4106 9726, 4106 9308,
4106 9832
Fax : (03) 4106 9810
22. **Taman Shamelin, KL**
38-1-5, Shamelin Business Center
Jalan 4/91, Taman Shamelin Perkasa,
56100 Kuala Lumpur
(Located opposite the existing
premised)
Azizi Md Tahir
Branch Manager (03-9282 7381)
Tel : (03) 9282 7385, 7386, 7382
Fax : (03) 9282 7380
23. **Taman Sungai Besi, KL**
30, Ground & First Floor
Jalan 7/108C
Taman Sungai Besi
57100 Kuala Lumpur
Ooi Bee Buan
Branch Manager (03-7983 8163)
Tel : (03) 7983 2105, 7983 2794,
7983 7984, 7983 3014,
7984 3016
Fax : (03) 7981 8875
24. **Taman Suntex, Selangor**
5 & 6, Jalan Kijang 1
Taman Suntex, Batu 9
43200 Cheras, Selangor
Lee Meng Hong
Branch Manager (03-9075 6506)
Tel : (03) 9074 7888, 9074 7804
Fax : (03) 9074 7879
25. **Taman Taming Jaya, Selangor**
1, Jalan Taming Kanan 2
Taman Taming Jaya
43300 Balakong, Selangor
Tan Swee Fock
Branch Manager (03-8961 1193)
Tel : (03) 8961 1194, 8961 1195
Fax : (03) 8961 1197
26. **Tanjung Sepat**
1 & 3, Jalan Senangin Satu
Taman Tanjung
P. O. Box No 201
42809 Tanjung Sepat, Selangor
Ting Tin Meng
Branch Manager (03-3197 3116)
Tel : (03) 3197 4035, 3197 4235, 4788
Fax : (03) 3197 4568
27. **Putrajaya Precinct 2**
G-1, Blok 2
Menara PjH
Precinct 2
62100 Wilayah Persekutuan Putrajaya
Shafik Bin Yusof
Branch Manager (03-8888 0260)
Tel : (03) 8889 2676, 8889 3395
Fax : (03) 8888 9796
- KLANG VALLEY CENTRAL RCB
(CONSUMER)**
Regional Consumer Head:
Andrew Loh (03-92061708)
- '1' Utama, Petaling Jaya**
Lot F38 & F39 (1st Floor)
'1' Utama Shopping Centre,
Lebuh Bandar Utama
47800 Petaling Jaya, Selangor
Tan Kim Soon
Branch Manager (03-7728 3502)
Tel : (03) 7728 3454, 7728 3470
Fax : (03) 7728 3496
 - 11,13 & 15, Jalan Niaga, Shah Alam**
11, 13 & 15, Jalan Niaga 16/3A
Section 16
40000 Shah Alam, Selangor
Wan Sharifudin Mohamed
Branch Manager (03-5519 1875)
Tel : (03) 5510 3131 / 3135 / 6289 /
3931 / 3849
Fax : (03) 5519 6166
 - 48-50, Jalan SS15/4D, Subang Jaya**
Lot 48-50 Jln SS15/4D
Subang Jaya
47500 Selangor
Yap Chong Poh
Branch Manager (03-5634 4980)
Tel: (03) 5634 4970 / 5634 4976
Fax: (03) 56344848
 - Bandar Baru Sungai Buloh**
391 & 392, Jalan 1A/1
Bandar Baru Sungai Buloh
47000 Sungai Buloh, Selangor
Chin Ai Ling
Branch Manager (03-6156 8063)
Tel : (03) 6156 1712 / 1713 / 1711 /
4034 / 5707
Fax : (03) 6156 7803
 - Bandar Sri Damansara**
1 & 2, Jalan Tanjung SD 13/1
52200 Bandar Sri Damansara, Selangor
Noridah Bt Abdul Samad
Branch Manager (03-6274 6931)
Tel : (03) 6274 5287, 6274 5532, 6274
5576
Fax : (03) 6274 2917

Group branch network

6. **Damansara Jaya**
22 & 24, Jalan SS 22/25
Damansara Jaya
47400 Petaling Jaya, Selangor
Lancelot Maurice De Souza
Branch Manager (03-7726 5109)
Tel : (03) 7729 5132, 7729 5137 & 7729 3853
Fax : (03) 7729 9169
7. **Desa Tunku, Petaling Jaya**
54A & 54B, Jalan SS 1/22
Kampung Tunku
47300 Petaling Jaya, Selangor
Mashhudi Bin Mashud
Branch Manager (03-7875 0490)
Tel : (03) 7875 0080, 7875 0452
Fax : (03) 7875 0407
8. **IOI Mall, Puchong**
Lot G18A (Ground Floor), IOI Mall
Batu 9, Jalan Puchong
Bandar Puchong Jaya
47100 Puchong, Selangor
How Heng Hock
Branch Manager (03-5882 0876)
Tel : (03) 5882 0870 / 0874 / 0875 / 0879
Fax : (03) 5882 0871
- including:-
TESCO PUCHONG (Service Centre)
Lot 4A, Tingkat 1
Tesco Puchong, Jalan Bandar 3
Pusat Bandar Puchong
47100 Selangor
Mohd Khair B. Buyong (OIC)
Tel : (03) 8075 7980, 8075 8196
Fax : (03) 80758361
9. **Jalan Meru, Kelang**
147 & 149
1 1/2 Miles, Jalan Meru
41050 Kelang, Selangor
Rahim Kamaruddin
Branch Manager (03-3344 2752)
Tel : (03) 3344 2751, 3344 2750
Fax : (03) 3344 2755
10. **Jalan SS21/39, Damansara Utama**
2M & 2G Jalan SS 21/39
Damansara Utama
47400 Petaling Jaya, Selangor
Vacant
Branch Manager
Tel : (03) 7726 2306, 7726 2307 & 7726 2308
Fax : (03) 7726 2305
11. **Jalan Stesen, Kelang**
24 & 26, Jalan Stesen
41000 Kelang, Selangor
Kok Nam Et
Branch Manager (03-3372 2937)
Tel : (03) 3371 9669, 3371 9652, 3372 7242
Fax : (03) 3372 9613
12. **Jln T. Amp Zabedah, Shah Alam**
16 & 18, Ground & First Floor
Jln T. Amp Zabedah D9/D, Section 9
40100 Shah Alam, Selangor
Mohd Zol Bin Md Yasin
Branch Manager (03-5510 0529)
Tel : (03) 5510 0559, 5511 4127/4128 & 5512 9829
Fax : (03) 5513 1834
- including:-
Giant Shah Alam (Service Center)
Lot B26 – B27
Giant Hypermarket, Shah Alam
2, Persiaran Sukan, Seksyen 13
40100 Shah Alam, Selangor
Anita A/P R. Neelankandan
OIC- (03-5511 1515)
Tel : (03) 5511 9085
Fax : (03) 5512 8899
13. **Kampung Baru Sungai Buloh**
25, Jalan Public
Kampung Baru Sungai Buloh
47000 Sungai Buloh, Selangor
Thoo Chiong Hock
Branch Manager (03-6156 9030)
Tel : (03) 6156 9301, 6156 9302 & 6156 9344
Fax : (03) 6156 8645
14. **Meru**
1, Lorong Pepauh 1A
Taman Pekan Meru
41050 Kelang, Selangor
Azli Hanef
Branch Manager (03-3392 4498)
Tel : (03) 3392 4501, 3392 4502 & 3392 4503
Fax : (03) 3392 4504
15. **New Town, Petaling Jaya**
1, 3 & 5, Jalan 52/18
New Town Centre
46200 Petaling Jaya, Selangor
Idris Abdul Aziz
Branch Manager (03-7955 5188)
Tel : (03) 7956 9611, 7956 9612 & 7956 1994
Fax : (03) 7957 8984
16. **Persiaran Sultan Ibrahim, Kelang**
33, Persiaran Sultan Ibrahim
41300 Kelang, Selangor
Tan Kok Hua
Branch Manager (03-3344 2319)
Tel : (03) 3342 0433, 3342 0434, 3342 0435
Fax : (03) 3342 9145
17. **Section 14, Petaling Jaya**
1, Jalan 14/20
46100 Petaling Jaya, Selangor
Abd Latiff Bin Mohd Tahir
Branch Manager (03-7955 1168)
Tel : (03) 7957 4742, 7957 4460
Fax : (03) 7955 6219
18. **Port Klang**
Persiaran Raja Muda Musa
42000 Pelabuhan Kelang, Selangor
Gunasekaran Raghavan
Branch Manager (03-3167 3333)
Tel : (03) 3168 7142 / 7143 / 0337 / 0349/
Tel : (03) 3165 6720
Fax : (03) 3166 1351
(Ground Floor – Operations)
Fax : (03) 3167 6533
(1st Floor – Remittances)
- including:-
Giant Bukit Tinggi, (Service Centre)
(Formerly Pandamaran Branch)
Lot A22 & A2, Persiaran Batu Nilam
Bandar Bukit Tinggi 1
Jalan Langat
41200 Klang
Mohd Hassan B K E Mohd Maideen
OIC & Sales
Tel : (03) 3323 6682, 6684 & 7278
Fax No. (Sales): (03) 3323 7957
Operations
Tel: (03) 3324 1892, 3324 3581
Fax No. (Operations): (03) 3324 9869
19. **SS2, PJ**
157 & 159, Jalan SS2/24
Sg Way / Subang
47300 Petaling Jaya, Selangor
Rohani Abdul Talib
Branch Manager (03-7875 3103)
Tel : (03) 7875 3724 / 7895 / 3259 , 7874 2994
Fax : (03) 7875 6600

