

**ANNOUNCEMENT OF UNAUDITED RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2006**

The Board of Directors of RHB Capital Berhad ('The Board') wishes to announce that the unaudited results of the Group and Company for the six months ended 30 June 2006 are as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	Note	2nd quarter ended		Six months ended	
		30 June 2006	30 June 2005	30 June 2006	30 June 2005
		RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
Interest income	A8	<b>1,053,902</b>	847,343	<b>2,033,415</b>	1,643,135
Interest expense	A9	<b>(584,650)</b>	(465,257)	<b>(1,112,183)</b>	(915,137)
Net interest income		<b>469,252</b>	382,086	<b>921,232</b>	727,998
Other operating income	A10	<b>206,396</b>	202,771	<b>373,553</b>	377,802
		<b>675,648</b>	584,857	<b>1,294,785</b>	1,105,800
Income from Islamic Banking business		<b>46,471</b>	36,431	<b>93,198</b>	64,685
Net income		<b>722,119</b>	621,288	<b>1,387,983</b>	1,170,485
Other operating expenses	A11	<b>(336,656)</b>	(298,354)	<b>(641,390)</b>	(595,430)
Operating profit		<b>385,463</b>	322,934	<b>746,593</b>	575,055
Allowance for losses on loans and financing impairment loss	A12	<b>(155,121)</b>	(129,991)	<b>(271,069)</b>	(193,985)
		<b>(561)</b>	(5,133)	<b>(15,251)</b>	(25,991)
		<b>229,781</b>	187,810	<b>460,273</b>	355,079
Share of results of associates		<b>39</b>	67	<b>71</b>	136
<b>Profit before Irredeemable Non-cumulative Convertible Preference Shares ('INCPS') dividends, taxation and zakat</b>		<b>229,820</b>	187,877	<b>460,344</b>	355,215
INCPS dividends	A13	<b>(27,536)</b>	(27,567)	<b>(54,770)</b>	(54,801)
<b>Profit after INCPS dividends and before taxation and zakat</b>		<b>202,284</b>	160,310	<b>405,574</b>	300,414
Taxation	B5	<b>(53,754)</b>	(41,704)	<b>(117,650)</b>	(81,265)
Zakat		<b>920</b>	(1)	<b>920</b>	(1)
<b>Profit for the financial period</b>		<b>149,450</b>	118,605	<b>288,844</b>	219,148
Attributable to:					
- Equity holders of the parent		<b>111,091</b>	95,419	<b>212,232</b>	165,124
- Minority interests		<b>38,359</b>	23,186	<b>76,612</b>	54,024
		<b>149,450</b>	118,605	<b>288,844</b>	219,148
<b>Earnings per share</b>					
- Basic (sen)	B13	<b>6.1</b>	5.2	<b>11.6</b>	9.1
- Fully diluted (sen)		<b>n/a</b>	n/a	<b>n/a</b>	n/a

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

**RHB CAPITAL BERHAD (312952 – H)**
**CONDENSED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	Note	2nd quarter ended		Six months ended	
		30 June	30 June	30 June	30 June
		2006	2005	2006	2005
		RM'000	RM'000	RM'000	RM'000
<b><u>Company</u></b>					
Interest income	A8	<b>21,310</b>	20,004	<b>41,194</b>	39,231
Interest expense	A9	<b>(24,840)</b>	(24,651)	<b>(48,107)</b>	(61,142)
Net interest expense		<b>(3,530)</b>	(4,647)	<b>(6,913)</b>	(21,911)
Other operating income	A10	<b>35,209</b>	15,038	<b>189,675</b>	252,045
Net income		<b>31,679</b>	10,391	<b>182,762</b>	230,134
Other operating expenses	A11	<b>(5,377)</b>	(9,984)	<b>(9,415)</b>	(19,385)
<b>Profit before taxation</b>		<b>26,302</b>	407	<b>173,347</b>	210,749
Taxation	B5	<b>(7,301)</b>	(2,132)	<b>(48,341)</b>	(63,990)
<b>Profit/(Loss) for the financial period</b>		<b>19,001</b>	(1,725)	<b>125,006</b>	146,759