Group branch network

including:-

Giant Kelana Jaya (Service Centre)

(25-3-2004)

Lot F1, F2 and F3

Tingkat 1

Giant Hypermarket

No. 33 Jalan SS 6/12

SS 6 Kelana Jaya

47301 Petaling Jaya, Selangor Darul Ehsan

Wan Badi'ah Bt Wan Omar

Branch Manager (03-78043855)

Tel : (03) 78043658

Fax : (03) 78044048

20. **Taman Kinrara, Puchong**

4, 5 & 6, Jalan TK 1/11A

Taman Kinrara, Section 1

Batu 7 1/2, Jalan Puchong

47100 Puchong, Selangor

Ainaridar Bt Abdullah

Branch Manager (03-8070 5273)

Tel : (03) 8070 5275, 8070 5300 &

8070 5303

Fax : (03) 8070 5272

21. **Taman Megah, Petaling Jaya**

11 – 15, Jalan SS 24/11

Taman Megah

47301 Petaling Jaya, Selangor

Noran Abdul Rahman

Branch Manager (03-7804 6133)

Tel : (03) 7804 1258 / 7481 / 7090 / 9040

Fax : (03) 7804 1629

22. **Tanjong Karang**

Lot 1 & 3, Jalan Satu

Taman Tanjong Karang Baru

45500 Tanjong Karang, Selangor

Ridzuan Bin Ahmad

Branch Manager (03-3269 1812)

Tel : (03) 3269 5039, 3269 8171,

3269 1812

Fax : (03) 3269 8078

23. **UEP Subang Jaya**

47 & 49, Jalan USJ 10/1

UEP Subang Jaya

47620 Petaling Jaya, Selangor

Zamri B. Zainal

Branch Manager (03-5637 3596)

Tel : (03) 5637 3592 / 3593 / 3594

Fax : (03) 5637 3941

KLANG VALLEY NORTH RCB (CONSUMER)

Regional Consumer Banking Head

Md Said Md Dom (03-92061702)

1. **53 & 55, Pasar Borong, Selayang, KL**

53 & 55, Jalan 2/3A

Off KM 12, Jalan Ipoh

68100 Batu Caves, Kuala Lumpur

Sukor Mohamed

Branch Manager (03-6136 3676)

Tel : (03) 6136 3284, 6136 3169,

6136 8975

Fax : (03) 6136 3243

2. **75 Jalan Tun H.S. Lee, KL**

75, Jalan Tun H.S. Lee

50000 Kuala Lumpur

Tan Cheng Yam

Branch Manager (03-2078 3576)

Tel : (03) 2070 0233, 2072 7645,

2072 5633

Fax : (03) 2072 7591

3. **Bangsar Baru, KL**

48 & 50

Ground Floor

Jalan Maarof, Bangsar Baru

59100 Kuala Lumpur

Sheng Yuet Meng

Branch Manager (03-2282 9182)

Tel : (03) 2282 5486, 2282 3862,

2282 5551

Fax : (03) 2282 5571

4. **Bangsar Shopping Complex, KL**

G129 Ground Floor

Bangsar Shopping Centre

285, Jalan Ma'arof

Bangsar, 59100 Kuala Lumpur

Foong Miew Wan

Branch Manager (03-2284 6873)

Tel : (03) 2284 6870, 2284 6872,

2284 6875

Fax : (03) 2284 6896

5. **Damansara Heights, KL**

Lots C9 – C12, Block C

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Mohd Shuaimi Bin Mohd Kurdi

Branch Manager (03-2096 2402)

Tel : (03) 2095 7068, 2095 7069,

2095 7088

Fax : (03) 2093 7515

6. **Desa Sri Hartamas, KL**

6, Jalan 24/ 70A

Desa Sri Hartamas

50480 Kuala Lumpur

Margaret Foong Yoon Har

Branch Manager (03-2300 2356)

Tel : (03) 2300 2360, 2300 1754

Fax : (03) 2300 2358

7. **Jalan Bukit Bintang, KL**

58 – 60, Jalan Bukit Bintang

55100 Kuala Lumpur

Wong Ah Chee

Branch Manager (03-2143 1858)

Tel : (03) 2142 3396, 2142 4051,

2148 7031

Fax : (03)2142 1448

8. **Jalan Imbi, KL**

173-175, Jalan Imbi

55100 Kuala Lumpur

Liow Siew Cheng

Branch Manager (03-2141 2064)

Tel : (03) 2142 3526, 2142 3605,

2143 0820, 2143 3658

Fax : (03) 2141 4624

9. **Jalan Ipoh, KL**

14 – 16, Jalan Ipoh

51200 Kuala Lumpur

Syed Othman Syed Zain

Branch Manager (03-4041 2429)

Tel : (03) 4042 8068, 4042 8601,

4042 2573

Fax : (03) 4041 1411, 4043 0653

10. **Jalan Maharajalela, KL**

Unit 1, Ground Floor

Bangunan Cheong Wing Chan

41 – 51, Jalan Maharajalela

50150 Kuala Lumpur

Mehiran Ismail

Branch Manager (03-2274 9861)

Tel : (03) 2274 9820, 2274 0475,

2273 0993

Fax : (03) 2274 9843

including:-

KL Sentral (Service Center)

Unit 7, Level 1 (Arrival Hall)

City Air Terminal

KL Sentral Station

50470 Kuala Lumpur

OIC – Muralitharan A/L Rahman

Tel (03) 2273 5000

Fax : (03) 2274 7000

Group branch network

11. **Jalan Pasar, KL**
50 – 52, Jalan Pasar
55100 Kuala Lumpur
Goh Sing Min
Branch Manager (03-2141 7313)
Tel : (03) 2141 4167, 2148 8967
Fax : (03) 2142 8390
12. **Jalan Tun Perak, KL**
19 & 21, Mezzanine Floor
Jalan Tun Perak
50050 Kuala Lumpur
Mohd Dan Bin Che Embee
Branch Manager (03-2072 7898)
Tel : (03) 2072 3677, 2072 1276
2072 3676
Fax : (03) 2070 7807
13. **Jinjang Utara, KL**
3472 & 3473, Jalan Besar
Jinjang Utara
52000 Kuala Lumpur
Chua Kan Chai
Branch Manager (03-62589757)
Tel : (03) 6257 7053, 6257 7808
Fax : (03) 6252 7158
14. **Kepong, KL**
321, Batu 7
Jalan Kepong
Kepong Baru
52100 Kuala Lumpur
Gan Boon Aun
Branch Manager (03-6274 1062)
Tel : (03) 6274 0022, 6274 0593,
6274 0463
Fax : (03) 6274 8615, 6272 6521
15. **KLCC**
Lot G 34, Ground Level
Petronas Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur
Chan Chew Ling
Branch Manager (03-2164 4350)
Tel : (03) 2164 4423, 2164 4125/4128,
Fax : (03) 2164 6213
16. **Kuala Lumpur Main**
Level 1, Tower Two
RHB Centre
426, Jalan Tun Razak
50400 Kuala Lumpur
Hashim Bin Hassan
Branch Manager (03-9280 7154)
Tel : (03) 9280 6011, 9280 6006,
9280 6010
Fax : (03) 9287 4173
17. **Menara Tun Razak, KL**
Ground Floor, Block Annexe
Menara Tun Razak
Jalan Raja Laut Sambungan
50350 Kuala Lumpur
Affandi Bin Ghazali
Branch Manager (03-2692 3319)
Tel : (03) 2693 3249, 2693 3392, 3516,
3124
Fax : (03) 2693 6605
18. **Mid Valley, KL**
17-G and 17-1, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Rosli Ahmad
Branch Manager (03-2284 6397)
Tel : (03) 2284 4339, 2284 4360,
2284 4353
Fax : (03) 2284 4350
19. **Overseas Union Garden, KL**
112 & 114, Jalan Mega Mendung
Bandar Complex, Batu 4½
Jalan Kelang Lama
58200 Kuala Lumpur
Lok Kai Chee
Branch Manager (03-7984 6957)
Tel : (03) 7983 9863, 7983 9864,
7983 9861
Fax : (03) 7980 8081
20. **Plaza OSK, KL**
Ground and Mezzanine Floor
Podium Block, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Ho How Sing
Branch Manager (03-2164 4315)
Tel : (03) 2164 4326, 2164 4315,
2164 4339
Fax : (03) 2161 2972, 2164 3679
- including:-
Ampang Park (Sales Kiosk)
114 – 116, Ampang Park Complex
Jalan Ampang
50450 Kuala Lumpur
Zaimie Bt Mohd Ghouse
OIC (03-2164 4348)
Tel : (03) 2163 2121
Fax : (03) 2162 1479
21. **President House, KL**
No. 54 Ground Floor
Jalan Sultan Ismail
50250 Kuala Lumpur
Norhayati Binti Ariffin
Branch Manager (03-2144 3733)
Tel : (03) 2144 6311, 2144 3731
Fax : (03) 2144 0845
22. **Rawang**
Ground, First & Second Floor
10 & 11, Jalan Maxwell
48000 Rawang, Selangor
Ragini A/P Nadarajan
Branch Manager (03-6092 5752)
Tel : (03) 6092 5035, 6092 5036
Fax : (03) 6092 4788
23. **Segambut, KL**
42 & 42A, Jalan Segambut Tengah
Segambut, 51200 Kuala Lumpur
Kashnor Suppian
Branch Manager (03-6257 5604)
Tel : (03) 6257 8777, 6257 8999,
6257 6888
Fax : (03) 6252 2801
24. **Setapak, KL**
257 & 259, Jalan Genting Kelang
53300 Setapak Kuala Lumpur
Mustaffa Hj Mohd Raji
Branch Manager (03-4023 7492)
Tel : (03) 4023 7444, 4023 7476,
4025 4905
Fax : (03) 4024 1353
25. **Taman Sri Selayang, Selangor**
19, Taman Sri Selayang
68100 Batu Caves, Selangor
Zaleha Hj Md Salleh
Branch Manager (03-6185 3925)
Tel : (03) 6189 9912, 6189 9910,
6189 9913
Fax : (03) 6187 6793
26. **Taman Tun Dr. Ismail, KL**
15 & 17, Jalan Tun Mohd Fuad 3
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Mahhizon Bt Mahazan
Branch Manager (03-7726 4303)
Tel : (03) 7722 1284, 7726 8995
Fax : (03) 7729 4077