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

**RHB CAPITAL BERHAD (312952 – H)**
**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2006**

	Note	As at <u>30 June 2006</u> RM'000	As at <u>31 Dec 2005</u> RM'000
<b>Group</b>			
<b>ASSETS</b>			
Cash and short term funds		13,370,769	11,364,271
Securities purchased under resale agreements		3,925,141	2,219,491
Deposits and placements with banks and other financial institutions		725,882	2,614,091
Securities held-for-trading	A14	3,620,419	3,368,967
Securities available-for-sale ('Securities AFS')	A15	1,981,169	2,161,147
Securities held-to-maturity	A16	16,371,472	13,913,301
Loans, advances and financing	A17	49,934,723	48,273,708
Clients' and brokers' balances		257,010	247,268
Other assets	A18	624,699	481,201
Amount due from holding company	A19	1,192,931	1,153,601
Statutory deposits		1,555,523	1,695,831
Tax recoverable		55,349	58,466
Deferred tax assets		253,764	247,505
Investments in associates		15,825	15,734
Property, plant and equipment		903,571	922,610
Goodwill		1,167,513	1,167,513
Total assets		<u>95,955,760</u>	<u>89,904,705</u>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A20/B9(a)	53,344,591	49,921,110
Deposits and placements of banks and other financial institutions	A21/B9(a)	11,762,274	11,028,831
Obligations on securities sold under repurchase agreements		11,241,347	10,942,799
Bills and acceptances payable		3,893,827	3,313,060
Clients' and brokers' balances		192,522	198,490
Other liabilities	A22	1,749,638	1,623,629
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		3,720,562	3,356,992
Taxation		78,880	26,412
Deferred tax liabilities		6,325	2,904
Borrowings	B9(b)	1,606,996	1,349,125
Subordinated obligations	B9(c)	1,514,662	1,530,252
INCPS		1,104,469	1,104,469
Total liabilities		<u>90,216,093</u>	<u>84,398,073</u>
Share capital		1,823,475	1,823,475
Reserves		2,435,747	2,417,683
Retained profits		418,364	251,397
		<u>4,677,586</u>	<u>4,492,555</u>
Minority interests		1,062,081	1,014,077
Total equity		<u>5,739,667</u>	<u>5,506,632</u>
Total liabilities and equity		<u>95,955,760</u>	<u>89,904,705</u>
Commitments and contingencies	A27	<u>52,165,996</u>	<u>46,115,240</u>
Net assets per share attributable to equity holders of the parent (RM)		<u>2.57</u>	<u>2.46</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

**RHB CAPITAL BERHAD (312952 – H)**
**CONDENSED BALANCE SHEET AS AT 30 JUNE 2006**

<u>Company</u>	Note	As at <b>30 June 2006</b> RM'000	As at <b>31 Dec 2005</b> RM'000
<b>ASSETS</b>			
Cash and short term funds		<b>146,894</b>	1,695
Deposits and placements with banks and other financial institutions		<b>1,156</b>	87,574
Other assets	A18	<b>39,825</b>	39,467
Amount due from holding company	A19	<b>1,192,931</b>	1,153,601
Amounts due from subsidiaries		<b>135,880</b>	136,417
Tax recoverable		<b>20,227</b>	16,094
Investments in subsidiaries		<b>6,780,246</b>	6,780,246
Property, plant and equipment		<b>1,593</b>	2,028
Total assets		<b><u>8,318,752</u></b>	<b><u>8,217,122</u></b>
<b>LIABILITIES AND EQUITY</b>			
Other liabilities	A22	<b>35,687</b>	40,062
Amounts due to subsidiaries		<b>3,272,523</b>	3,339,412
Borrowings	B9(b)	<b>1,423,271</b>	1,349,125
Total liabilities		<b><u>4,731,481</u></b>	<b><u>4,728,599</u></b>
Share capital		<b>1,823,475</b>	1,823,475
Reserves		<b>1,114,593</b>	1,114,593
Retained profits		<b>649,203</b>	550,455
Total equity		<b><u>3,587,271</u></b>	<b><u>3,488,523</u></b>
Total liabilities and equity		<b><u>8,318,752</u></b>	<b><u>8,217,122</u></b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.



**RHB CAPITAL BERHAD (312952 – H)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	Attributable to equity holders of the parent							Minority interests	Total equity	
	Share capital	Share premium	Reserve funds	Merger reserves	Other reserves	AFS reserves	Retained profits			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Group</b>										
<b>Balance as at 1 January 2006</b>	<b>1,823,475</b>	<b>1,114,593</b>	<b>1,292,229</b>	<b>6,431</b>	<b>8,563</b>	<b>(4,133)</b>	<b>251,397</b>	<b>4,492,555</b>	<b>1,014,077</b>	<b>5,506,632</b>
Transfer in respect of statutory requirements	-	-	19,190	-	-	-	(19,190)	-	-	-
Net gain/(loss) not recognised in the income statement - translation differences	-	-	-	-	-	-	183	183	(656)	(473)
Unrealised net gain/(loss) on revaluation of securities AFS	-	-	-	-	-	10,958	-	10,958	(11,710)	(752)
Net transfer to income statement on disposal or impairment	-	-	-	-	-	(12,654)	-	(12,654)	2,966	(9,688)
Deferred tax	-	-	-	-	-	570	-	570	2,489	3,059
Profit for the financial period	-	-	-	-	-	-	212,232	212,232	76,612	288,844
Total recognised income and expenses for the financial period	<b>1,823,475</b>	<b>1,114,593</b>	<b>1,311,419</b>	<b>6,431</b>	<b>8,563</b>	<b>(5,259)</b>	<b>444,622</b>	<b>4,703,844</b>	<b>1,083,778</b>	<b>5,787,622</b>
Ordinary dividends	-	-	-	-	-	-	(26,258)	(26,258)	-	(26,258)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	(21,697)	(21,697)
<b>Balance as at 30 June 2006</b>	<b>1,823,475</b>	<b>1,114,593</b>	<b>1,311,419</b>	<b>6,431</b>	<b>8,563</b>	<b>(5,259)</b>	<b>418,364</b>	<b>4,677,586</b>	<b>1,062,081</b>	<b>5,739,667</b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

**RHB CAPITAL BERHAD (312952 – H)**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	Attributable to equity holders of the parent							Minority interests	Total equity	
	Share capital	Share premium	Reserve funds	Merger reserves	Other reserves	AFS reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
							Sub-total			
							RM'000	RM'000	RM'000	
<b>Group</b>										
<b>Balance as at 1 January 2005</b>	1,823,475	1,114,593	1,171,771	(8,693)	8,563	(9,727)	112,397	4,212,379	945,646	5,158,025
Transfer in respect of statutory requirements	-	-	39,620	-	-	-	(39,620)	-	-	-
Net loss not recognised in the income statement - translation differences	-	-	-	-	-	-	(10,720)	(10,720)	(4,343)	(15,063)
Unrealised net loss on revaluation of securities AFS	-	-	-	-	-	(38,421)	-	(38,421)	(14,244)	(52,665)
Net transfer to income statement on disposal or impairment	-	-	-	-	-	(15,280)	-	(15,280)	(3,755)	(19,035)
Deferred tax	-	-	-	-	-	15,100	-	15,100	5,058	20,158
Fair value adjustment on assets acquired in previous financial year	-	-	-	-	-	-	-	-	281	281
Profit for the financial period	-	-	-	-	-	-	165,124	165,124	54,024	219,148
Total recognised income and expenses for the financial period	1,823,475	1,114,593	1,211,391	(8,693)	8,563	(48,328)	227,181	4,328,182	982,667	5,310,849
Ordinary dividends	-	-	-	-	-	-	(45,952)	(45,952)	-	(45,952)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	(28,962)	(28,962)
<b>Balance as at 30 June 2005</b>	<b>1,823,475</b>	<b>1,114,593</b>	<b>1,211,391</b>	<b>(8,693)</b>	<b>8,563</b>	<b>(48,328)</b>	<b>181,229</b>	<b>4,282,230</b>	<b>953,705</b>	<b>5,235,935</b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