Group branch network

27. **Wisma UOA**
Unit 50-G-02, Wisma UOA Damansara
50 Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Kamariah Abdul Rahim
Branch Manager (03-2094 9229)
Tel : (03) 2094 9840, 2094 2643
Fax : (03) 2094 9107

NORTHERN RCB (CONSUMER)

Regional Consumer Banking Head:
Ng Lek Keah (04-390 9110)

1. **2784 & 2785, Jln Chain Ferry, Prai**

Ground Floor, 2784 & 2785,
Jalan Chain Ferry
Taman Inderawasih
13600 Prai, Pulau Pinang
Baharuddin Bin Rabu
Branch Manager (04-390 9254)
Tel : (04) 390 9255, 390 9257
Fax : (04) 390 3976

2. **Ayer Itam**

15, Jalan Pasar
11500 Ayer Itam, Pulau Pinang
Tan Hooi Hwa
Branch Manager (04-828 3555)
Tel : (04) 828 3522, 828 5168
Fax : (04) 828 8554

3. **Bayan Baru**

42 A, B, C, Jalan Tengah
11950 Bayan Baru, Pulau Pinang
Ooi Lay Pheng
Branch Manager (04-642 1885)
Tel : (04) 642 1880, 642 1882
Fax : (04) 642 1884

4. **Bukit Mertajam**

1244 & 1246, Jalan Padang Lallang
Taman Desa Damai
14000 Bukit Mertajam, Pulau Pinang
Tan Hoay Yam
Branch Manager (04-537 5089)
Tel : (04) 539 1171, 539 1176
Fax : (04) 539 4148

5. **Burmah House, Penang**

Ground & Mezzanine Floor
Suite G-02, Burmah House
405, Jalan Burmah, Pulau Tikus
10350 Pulau Pinang
Chin Choong Fee
Branch Manager (04-227 4362)
Tel : (04) 227 4367, 227 4364
Fax : (04) 227 4361

6. **Jalan Raja Uda, Penang**
Ground & Mezzanine Floor
6957 & 6958, Jalan Raja Uda
Raja Uda Light Industrial Park
12300 Butterworth, Pulau Pinang

Tan Lai Seng

Branch Manager (04-332 4841)
Tel : (04) 332 4937, 332 4860
Fax : (04) 332 4946

7. **Jalan Raya, Kulim**

44 & 45, Jalan Raya
09000 Kulim, Kedah
Ghazali Bin Jamaludin
Branch Manager (04-490 3876)
Tel : (04) 490 7642, 490 6641
Fax : (04) 490 1642

8. **Jalan Tunku Ibrahim, Alor Setar**

1519, Jalan Tunku Ibrahim
P.O. Box No. 3
05700 Alor Setar, Kedah
Hasmah Bt Jusoh
Branch Manager (04-731 8385)
Tel : (04) 731 6066, 731 6144
Fax : (04) 733 3843

9. **Jelutong**

112 & 114, Jalan Tan Sri Teh Ewe Lim
11600, Pulau Pinang
Pathumanathan S/O Shunmugam
Branch Manager (04-282 6928)
Tel : (04) 282 6922, 282 6921
Fax : (04) 282 6930

10. **Kangar**

41 & 43, Persiaran Jubli Emas
Taman Suriani,
01000 Kangar, Perlis
Muhammad Asri Bin Mohd Zain
Branch Manager (04-977 6869)
Tel : (04) 977 6864, 977 6867
Fax : (04) 977 6863

11. **Padang Serai**

11 & 12, Lorong Berkat Satu
Taman Berkat
09400 Padang Serai, Kedah
Suthakaran A/L P Sivalingam
Branch Manager (04-485 5950)
Tel : (04) 485 5951, 485 5952
Fax : (04) 485 0982

12. **Pulau Langkawi**

13 & 15, Jalan Pandak Mayah Satu
07000 Langkawi, Kedah
Mohd Yusof Bin Othman
Branch Manager (04-966 8524)
Tel : (04) 966 7511, 966 7512
Fax : (04) 966 7513

13. **Sungai Bakap**

1433-1434, Jalan Besar
Sungai Bakap, Seberang Prai Selatan
14200 Sungai Jawi, Pulau Pinang

Lee Kok Keing

Branch Manager (04-582 3600)
Tel : (04) 582 3629, 582 3594
Fax : (04) 582 3580

14. **Sungai Dua**

4H & 4J, Desa Universiti Comm Complex
Jalan Sungai Dua
11700 Gelugor, Pulau Pinang

Makrai Bin Manichan

Branch Manager (04-658 5604)
Tel : (04) 658 5617, 658 5620
Fax : (04) 658 5609

15. **Taman Pekan Baru, Sg Petani**

104, 105 & 106, Jalan Pengkalan
Tmn Pekan Baru, Sg Petani Baru
08000 Sungai Petani, Kedah

Sim Wee Lee

Branch Manager (04-423 8766)
Tel : (04) 421 8105, 421 0786
Fax : (04) 421 3401

16. **Butterworth**

6774, 6775 & 6776, Jalan Kg Gajah
12200 Butterworth, Pulau Pinang

Tiong Chong Beng

Branch Manager (04-331 5869)
Tel : (04) 331 5871, 331 5872
Fax : (04) 332 3328

17. **Chai Leng Park, Prai**

1286 & 1287, Jalan Baru
Chai Leng Park
13700 Prai, Pulau Pinang

Ong Ai Hou

Branch Manager (04-399 7624)
Tel : (04) 390 5866, 390 5867
Fax : (04) 390 6889

18. **Jalan Bakar Arang, Sungai Petani**

27 & 28, Jalan Bakar Arang
08000 Sungai Petani, Kedah

Soffiah Bt Yakob

Branch Manager (04-425 5776)
Tel : (04) 422 2151, 422 2152
Fax : (04) 421 6632

19. **Kuala Kedah**

Ground & First Floor
262 & 263, Block C, Bangunan Peruda
06600 Kuala Kedah, Kedah

Azihari Bin Adnan

Branch Manager (04-762 5392)
Tel : (04) 762 5367, 762 5366
Fax : (04) 762 5393

Group branch network

20. **Lebuh Pantai, Penang**
44, Lebuh Pantai
Georgetown, 10300 Pulau Pinang
Poh Kean Wah
Branch Manager (04-261 1106)
Tel : (04) 262 1144, 262 1109
Fax : (04) 261 8019
21. **Mergong, Alor Setar**
97J, Seberang Jalan Putra
05150 Alor Setar, Kedah
Lee Kok Keing
Branch Manager (04-733 9278)
Tel : (04) 733 9279, 733 9304
Fax : (04) 731 6059
22. **Taman Semarak, Kulim**
43, Lorong Semarak 1
Taman Semarak
09000 Kulim, Kedah
Mohd Ramalan Bin Alwi
Branch Manager (04-491 5915)
Tel : (04) 491 5912, 491 5913
Fax : (04) 491 5916
- JOHOR RCB (CONSUMER)**
Regional Consumer Banking Head
Chang Chee Keong (07-3864734)
1. **Jalan Bandar, Pasir Gudang**
10A, Pusat Perdagangan
Jalan Bandar
81700 Pasir Gudang, Johor
Mohammad Fadzil Bin Abd Ghafar
Branch Manager (07-251 1579)
Tel : (07) 251 1578, 251 1573
Fax : (07) 251 1584
2. **Jalan Dedap, Taman Johor Jaya**
7 & 9, Jalan Dedap 18
Taman Johor Jaya
81100 Johor Bahru, Johor
Ali Bin B Mohamed
Branch Manager (07-354 9455)
Tel : (07) 355 5226, 355 5327, 355 0844
Fax : (07) 355 5004
3. **Jalan Perdagangan Damai**
Pasir Gudang, No. 29
Jln Perdagangan Damai
Nusa Damai
81700 Pasir Gudang
Johor Darul-Takzim
Maimunah Othman
Branch Manager (07-2524753)
Tel : (07) 251 2500, 251 3513, 252 4784
Fax : (07) 252 5044
4. **Jln Bendahara 12**
Taman Ungku Tun Aminah
Ground & First Floor
62, 64 & 66, Jalan Bendahara 12
Taman Ungku Tun Aminah
81300 Sekudai, Johor
Yap Chong Chiew
Branch Manager (07-557 1224)
Tel : (07) 557 1477, 557 1097
Fax : (07) 557 1553
5. **Johor Bahru City Square**
Lot J1-22 & J2-31
Level 1 & 2, Johor Bahru City Square
106 & 108, Jalan Wong Ah Fook
80000 Johor Bahru, Johor
Liaw Kwee Fong
Branch Manager (07-224 7460)
Tel : (07) 224 5333, 224 2485
Fax : (07) 224 1264
6. **Kulai**
4 & 5, Taman Seraya
Kulai Besar
81000 Kulai, Johor
Kuek Eng Eng @ Thomas
Branch Manager (07-663 4105)
Tel : (07) 663 1911, 663 1912
Fax : (07) 663 2159
7. **Permas Jaya, Johor**
Ground Floor
35 & 37, Jalan Permas 10/2
Bandar Baru Permas Jaya
81750 Johor Bahru, Johor
Chern Lea Chyun
Branch Manager (07-388 4989)
Tel : (07) 388 6741, 388 6744
Fax : (07) 388 6749
8. **Plentong, Johor**
Lot AT4, Ground Floor
Giant Hypermarket
3, Jalan Masai Lama
Plentong
81750 Johor Bahru, Johor
Mohd Zamri Bin Pardi
Branch Manager (07-358 2714)
Tel : (07) 352 7684, 358 2715, 358 2716
Fax : (07) 352 7689
9. **Pontian Kechil**
192, Jalan Bakek
Pontian Kechil
82000 Pontian, Johor
Zainudin Bin Abu Hasan
Branch Manager (07-687 8123)
Tel : (07) 687 8368, 687 8369
Fax : (07) 687 9107
10. **Senai**
180 & 181, Jalan Belimbing 1
81400 Senai, Johor
Kamaruzaman B. Atan
Branch Manager (07-598 3060)
Tel : (07) 599 6960, 599 6546
Tel : (07) 599 7154
Fax : (07) 599 6913
11. **Simpang Renggam**
8 & 9, Jalan Kijang
86200 Simpang Renggam, Johor
Ismail B. Saleh
Branch Manager (07-755 7366)
Tel : (07) 755 8531, 755 8532
Fax : (07) 755 8262
12. **Taman Molek, Johor**
56 & 58, Jalan Molek 2/2
Taman Molek
81100 Johor Bahru, Johor
Azmi Bin Mahyudin
Branch Manager (07-351 4640)
Tel : (07) 351 4641, 351 4642
Tel : (07) 351 4643
Fax : (07) 351 4649
13. **Taman Pelangi, Johor**
Suite 1-2, Level 1
Menara Pelangi
2, Jalan Kuning
Taman Pelangi
80400 Johor Bahru, Johor
Asoka Balan s/o Sinnadurai
Branch Manager (07-334 3484)
Tel : (07) 334 3476, 334 3481
Fax : (07) 334 3482
14. **Taman Sekudai Baru, Johor**
2, 4 & 6, Jalan Ronggeng Satu
Taman Sekudai Baru
81300 Sekudai, Johor
Tan Koh Kwang
Branch Manager (07-556 6068)
Tel : (07) 556 6066, 556 6067
Fax : (07) 558 1677
15. **Taman Sentosa, Johor**
9 & 11, Jalan Sutera
Taman Sentosa
80150 Johor Bahru, Johor
Mohd Azmi Bin Yaacob
Branch Manager (07-332 2248)
Tel : (07) 332 2243, 332 2244, 332 2246
Fax : (07) 334 9441

Group branch network

16. **Tampoi**
3, 3-01, 5, 5-01, Jalan Pembangunan
Desa Rahmat, Tampoi
81200 Johor Bahru, Johor
Feizal Bin Sheikh Ahmad
Branch Manager (07-234 0685)
Tel : (07) 234 0678, 234 0729
Fax : (07) 234 0680
17. **Ulu Tiram**
1 & 2, Jalan Raya
81800 Ulu Tiram, Johor
Mohd Zakariah bin Abd Rahman
Branch Manager (07-861 3001)
Tel : (07) 861 3002, 861 7609
Fax : (07) 861 4088
- MELAKA RCB (CONSUMER)**
RCB Consumer Banking Head:
Amir Bin Abd Aziz (06-286 1217)
1. **9, Jalan Abdullah, Muar**
9, Jalan Abdullah
84000 Muar, Johor
Wan Noriani Bt Wan Hasan
Branch Manager (06-952 5120)
Tel : (06) 952 2234, 951 9080
Fax : (06) 952 9503
2. **Batu Pahat**
89, Jalan Rahmat
83000 Batu Pahat, Johor
Ahmad Nazri Bin Mohd Sani
(wef 24/2/05)
Branch Manager (07-431 4353)
Tel : (07) 431 7011, 431 7022
Fax : (07) 431 1077
3. **Bekok**
G34 & G36, Jalan Wijaya
86500 Bekok, Johor
Mohamad Nizam Bin Abdul Hamid
Branch Manager (07-922 1361)
Tel : (07) 922 1639, 922 1643
Fax : (07) 922 1525
4. **Bukit Baru, Melaka**
Ground Floor, 5 & 6, Jalan DR 1
Taman Delima Raya
Bukit Baru, 75150 Melaka
Mohd Suhaimi Bin Ramli
Branch Manager (06-232 1321)
Tel : (06) 232 1302, 232 1298
Fax : (06) 232 1319
5. **Jalan Dato' Rauf, Kluang**
18 & 20, Jalan Dato' Rauf
86000 Kluang, Johor
Chew Hock Shann
Branch Manager (07-773 6205)
Tel : (07) 772 4111, 772 4112
Fax : (07) 772 4094
6. **Jalan Hang Tuah, Melaka**
477, Plaza Melaka
Jalan Hang Tuah
75300 Melaka
Chiang Chiong Guan
Branch Manager (06-284 0472)
Tel : (06) 284 0473, 284 0476
Fax : (06) 284 4699
- including:-
Tesco Melaka (Sales Kiosk)
Lot 7, Tingkat Bawah
No. 1, Jalan Tun Razak
75400 Peringgit Melaka
OIC – Ismail Hj Dali
Tel : (06) 283 5533
Fax : (06) 283 9555
7. **Jalan Munshi Abdullah, Melaka**
179 & 181, Jalan Munshi Abdullah
75100 Melaka
Roslim Bin Md Ros
Branch Manager (06-284 3102)
Tel : (06) 283 6448, 283 1962
Fax : (06) 283 6717
8. **Jementah**
Ground Floor, MCA Building
Jalan Muar
85200 Jementah, Johor
Kamarulzaman B Musally
Branch Manager (07-947 1577)
Tel : (07) 947 1578, 947 1353
Fax : (07) 947 2404
9. **Kota Melaka**
No. 57 & 59, Prime Square
Taman Melaka Raya
75000 Melaka
Mohd Razali Bin Alizah
Branch Manager (06-282 5020)
Tel : (06) 282 5030, 282 5029
Fax : (06) 282 5076
10. **Segamat**
110 & 111, Jalan Genuang
85000 Segamat, Johor
Ramlan Bin Yaakop
Branch Manager (07-931 5441)
Tel : (07) 931 1366, 931 1367
Fax : (07) 932 3901
11. **Taman Intan, Kluang**
32 & 33, Jalan Intan 2/1
Taman Intan
86000 Kluang, Johor
Chua Kuang Chea
Branch Manager (07-772 7215)
Tel : (07) 772 7211, 772 7210
Fax : (07) 772 7216
12. **Tangkak**
351 & 352, Jalan Muar
84900 Tangkak, Johor
Lily Tay
Branch Manager (06-978 6762)
Tel : (06) 978 6588, 978 6591
Fax : (06) 978 6592
13. **Yong Peng**
106, Jalan Besar
83700 Yong Peng, Johor
Khoo Eng Hock (wef 31/1/2005)
Branch Manager (07-467 4761)
Tel : (07) 467 1006, 467 1146
Fax : (07) 467 5137
- PERAK RCB (CONSUMER)**
Regional Consumer Banking Head:
Che The Siong (05-242 6637) wef 14/2/2005
1. **Air Tawar**
33A & B, Jalan Besar
32400 Air Tawar, Perak
Tiang Kong Song
Branch Manager (05-672 4076)
Tel : (05)672 2385, 672 4148
Fax : (05)672 2168
2. **Bagan Serai**
243, Jalan Besar
34300 Bagan Serai, Perak
Zulkifli Bin Haron
Branch Manager (05-721 1582)
Tel : (05) 721 5715, 721 5716
Fax : (05) 721 2486
3. **Gopeng**
Ground Floor
67 & 69, High Street
31600 Gopeng, Perak
Loong Kam Kam
Branch Manager (05-359 4525)
Tel : (05) 359 1169, 359 4524
Fax : (05) 359 3291