**RHB CAPITAL BERHAD (312952 – H)**

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	<u>Share capital</u> RM'000	<u>Non- distributable Share premium</u> RM'000	<u>Distributable Retained profits</u> RM'000	<u>Total</u> RM'000
<b><u>Company</u></b>				
<b>Balance as at 1 January 2006</b>	1,823,475	1,114,593	550,455	3,488,523
Profit for the financial period	-	-	125,006	125,006
Ordinary dividends	-	-	(26,258)	(26,258)
<b>Balance as at 30 June 2006</b>	<u><u>1,823,475</u></u>	<u><u>1,114,593</u></u>	<u><u>649,203</u></u>	<u><u>3,587,271</u></u>
<b>Balance as at 1 January 2005</b>	1,823,475	1,114,593	426,685	3,364,753
Profit for the financial period	-	-	146,759	146,759
Ordinary dividends	-	-	(45,952)	(45,952)
<b>Balance as at 30 June 2005</b>	<u><u>1,823,475</u></u>	<u><u>1,114,593</u></u>	<u><u>527,492</u></u>	<u><u>3,465,560</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

**RHB CAPITAL BERHAD (312952 – H)**
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	<b>6 months ended 30 June 2006</b>	<b>6 months ended 30 June 2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
<b>Operating activities</b>		
Profit before INCPS dividends, taxation and zakat	460,344	355,215
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	<u>(222,823)</u>	44,833
Operating profit before working capital changes	237,521	400,048
Net changes in operating assets	<u>(1,819,115)</u>	(7,898,937)
Net changes in operating liabilities	<u>5,500,000</u>	4,688,110
Cash generated from/(used in) operations	<u>3,918,406</u>	(2,810,779)
Taxation and zakat paid	<u>(61,718)</u>	(96,877)
Taxation recovered	<u>8</u>	963
Net cash generated from/(used in) operating activities	<u><u>3,856,696</u></u>	<u><u>(2,906,693)</u></u>
<b>Investing activities</b>		
Net (purchase)/sale of securities	<u>(2,304,506)</u>	2,979,310
Interest received from securities	<u>306,631</u>	213,498
Proceeds from disposal of property, plant and equipment	<u>2,459</u>	569
Dividend income received from securities	<u>4,256</u>	2,056
Dividend income received from an associate	<u>-</u>	993
Purchase of property, plant and equipment	<u>(28,891)</u>	(33,513)
Increase in investments in an associate	<u>(20)</u>	(20)
Net cash (used in)/generated from investing activities	<u><u>(2,020,071)</u></u>	<u><u>3,162,893</u></u>
<b>Financing activities</b>		
Drawdown of borrowings	<u>389,705</u>	712,500
Repayment of borrowings	<u>(131,532)</u>	(679,200)
Dividend paid to shareholders	<u>(26,258)</u>	(45,952)
INCPS dividends paid to other shareholders by a subsidiary	<u>(39,652)</u>	(39,652)
Dividends paid to minority interests in subsidiaries	<u>(21,697)</u>	(28,962)
Payment to hire-purchase creditors	<u>(391)</u>	(184)
Net cash generated from/(used in) financing activities	<u><u>170,175</u></u>	<u><u>(81,450)</u></u>
Net increase in cash and cash equivalents	<u><u>2,006,800</u></u>	174,750
Cash and cash equivalents		
- at the beginning of the financial period	<u><u>11,360,098</u></u>	<u><u>12,698,295</u></u>
- at the end of the financial period	<u><u>13,366,898</u></u>	<u><u>12,873,045</u></u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	<u><u>13,370,769</u></u>	12,876,907
Overdrafts	<u><u>(3,871)</u></u>	(3,862)
	<u><u>13,366,898</u></u>	<u><u>12,873,045</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.



**RHB CAPITAL BERHAD (312952 – H)**
**CONDENSED CASH FLOW STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	<b>6 months ended 30 June 2006</b>	<b>6 months ended 30 June 2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Company</u></b>		
<b>Operating activities</b>		
Profit before taxation	173,347	210,749
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	<b>(181,841)</b>	(230,924)
Operating loss before working capital changes	<b>(8,494)</b>	(20,175)
Net changes in operating assets	<b>86,108</b>	(169,412)
Net changes in operating liabilities	<b>(73,132)</b>	(302)
Net cash generated from/(used in) operating activities	<b>4,482</b>	(189,889)
<b>Investing activities</b>		
Dividend income received from subsidiaries	136,711	180,272
Interest income received	1,685	1,393
Proceeds from disposal of property, plant and equipment	310	-
Purchase of property, plant and equipment	<b>(69)</b>	(192)
Net cash generated from investing activities	<b>138,637</b>	181,473
<b>Financing activities</b>		
Drawdown of borrowings	205,980	665,000
Repayment of borrowings	<b>(131,532)</b>	(626,700)
Interest expense paid	<b>(45,417)</b>	(41,624)
Payment to hire-purchase creditors	<b>(391)</b>	(184)
Dividends paid to shareholders	<b>(26,258)</b>	(45,952)
Net cash generated from/(used in) financing activities	<b>2,382</b>	(49,460)
Net increase/(decrease) in cash and cash equivalents	<b>145,501</b>	(57,876)
Cash and cash equivalents		
- at the beginning of the financial period	<b>(2,478)</b>	74,852
- at the end of the financial period	<b>143,023</b>	16,976
Cash and cash equivalents comprise the following:		
Cash and short term funds	146,894	20,463
Overdrafts	<b>(3,871)</b>	(3,487)
	<b>143,023</b>	16,976

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2006**

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in compliance with the Financial Reporting Standards ('FRS') 134, 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ('MASB') and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited financial statements of the Group and the Company for the last financial year ended 31 December 2005.

The accounting policies and presentation adopted by the Group and the Company for the interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2005 except for the adoption of 18 new and revised FRS standards and other interpretations issued by MASB that are effective for financial statements commencing 1 January 2006.

The adoption of the new FRS and other interpretations do not have any significant financial impact on the results of the Group and the Company other than the effect of restatement of the comparative figures as disclosed in Note A31.

The basis for determining impairment loss on loans, advances and financing are computed based on Guidelines on Classification of Non-performing Loans, Advances and Financing ('NPLs') and Provision for Substandard, Bad and Doubtful Debts (BNM/GP3) requirements issued by Bank Negara Malaysia ('BNM').

**A2. Audit Report**

The audit report for the financial year ended 31 December 2005 was not subject to any qualification.

**A3. Seasonal or Cyclical Factors**

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

**A4. Exceptional or Unusual Items**

There were no exceptional or unusual items for the six months ended 30 June 2006.

**A5. Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the current financial period.

**A6. Changes in Debt and Equity Securities**

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the six months ended 30 June 2006.

**A7. Dividends Paid**

During the six months ended 30 June 2006, the Company has paid a first interim dividend of 2.0% less 28% income tax in respect of the financial year ending 31 December 2006 on 28 June 2006.

**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	2nd quarter ended		Six months ended	
	30 June 2006	30 June 2005	30 June 2006	30 June 2005
	RM'000	RM'000	RM'000	RM'000
<b>A8. Interest Income</b>				
<b><u>Group</u></b>				
Loans, advances and financing				
- interest income other than recoveries from NPLs	675,025	566,171	1,328,572	1,116,008
- recoveries from NPLs	54,098	44,369	100,581	75,141
Money at call, deposits and placements with financial institutions	125,856	106,196	227,422	186,544
Securities held-for-trading	51,382	12,531	99,345	25,156
Securities AFS	15,127	22,306	31,301	38,204
Securities held-to-maturity	138,644	97,342	268,171	201,210
Margin financing	2,071	1,689	3,903	3,862
Others	21,042	19,071	40,776	40,064
	<u>1,083,245</u>	<u>869,675</u>	<u>2,100,071</u>	<u>1,686,189</u>
Amortisation of premium less accretion of discount	(4,191)	(10,047)	(9,483)	(19,161)
Interest suspended	(25,152)	(12,285)	(57,173)	(23,893)
	<u>1,053,902</u>	<u>847,343</u>	<u>2,033,415</u>	<u>1,643,135</u>
<b><u>Company</u></b>				
Money at call, deposits and placements with financial institutions	1,214	993	1,877	1,837
Others	20,096	19,011	39,317	37,394
	<u>21,310</u>	<u>20,004</u>	<u>41,194</u>	<u>39,231</u>
<b>A9. Interest Expense</b>				
<b><u>Group</u></b>				
Deposits and placements of banks and other financial institutions	82,993	47,513	154,703	83,228
Deposits from customers	353,645	291,055	676,805	570,040
Borrowings	22,570	23,553	44,744	57,058
Subordinated obligations	26,094	26,536	52,193	52,883
Recourse obligation on loans sold to Cagamas	40,546	40,336	75,208	81,020
Others	58,802	36,264	108,530	70,908
	<u>584,650</u>	<u>465,257</u>	<u>1,112,183</u>	<u>915,137</u>
<b><u>Company</u></b>				
Borrowings	22,551	23,402	44,685	56,558
Others	2,289	1,249	3,422	4,584
	<u>24,840</u>	<u>24,651</u>	<u>48,107</u>	<u>61,142</u>