Group branch network

4. **Gunung Rapat**
57 & 59, Medan Gopeng 1
Jalan Gopeng, Gunung Rapat
31350 Ipoh, Perak
Nor Afidah Ahmad Marzuki
Branch Manager (05-312 4589)
Tel : (05) 312 3599, 312 3851
Fax : (05) 312 6570
 5. **Jalan Tun Sambanthan, Ipoh**
Lot 2, 4, 6 & 8, Jalan Tun Sambanthan
30000 Ipoh, Perak
Esmond Wong Peng Wan
Branch Manager (05-241 0513)
Tel : (05) 254 2135, 254 2136
Fax : (05) 255 0050
 6. **Ipoh Garden South**
Tingkat 12 & 14, Taman Ipoh 6
Ipoh Garden South
31400 Ipoh, Perak
Abdullah Sharwani Ismail
Branch Manager (05-547 3286)
Tel : (05) 548 2532, 547 7888
Fax : (05) 547 8899
 7. **Jelapang**
433 & 435, Jalan Silibin
Taman Silibin, P. O Box No. 585
30760 Ipoh, Perak
Chong Voon Chin
Branch Manager (05-526 1520)
Tel : (05) 526 6515, 526 8518
Fax : (05) 526 2418
 8. **Kampar**
81, 83 & 85, Jalan Gopeng
31900 Kampar, Perak
Chua Ton Tin
Branch Manager (05-465 1585)
Tel : (05) 466 6202, 466 6203,
465 1592, 465 1599
Fax : (05) 465 2216
 9. **Kuala Kangsar**
6 & 7, Jalan Daeng Selili
33000 Kuala Kangsar, Perak
Rodziah Bt Hj Abdul Rahman
Branch Manager (05-777 7970)
Tel : (05) 776 3772, 776 1762
Fax : (05) 776 6836
 10. **Kuala Kurau**
Ground & First Floor
19, Jalan Besar
34350 Kuala Kurau, Perak
Lim Kean Chee
Branch Manager (05-727 7952)
Tel : (05) 727 7953, 727 0939
Fax : (05) 727 7155
 11. **Menglembu**
Ground & First Floor
50 & 52, Jalan Besar
31450 Menglembu, Perak
Twoon Kok Kay
Branch Manager (05-281 6012)
Tel : (05) 281 6011, 281 6017
Fax : (05) 281 6010
 12. **Parit Buntar**
44, Jalan Teh Peh Kong
34200 Parit Buntar, Perak
Syed Jalil Bin Syed Jaafar
Branch Manager (05-716 6320)
Tel : (05) 716 1626, 716 1627
Fax : (05) 716 2019
 13. **Persiaran Greenhill, Ipoh**
62, Persiaran Greenhill
30450 Ipoh, Perak
Chan Lai Kwin
Branch Manager (05-253 2404)
Tel : (05) 253 3355, 255 4195
Fax : (05) 253 5053
 14. **Simpang, Perak**
11 & 12, Lorong Medan
Taman Simpang
34700 Simpang, Perak
Mohd Anuar Bin Ariffin
Branch Manager (05-847 2264)
Tel : (05) 847 5569, 847 2042
Fax : (05) 847 3317
 15. **Simpang Empat, Hutan Melintang**
Lots P.T 1374 & 1375
Jalan Hutan Melintang
Taman Seri Perak, Simpang Empat
36400 Hutan Melintang, Perak
Tay Kim Hock
Branch Manager (05-641 2364)
Tel : (05) 641 2363, 641 2362
Fax : (05) 641 3310
 16. **Sitiawan**
25C, Jalan Datuk Ahmad Yunus
32000 Sitiawan, Perak
Mohd Hamka B. Abdul Aziz
Branch Manager (05-691 3813)
Tel : (05) 691 1411, 691 4669
Fax : (05) 691 9012
 17. **Sungai Siput**
139 & 140, Jalan Besar
31100 Sungai Siput, Perak
Tang Wai Kee
Branch Manager (05-598 8923)
Tel : (05) 598 2233, 598 2234, 598 8922
Fax : (05) 598 4094
 18. **Sungkai**
18 & 19, Jalan Besar
35600 Sungkai, Perak
Mohd Hazanol Bin Hashim
Branch Manager (05-438 7912)
Tel : (05) 438 6708, 438 6710
Fax : (05) 438 6720
 19. **Taiping**
68 & 70, Jalan Kota
34000 Taiping, Perak
Hooi Sum Fatt
Branch Manager (05-807 4749)
Tel : (05) 807 3276, 807 3257
Tel : (05) 808 3350
Fax : (05) 806 3275
 20. **Tasek**
699 & 701, Jalan Tasek
Taman Musim Bunga
31400 Ipoh, Perak
Lau Yoke Wing
Branch Manager (05-546 4010)
Tel : (05) 546 7363, 546 7386, 546 7370
Fax : (05) 548 7566
 21. **Teluk Intan**
31 & 33, Jalan Intan 2
Bandar Baru Teluk Intan
36000 Teluk Intan, Perak
Hasnan B. Mohamed
Branch Manager (05-622 8233)
Tel : (05) 622 1654, 622 1655
Fax : (05) 621 1228
- EAST COAST RCB (CONSUMER)**
RCB Regional Consumer Banking head:
Ghazali Mat Noh (09-516 2772)
wef 20/1/2005
1. **Bentong**
Lot 13 & 14, Jalan Loke Yew
28700 Bentong, Pahang
Ti Boon Ley
Branch Manager (09-222 7507)
Tel : (09) 222 1648, 222 1649
Fax : (09) 222 5944
 2. **Jerantut**
Lot 4360 & 4361, Jalan Kuantan
27000 Jerantut, Pahang
Shaharuddin Bin Ming
Branch Manager (09-266 3189)
Tel : (09) 266 5900, 266 5901
Fax : (09) 266 5899

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3. **Kemaman**
K-156C, Jalan Sulaimani
24000 Chukai, Terengganu
Aminuddin Mohamad Napiah
Branch Manager (09-859 6798)
Tel : (09) 859 2825, 859 2824
Fax : (09) 859 3771
 4. **Kerteh**
10B, Bandar Baru Kerteh
24300 Kerteh, Terengganu
Mohd Shamsuddin B Urmin
Branch Manager (09-826 1646)
Tel : (09) 826 1644, 826 1645
Fax : (09) 826 2171
 5. **Ketereh**
Lot PT 383 & PT 384
Kedai Ketereh, Bandar Ketereh
16450 Ketereh, Kelantan
Ros Naliza Bt Mohamed
Branch Manager (09-788 5725)
Tel : (09) 788 6377, 788 6376
Fax : (09) 788 8721
 6. **Jalan Tok Hakim, Kota Bharu**
782 – 786, Jalan Tok Hakim
15000 Kota Bharu, Kelantan
Wan Zulkifli Wan Abdullah
Branch Manager (09-744 4961)
Tel : (09) 748 1792, 748 1793
Fax : (09) 744 9306
- including:-
- Jln Kebun Sultan, Kota Bharu**
(Service Centre)
Lot 1182 – 1183, Jalan Kebun Sultan
15350 Kota Bharu, Kelantan
Wan Husniah bt Wan Abdullah
OIC (09-744 1744)
Tel : (09) 744 1776, 744 1654
Fax : (09) 748 1788
 7. **Kuala Dungun**
K231, Jalan Besar, Kuala Dungun
23000 Dungun, Terengganu
Mohd Ludin B. Puteh
Branch Manager (09-845 6722)
Tel : (09) 848 1416, 845 1575
Fax : (09) 848 2996
 8. **Kuala Terengganu**
59, Jalan Sultan Ismail
20200 Kuala Terengganu, Terengganu
Mustaffa Bin Che Yusoff
Branch Manager (09-623 3478)
Tel : (09) 622 1478, 622 6478
Fax : (09) 622 9379
 9. **Jalan Telok Sisek, Kuantan**
45, Jalan Telok Sisek
25000 Kuantan, Pahang
Ng Aik Hee
Branch Manager (09-5161219)
Tel : (09) 5177466, 5164475, 5164517,
(09-5163763)
Fax : (09) 513 9554
 10. **Jalan Tun Ismail, Kuantan**
23, Jalan Tun Ismail
25000 Kuantan, Pahang
Vacant
Branch Manager (09- 513 3542)
Tel : (09) 514 2703, 514 3090
Fax : (09) 513 5022
 11. **Mentakab**
Lot 94 & 95, Jalan Temerloh
28400 Mentakab, Pahang
Azmi Bin Abd Rahman
Branch Manager (09-278 1971)
Tel : (09) 278 1976, 278 1989
Fax : (09) 278 2034
 12. **Pasir Mas**
18A, Jalan Tengku Ahmad
17000 Pasir Mas, Kelantan
Alawi Bin Hamzah
Branch Manager (09-790 8066)
Tel : (09) 790 9088, 790 7088
Fax : (09) 790 2292
 13. **Raub**
Lot PT 16477 & 16478
Pusat Perniagaan Indrapura, Jln Tras
27600 Raub, Pahang
Abdul Aznan Hj Yaakob
Branch Manager (09-355 3554)
Tel : (09) 355 5077, 355 5515
Fax : (09) 355 2929
 14. **Wakaf Tembusu**
Bangunan UMNO Wakaf Tembusu
Batu 8, Jalan Kelantan
21200 Kuala Terengganu, Terengganu
Jamilah Shaikh Mahmood
Branch Manager (09-666 3411)
Tel : (09) 666 4155
Fax : (09) 666 2310
- SARAWAK RCB (CONSUMER)**
RCB Consumer Banking Head:
Jee Tzin Kit (082-428976)
1. **31, Jln Tunku Osman, Sibul**
No 31, Jln Tuanku Osman
P O Box 26
96007 Sibul, Sarawak
Paul Lee Kuok Hun
Branch Manager (084-323744)
Tel : (084) 314455
Fax: (084) 310546
 2. **Boulevard Centre, Miri**
Ground Floor
Lot 2469 & 2470
Boulevard Commercial Centre
Jalan Boulevard Utama
98000 Miri, Sarawak
Susan Tham Sow Kuen
Branch Manager
Tel : (085) 429880
Fax : (085) 429881
 3. **Dalat, Sarawak**
Ground Floor
Pejabat Daerah Dalat
96300 Dalat, Sarawak
Wan Sharkawi Wan Spawi
Branch Manager (084-864828)
Tel : (084) 864841, 864842
Fax : (084) 864824
 4. **Jalan Kulas, Kuching**
Ground Floor Lot 363
Section Jalan Kulas
P O Box 2049
93740 Kuching, Sarawak
Roslina Bolhassan
Branch Manager (082-427255)
Tel : (082) 419050
Fax : (082) 426160
 5. **Jalan Masjid, Bintulu**
Ground Floor & 1st Floor
258 Taman Sri Dagang
Jalan Masjid
97000 Bintulu, Sarawak
Nio Huat Lam
Branch Manager (086-335178)
Tel : (086) 331133
Fax : (086) 331692

Group branch network

6. **Jalan Nakhoda Gampar, Miri**
 Lot 362, Block 9
 Jln Nakhoda Gampar
 P O Box 1142
 98008 Miri, Sarawak
Mohd Maley Abdul Hamid
 Branch Manager (085-418822)
 Tel : (085) 411882
 Fax : (085) 415682
7. **Jalan Padungan, Kuching**
 256, Jalan Padungan
 93100 Kuching, Sarawak
Yiin Suk Kiong, Cecillia
 Branch Manager (082-251024)
 Tel : (082) 428062, 429062
 Fax : (082) 415453
8. **Kanowit, Sarawak**
 Lots 127 & 128
 No 65-66 Jalan Kubu
 Kanowit Town District
 96700 Kanowit, Sarawak
Hawing Ding
 Branch Manager (084-752699)
 Tel : (084) 752700
 Fax : (084) 752711
9. **Kota Samarahan**
 Lots 6969-6970, Block 59
 Muara Tuang Land District
 94300 Kota Samarahan, Sarawak
Ahmad Juanda Kana
 Branch Manager (082-671531)
 Tel : (082) 671526
 Fax : (082) 671525
10. **Lanang, Sarawak**
 Sublot 2 & 3
 Dungun Lane, Lanang Road
 96000 Sibu, Sarawak
Wong King Ping
 Branch Manager (084-349289)
 Tel : (084) 349554, 349547, 349585
 Fax : (084) 349345
11. **Lawas, Sarawak**
 Lot No 355
 Jalan Punang
 98850 Lawas
 Sarawak
Jonathan Wee Eng Ghee
 Branch Manager
 Tel : (085) 285657, 285659
 Fax : (085) 285529
12. **Lundu, Sarawak**
 Lot 249-250
 Jalan Blacksmith
 Pekan Lundu
 94500 Lundu, Sarawak
Behil @ Bian Turat
 Branch Manager (082-735122)
 Tel : (082) 735611
 Fax : (082) 735220
13. **Medan Raya, Kuching**
 (w.e.f. 01-07-2004)
 Lot 4, Tingkat Bawah
 Bangunan MASJA
 Medan Raya, Petrajaya
 93050 Kuching, Sarawak
Edwin Yassin Abdullah
 Branch Manager (082-449077)
 Tel : (082) 442741, 449135, 445611
 Fax : (082) 443926
14. **Sarikei, Sarawak**
 Lot 1468
 Repok Road
 P O Box 738
 96108 Sarikei, Sarawak
Loi Teck Sing
 Branch Manager (084-657033)
 Tel : (084) 657030
 Fax : (084) 657036
15. **Siburan, Sarawak**
 No. 2, Siburan Bazaar
 17th Mile, Kuching Serian Road
 94200 Siburan, Sarawak
Yong Chiong Lung
 Branch Manager (082-862886)
 Tel : (082) 862808
 Fax : (082) 862880
16. **Simpang Tiga, Kuching**
 No. 11, Jln Simpang Tiga
 P O Box 3000
 93758 Kuching, Sarawak
Francis Ang Meu Hock
 Branch Manager (082-416807)
 Tel : (082) 411817
 Fax : (082) 420975
17. **Tabuan Jaya, Sarawak**
 891-892
 Lorong Bayor Bukit 2A
 Tabuan Jaya, Shopping Centre
 Jalan Wan Alwi
 93350 Kuching, Sarawak
Valerie Lee Kui Hua
 Branch Manager (082-366822)
 Tel : (082) 366823, 366828
 Fax : (082) 366826
18. **UNIMAS, Kota Samarahan**
 Amenities Centre (Left Wing)
 Unimas Campus
 94300 Kota Samarahan
 Sarawak
Wong Kee Toh, Vincent
 Branch Manager (082-673166)
 Tel : (082) 672662
 Fax : (082) 672611
19. **Wisma Mahmud, Kuching**
 Level 1
 Wisma Mahmud
 Jalan Sungei Sarawak
 93100 Kuching, Sarawak
Mustapha Doll
 Branch Manager (082-342699)
 Tel : (082) 345345, 345610
 Fax : (082) 338358
20. **Batu Kawah , Kuching**
 (wef Dec. 2004)
 Bd 104/204 & 105/205 ,
 Batu Kawah New Township
 Jalan Batu Kawa, 93250 Kuching
 Sarawak
David Ho Pau Enn
 Manager
 Tel : (082) 455650/082-450487
 Fax : (082) 459790
- SABAH RCB (CONSUMER)**
 Regional Consumer Banking Head
Bernadette Sun Fui Ling (088-217733)
1. **Bandar Pasaraya, Sandakan**
 Lot 59 Ground Floor
 Bandar Pasaraya, Mile 4
 90000 Sandakan, Sabah
Vacant
 Branch Manager (089-224402)
 Tel : (089)208101,208102,208104,208100
 Fax : (089) 228101
2. **Inanam, Sabah**
 Ground & First Floor
 Lot 20 & 22, Block E
 Inanam New Township, Phase II
 89350 Inanam, Sabah
Voo Sui Siong
 Branch Manager (088-426 680)
 Tel : (088) 422 883, 422 820
 Fax : (088) 423 011

Group branch network

3. **Jalan Gaya, Kota Kinabalu**
81 / 83, Jalan Gaya
88000 Kota Kinabalu, Sabah
Lo Mei Hwa
Branch Manager (088-239 288)
Tel : (088)216 188, 213 982
Fax : (088) 235 871

4. **Jalan Tun Mustapha, Labuan**
Lot 1 & 2, Jati Shop Houses
Off Jalan Tun Mustapha
87007 Labuan
Wilayah Persekutuan Labuan
Mustapa Bin Mat Diah
Branch manager (087-414364)
Tel : (087) 414822, 414810
Fax : (087) 414449

5. **Lahad Datu, Sabah**
Lot 1 & 2, Block A
Metro Commercial Complex
91100 Lahad Datu, Sabah
Vacant
Branch Manager (089-886 162)
Tel : (089) 886 159, 886 418
Fax : (089) 886 163

6. **Tawau, Sabah**
Ground & First Floor
Lot 5 Block 27
Fajar Complex, Jalan Mahkamah
Town Extension II
91000 Tawau, Sabah
Yapp Jin Fui (wef 1 Feb, 2005)
Branch Manager (089-763 911)
Tel : (089) 777 355, 777 233
Fax : (089) 764 684, 765 254

7. **Wisma Khoo, Sandakan**
Sub Lot 1 – 7, Ground Floor
Wisma Khoo Siak Chiew
Lebuh Tiga, Jalan Sim Sim
Mail Bag No. 4
90009 Sandakan, Sabah
Yapp Choon Tieng
Branch Manager (089-213 191)
Tel : (089) 218 777, 216 991
Fax : (089) 271 246

2. **KL International Airport**
Lot 13a, Departure Level
Main Terminal Building
Kuala Lumpur International Airport
64000 KLIA, Selangor
Tel: (03) 8787 3257
Fax: (03) 8787 3255

3. **KL International Airport**
Arrival Hall
Main Terminal Building
Kuala Lumpur International Airport
64000 KLIA, Selangor
Tel: (03) 8787 1562
Fax: (03) 8787 3255

4. **Bangsar Shopping Complex**
G125 & G126, Ground Floor
Bangsar Shopping Centre
285, Jalan Ma'arof, Bangsar
59100 Kuala Lumpur
Tel: (03) 2284 6870, 2284 6872,
2284 6875
Fax: (03) 2284 6896

5. **Kuala Lumpur City Centre**
Lot G34, Ground Floor
Petronas Twin Tower
Kuala Lumpur City Centre
50088 Kuala Lumpur
Tel: (03) 2164 6505, 2161 2009
Fax: (03) 2164 6213

6. **Plentong**
Lot AT4, Ground Floor
Giant Hypermarket
3, Jalan Masai Lama, Plentong
81750 Johor Bahru, Johor
Tel: (07) 352 7684, 352 7685, 352 7686
Fax: (07) 352 7689

7. **KL Sentral**
Unit 7, Level One, Arrival Hall
City Air Terminal
KL Sentral Station
50470 Kuala Lumpur
Tel: (03) 2273 5000
Fax: (03) 2274 7000

RHB ISLAMIC BANK BERHAD

1. **Cawangan Utama**
Level One, Tower Three,
RHB Centre, 50400 Kuala Lumpur
Kamarunzaman Haji Yasak
Branch Manager
Tel: 03-9280 6078
Fax: 03-9283 8349

RHB OVERSEAS BRANCHES

NEGARA BRUNEI DARUSSALAM

1. **Bandar Seri Begawan**
Unit G.02, Ground Floor, Block D
Kompleks Yayasan Sultan
Haji Hassanah Bolkiah
Jalan Pretty
Bandar Seri Begawan BS 8711
Negara Brunei Darussalam
Hashim Hasan
Branch Manager (673-223 1329)
Tel: (673) 223 1325 / 222 2515 / 16
Fax: (673) 223 7487

SINGAPORE

1. **Country Head, SINGAPORE OPERATIONS**
5th Floor Executive Office
RHB Bank Berhad
90 Cecil Street
#05-00 Singapore 069531
Anthony Yeo
Tel: (02) 6220 2736
Fax: (02) 6221 6646

2. **Cecil Street**
90, Cecil Street, #01-00
Singapore 069531
Chee Keng Thong
Branch Manager (02-6222 1059)
Tel: (02) 6225 3111, (02) 6320 0360
Fax: (02) 6225 5296

3. **Bukit Timah**
440/442, Upper Bt Timah Road
The Rail Mall
Singapore 678064
Rudy Harjanto
Branch Manager (02-6765 1678)
Tel: (02) 6769 1766
Fax: (02) 6762 4032

4. **Geylang**
537 Geyland Road
Singapore 389492
Harry Wee
Branch Manager (02-6747 8969)
Tel: (02) 6747 8966
Fax: (02) 6747 1015

5. **Jalan Besar**
10, Jalan Besar #01-03
Sim Lim Tower
Singapore 208787
Serena Tan
Branch Manager (02-6296 5842)
Tel: (02) 6296 6233
Fax: (02) 6296 5846

RHB BUREAU DE CHANGE

1. **Kota Raya Complex**
Lot G17, Ground Floor
Kota Raya Complex
Jalan Cheng Lock
50000 Kuala Lumpur
Tel: (03) 2072 0881
Fax: (03) 2074 1910

Group branch network

6. **Katong**
14-18 East Coast Rd
Katong
Singapore 428741
Adrian Tan
Branch Manager (02-6344 5353)
Tel: (02) 6344 8044
Fax: (02) 6345 7131
7. **Bukit Merah**
Blk 131, Jalan Bukit Merah
#01-1577 / 1579
Singapore 160131
William Koh
Branch Manager (02-6273 9168)
Tel: (02) 6278 5388
Fax: (02) 6273 7765
8. **Upper Serangoon**
1 Yio Chu Kang Road
Singapore 545506
Eddie Eng
Branch Manager (02-6282 6778)
Tel: (02) 6288 8053
Fax: (02) 6285 4685

THAILAND

1. **Bangkok**
Level 10, Liberty Square
287, Silon Road, Bangrak
Bangkok 10500
Thailand
Alex Yeoh Seng Heng
Branch Manager (66-02-6312010)
Tel: (66) 02-6312000
Fax: (66) 02-6312018

SECURITIES

MALAYSIA

1. **RHB Securities Sdn Bhd**
(formerly known as Rashid Hussain
Securities Sdn Bhd)
Level 9, Tower One
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
Tel: (603) 9285 2233
Fax: (603) 9285 5522
2. **RHB Securities Sdn Bhd**
Lot 9 & 10, 1st Floor
Bangunan Tabung Haji
Jalan Bandar Kaba
75000 Melaka
Goh Choon Hock
Head of Branch
Tel: (606) 283 3622
Fax: (606) 284 9886

RHB UNIT TRUST MANAGEMENT BERHAD

HEAD OFFICE

Level 7, Tower One
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
Michael Tan Lib Chau
Chief Executive Officer/Director
Tel: (03) 9286 2666
Fax: (03) 9286 2316, 9286 2835

BRANCH OFFICES

1. 1st Floor, Lot 319
Block 3, Api-Api Centre
Jalan Centre Point
88000 Kota Kinabalu, Sabah
Kevin Ng
Regional Manager – East Malaysia
Tel: (088) 268 424, 268 442
Fax: (088) 266 914
2. 4th Floor, 44 Lebuhr Pantai
Georgetown
10300 Penang
Ng Snang Chong
Regional Manager – Northern
Tel: (04) 2634 848, 2631 333
Fax: (04) 2628 844
3. 58B, Jalan Molek, Taman Molek
81100 JB
Gilbert Ng
Regional Manager – Southern
Tel: (07) 353 6026
Fax: (07) 353 6286
4. Lot 7418 1st Floor
Jalan Simpang 3, 93300 Kuching
Ng Shun Leung
Regional Manager – Kota Kinabalu
Tel: (088) 268504
Fax: (088) 266914

RHB DELTA FINANCE BERHAD

HEAD OFFICE

Level 17, Menara Yayasan Tun Razak
No. 200, Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: (03) 2161 0488
Fax: (03) 2161 8800 (MD Office)
(03) 2164 7840 (C.O.O. Office)
(03) 2163 3100 (HR & Admin)
(03) 2161 7310 (Cr, B&D)
(03) 2164 3451 (Consumer)
(03) 2161 7751 (Acc. & IT)
(03) 2168 8721 (Br Supervision)
(03) 2163 6091 (Cr & Mktg)

REGIONAL OFFICE – SIBU

RHB Delta Finance Berhad

85-89, 1st-3rd Floor
Jalan Kampung Nyabor
96000 Sibu
Sarawak
William Ling Ka Bing
Branch Manager
Tel: (084) 333 070
Fax: (084) 327 402

BRANCHES IN SARAWAK

1. **Kuching**
Lot 170-172, Jalan Chan Chin Ann
93100 Kuching
Sarawak
Tony Chandor
Branch Manager
Tel: 082-251 544
Fax: 082-423 133
2. **Bintulu**
No. 70, Medan Sepadu
Jalan Abang Galau, 97000 Bintulu
Sarawak
Sim Kwang Kiang
Branch Manager
Tel: 086-331 614
Fax: 086-344 933
3. **Miri**
Lot 294, Beautiful Jade Center
Jalan Bendahara, 98000 Miri
Sarawak
Clement Tang Chok Nguong
Branch Manager
Tel: 085-411 281
Fax: 085-413 749
4. **Limbang**
Lot 1563, Jalan Buangsiol
98700 Limbang
Sarawak
Joseph Richard Pahang
Branch Manager
Tel: 085-212 398 / 212 399
Fax: 085-211 022

5. **Lawas**
Lot 355, Jalan Punang
98850 Lawas
Sarawak
Bernard Hugh
Branch Manager
Tel: 085-285 657
Fax: 085-285 529

Group branch network

6. **Sarikei**
11-12, Jalan Berjaya
96100 Sarikei
Sarawak
Tan Kieng Boon
Branch Manager
Tel: 084-653 518
Fax: 084-653 520

7. **Kapit**
Lot 504, Jalan Temenggong Jugah
96800 Kapit
Sarawak
Stephen Ting Hong Hai
Branch Manager
Tel: 084-797 771
Fax: 084-797 775

8. **Sri Aman**
Lot 839, Jalan Sibul
95000 Sri Aman
Sarawak
Michael Ling Hang Liing
Branch Manager
Tel: 083-320 979 / 320 980
Fax: 083-320 975

9. **Marudi**
Lot 29, Jalan Kapitan Lim Ching Kiat
Marudi, 98050 Baram
Sarawak
Ling Ley Hua
Branch Manager
Tel: 085-756 721 / 756 722
Fax: 083-756 724

BRANCHES IN SABAH

1. **Kota Kinabalu**
No. 39, Jalan Pantai
88000 Kota Kinabalu
Sabah
Fabian Chuo Sing Mee
Branch Manager
Tel: 088-247 922 / 247 923
Fax: 088-247 925

2. **Sandakan**
Block 11, Lot 5, Ground Floor,
Bandar Indah, Mile 4, Jalan Utara
90000 Sandakan
Sabah
Tan Weng Wah
Tel: 089-275 200 / 271 764
Fax: 089-218 169

3. **Tawau**
Ground Floor, TB585
Jalan Perbandaran
Tacoln Complex
91000 Tawau, Sabah
Peter Ngu King Hien
Branch Manager
Tel: 089-776 822 / 776 825
Fax: 089-765 113

BRANCHES IN PENINSULAR MALAYSIA

1. **Kuala Lumpur**
Ground Floor
Menara Yayasan Tun Razak
No. 200, Jalan Bukit Bintang
55100 Kuala Lumpur
Joanna Loong Bee Lian
Branch Manager

2. **Johor Bahru**
45, Jalan Kuning Dua
Taman Pelangi, 80400 Johor Bahru
Johor
Thomas Chai Yeong Ling
Branch Manager
Tel: 07-335 8252 / 335 8262
Fax: 07-335 8237

3. **Seremban**
No. 20 & 21 Wisma AIA
Jalan Dato Lee Fong Yee
70000 Seremban
Negeri Sembilan
Thu Ah Seng
Branch Manager
Tel: 06-764 2002 / 761 2027
Fax: 06-764 2005

4. **Georgetown**
93-A, Jalan Gurdwara
10300 Penang
Ang Boon Huat
Branch Manager
Tel: 04-227 2785 / 227 2677 / 227 2899
Fax: 04-227 2928

5. **Melaka Business Centre**
No. 165, Jalan Munshi Abdullah
75100 Melaka
Yong Kheng Juan
Tel: 06-288 1188
Fax: 06-281 3859

6. **Ipoh Business Centre**
No. 35-37, Dewan Perniagaan &
Perindustrian Cina Perak
Jalan Tun Sambanthan
30000 Ipoh, Perak
Kwan Ching Wai
Branch Manager
Tel: 05-249 1301 / 249 1300
Fax: 05-254 6560

7. **Prai Business Centre**
No. 6773, Jalan Kampung Gajah
12000 Butterworth, Penang
Abdul Ghani Bakkai
Branch Manager
Tel: 04-310 8111/310 8112
Fax: 04-323 3652

8. **Batu Pahat Business Centre**
Suite 5, 8th Floor,
Wisma Sing Long
No. 9, Jalan Zabedah
83000 Batu Pahat, Johor
Billy Thu Sin Huat
Tel: 07-435 1612 / 435 1613
Fax: 07-433 1421

9. **Petaling Jaya Business Centre**
Ground Floor, IBEX Building
Jalan 222, 46100 Petaling Jaya
Selangor
Allan Kiang Chee Joong
Branch Manager
Tel: 03-7958 2446 / 7958 2491
Fax: 02-7958 5940 / 7958 6014

RHB LEASING SDN BHD

1. **Penang**
10th Floor Bangunan
Mayban Trust
No. 3 Penang Street
10200 Penang
Lee Boon Cheng
Branch Manager
Tel: (04) 261 724 / 261 7213 / 261 7242
Fax: (04) 262 3335

2. **Johor Bahru**
Room 504-505, 5th Floor
Asia Life Building, Jalan Segget
80000 Johor Bahru
Johor Darul Takzim
Goh Juan Keng
Branch Manager
Tel: (07) 223 3777
Fax: (07) 224 4473

Group branch network

3. **Kota Kinabalu**
Room 407, 4th Floor
EONCMG Life Building
No. 1 Jalan Segunting
88000 Kota Kinabalu, Sabah
Wong Soo Kong
Branch Manager
Tel: (088) 216 181 / 216 182 / 216 183 /
253 429
Fax: (088) 233 872
 4. **Tawau**
TB 287 Jalan Haji Karim
Ground Floor Lot 4 Block 30
Fajar Complex, 91000 Tawau
Sabah
Janet Lee Lai Chan
Branch manager
Tel: (089) 777 033 / 777 049
Fax: (089) 763 112
 4. **Johor Bahru**
Suite 18.06, Level 18
JB City Square (Office Tower)
106-108, Jln Wong Ah Fook
80000 Johor Bahru
Johor Darul Takzim
Soh Jiun Hong
Branch Manager
Tel: (07) 223 4982
Fax: (07) 223 0824
 5. **Kota Bharu**
2nd Floor
Lot 3729-3730, Jln Tok Hakim
15000 Kota Bharu
Kelantan
Sulaiman Bin Abdul Razak
Branch Manager
Tel: (09) 746 1611
Fax: (09) 746 1612
 6. **Kota Kinabalu**
1st Floor, No. 78, Jalan Gaya
88000 Kota Kinabalu
Sabah
Jeffrey Toh Kim Chai
Branch Manager
Tel: (088) 216 192
Fax: (088) 240 310
 7. **Kuching**
1st Floor, Lot 7051
Section 64 KTL D
Jalan Sekama
93300 Kuching
Sarawak
Wong Shon Kwang
Branch Manager
Tel: (082) 482 642
Fax: (082) 482 641
 8. **Melaka**
Lot 250, No 339-A
Jalan Melaka Raya 3
Taman Melaka Raya
75000 Melaka
Louis Teoh Choon Hoe
Branch Manager
Tel: (06) 282 9978
Fax: (06) 282 0516
 9. **Kuantan**
1st Floor, No. 74/1
Jalan Teluk Sisek
25000 Kuantan
Pahang
Abdul Rashid Bin Abu Bakar
Branch Manager
Tel: (09) 515 7115
Fax: (09) 516 3372
 10. **Kajang**
2nd Floor
No. 7, Jalan Raja Haroun
43000 Kajang
Selangor Darul Ehsan
Vivience Lee Sau Fong
Branch Manager
Tel: (03) 8737 6067
Fax: (03) 8737 9348
 11. **Sibu**
No. 91 Ground Floor
Jalan Kampung Nyabor
96000 Sibu, Sarawak
Sebatian Lo
Branch Manager
Tel: 084 331 660
Fax: 084 331 873
- RHB INSURANCE BERHAD**
1. **Kuala Lumpur – Head Office**
Level 8, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Koh Heng Kong
Chief Executive Officer
Tel: (03) 9281 2731
Fax: (03) 9281 2729
 2. **Penang**
Unit No. 10.04
10th Floor, Menara PSCI
39 Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Norman Michael Tan
Branch Manager
Tel: (04) 228 0311 / 115
Fax: (04) 228 0310
 3. **Ipoh**
No. 37, Jalan Medan Ipoh 5
Bandar Baru Medan Ipoh
31400 Ipoh
Perak Darul Ridzuan
Raymond Ho Hee Ming
Branch Manager
Tel: (05) 546 3123
Fax: (05) 546 1303

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of the Company will be held at Grand Prince Ballroom, Level 3, Prince Hotel & Residence Kuala Lumpur, Jalan Conlay, 50450 Kuala Lumpur on Thursday, 28 April 2005 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements of the Company for the financial period ended 31 December 2004 and the Directors' and Auditors' Reports thereon. Ordinary Resolution 1
2. To re-elect Akira Miyama, who is retiring pursuant to Article 80 of the Company's Articles of Association and who, being eligible, offers himself for re-election, subject to Bank Negara Malaysia's approval. Ordinary Resolution 2
3. To re-elect the following Directors retiring under Article 84 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:-
 - (i) Dato' Mohd Salleh bin Hj Harun Ordinary Resolution 3
 - (ii) Johari bin Abdul Muid Ordinary Resolution 4
4. To approve the payment of Directors' fee totalling RM205,882.39 for the financial period ended 31 December 2004. Ordinary Resolution 5
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be determined by the Directors. Ordinary Resolution 6

AS SPECIAL BUSINESS:-

6. To consider and, if thought fit, to pass the following Ordinary Resolution:-

Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares

"That pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at any time, at such price, upon such terms and conditions and for such purpose or purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution for the following period of twelve (12) months after the date of this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution 7
7. To transact any other business of which due notice shall have been given.

By Order of the Board

Azman Shah bin Md Yaman (LS 0006901)

Company Secretary
Kuala Lumpur
6 April 2005

Notice of annual general meeting

Notes:

(1) Appointment of Proxy

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A member shall not be entitled to appoint more than two (2) proxies and where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised on its behalf.

The instrument appointing a proxy must be completed and deposited at the registered office of the Company at Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

(2) Statement Accompanying Notice of Annual General Meeting

Additional information as required under Appendix 8A pursuant to Paragraph 8.28 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad is set out in Attachment A.

Explanatory Note on Special Business

(3) Resolution pursuant to Section 132D of the Companies Act, 1965

In line with the Company's plan for expansion/diversification, the Company is actively looking into prospective areas so as to broaden its operating base and earning potential. As the expansion/diversification may involve the issue of new shares, the Directors, under present circumstances would have to call for a general meeting to approve the issue of new shares even though the number involved is less than 10% of the issued share capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be now empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purpose. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Statement accompanying notice of annual general meeting

– ATTACHMENT A

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION ARE:-

Akira Miyama is retiring pursuant to Article 80 of the Company's Articles of Association and is seeking re-election at the Annual General Meeting, subject to Bank Negara Malaysia's approval.

Dato' Mohd Salleh bin Hj Harun and Johari bin Abdul Muid are retiring pursuant to Article 84 of the Company's Articles of Association and are seeking re-election at the Annual General Meeting.

Lim Cheng Yeow who retires pursuant to Section 129 of the Companies Act, 1965 at the forthcoming Annual General Meeting of the Company, does not wish to offer himself for re-appointment.

The details of the above Directors who are standing for re-election are set out on page 7 and 8 of this Annual Report. Their holdings in the securities of the Company and its related corporations are set out from page 146 to 148 of this Annual Report.

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS:-

Nineteen (19) Board Meetings were held during the financial period ended 31 December 2004, the details of the Board's attendance are set out on page 26 of this Annual Report.

3. DATE, TIME AND PLACE OF THE ANNUAL GENERAL MEETING:-

Date	Time	Place
Thursday, 28 April 2005	10.00 a.m.	Grand Prince Ballroom, Level 3, Prince Hotel & Residence Kuala Lumpur, Jalan Conlay, 50450 Kuala Lumpur

Proxy form

No. of Shares Held



RHB CAPITAL BERHAD
(Company No. 312952-H)
(Incorporated in Malaysia under the Companies Act, 1965)

I/We _____ NRIC/Passport/Company No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

being a member of RHB CAPITAL BERHAD hereby appoint _____
(FULL NAME IN BLOCK LETTERS)

NRIC/Passport No. _____ of _____

(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and to vote for me/us and on my/our behalf at the Tenth Annual General Meeting of the Company to be held at Grand Prince Ballroom, Level 3, Prince Hotel & Residence Kuala Lumpur, Jalan Conlay, 50450 Kuala Lumpur on Thursday, 28 April 2005 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

No.	Resolutions	For	Against
1.	Audited Financial Statements and Reports (Ordinary Resolution 1)		
2.	Re-election of Directors:- (i) Under Article 80 Akira Miyama (Ordinary Resolution 2)		
	(ii) Under Article 84 Dato' Mohd Salleh bin Hj Harun Johari bin Abdul Muid (Ordinary Resolution 3) (Ordinary Resolution 4)		
3.	Approval of Directors' fees (Ordinary Resolution 5)		
4.	Re-appointment of Auditors (Ordinary Resolution 6)		
5.	Authorisation for Directors to issue shares not exceeding 10% of the issued share capital (Ordinary Resolution 7)		

(Please indicate with an "X" in the spaces provided above how you wish to cast your votes. If no specific directions as to voting is given, the proxy will vote or abstain from voting at his/her full discretion.)

Dated _____, 2005

Signature
(If shareholder is a corporation,
this part should be executed under seal)

Notes:

- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A member shall not be entitled to appoint more than two (2) proxies and where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised on its behalf.
- (2) The instrument appointing a proxy must be completed and deposited at the registered office of the Company at Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

FOLD HERE

STAMP

THE COMPANY SECRETARY
RHB CAPITAL BERHAD
LEVEL 10, TOWER ONE
RHB CENTRE
JALAN TUN RAZAK
50400 KUALA LUMPUR
MALAYSIA

FOLD HERE