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	2nd quarter ended		Six months ended	
	30 June 2006	30 June 2005	30 June 2006	30 June 2005
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income</b>				
<b>Group</b>				
<b>(a) Fee income</b>				
Service charges and fees	33,968	33,994	64,559	67,036
Commission	28,483	24,614	54,805	46,949
Brokerage	16,879	12,207	30,900	26,908
Commitment fees	10,592	9,262	21,126	18,209
Guarantee fees	10,646	5,872	19,335	12,067
Unit trust fee income	4,827	5,855	10,661	12,409
Corporate advisory fees	2,130	1,614	4,090	4,238
Fund management fees	1,508	1,559	3,224	3,351
Underwriting fees	897	1,075	2,349	2,573
Arrangement fees	1,151	11,787	2,191	12,019
Rollover fees	735	3,795	1,184	4,099
Placement fees	-	66	81	193
Other fee income	2,914	2,896	6,255	6,774
	<b>114,730</b>	<b>114,596</b>	<b>220,760</b>	<b>216,825</b>
<b>(b) Net gain/(loss) arising from sale/ redemption of securities and derivatives</b>				
Net gain/(loss) from sale of				
- securities held-for-trading	(2,092)	47,030	2,738	50,684
- securities AFS	16,155	4,811	18,802	40,021
Net gain from redemption of				
- securities held-to-maturity	1,347	2,317	1,403	12,773
Derivatives	98	-	273	-
	<b>15,508</b>	<b>54,158</b>	<b>23,216</b>	<b>103,478</b>
<b>(c) Unrealised gain/(loss) on revaluation of securities and derivatives</b>				
Securities held-for-trading	(4,141)	(5,553)	(7,776)	(5,527)
Derivatives	23,689	2,459	32,486	(10,417)
	<b>19,548</b>	<b>(3,094)</b>	<b>24,710</b>	<b>(15,944)</b>

**RHB CAPITAL BERHAD (312952 – H)**  
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	2nd quarter ended		Six months ended	
	30 June 2006	30 June 2005	30 June 2006	30 June 2005
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income (continued)</b>				
<b><u>Group (continued)</u></b>				
<b>(d) Gross dividend income from</b>				
Securities held-for-trading	1,798	664	3,366	934
Securities AFS	1,920	1,302	1,925	1,302
Securities held-to-maturity	436	620	620	620
	<u>4,154</u>	<u>2,586</u>	<u>5,911</u>	<u>2,856</u>
<b>(e) Other income</b>				
Foreign exchange gain/(loss)				
- realised	12,534	34,322	49,196	48,021
- unrealised	25,902	(10,110)	23,825	(2,641)
Underwriting surplus before management expenses	8,958	4,954	15,921	12,529
Rental income	883	906	1,618	1,638
Net gain on disposal of property, plant and equipment	856	137	1,178	485
Other operating income	1,455	3,156	3,531	8,988
Other non-operating income	1,868	1,160	3,687	1,567
	<u>52,456</u>	<u>34,525</u>	<u>98,956</u>	<u>70,587</u>
	<u>206,396</u>	<u>202,771</u>	<u>373,553</u>	<u>377,802</u>
<b><u>Company</u></b>				
<b>(a) Gross dividend income from</b>				
Subsidiaries	34,868	13,145	189,185	250,378
<b>(b) Other income</b>				
Foreign exchange (loss)/gain				
- unrealised	(99)	723	(237)	497
Net gain on disposal of property, plant and equipment	131	-	131	-
Other operating income	275	-	545	-
Other non-operating income	34	1,170	51	1,170
	<u>341</u>	<u>1,893</u>	<u>490</u>	<u>1,667</u>
	<u>35,209</u>	<u>15,038</u>	<u>189,675</u>	<u>252,045</u>

**RHB CAPITAL BERHAD (312952 – H)**  
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**FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	2nd quarter ended		Six months ended	
	30 June 2006	30 June 2005	30 June 2006	30 June 2005
	RM'000	RM'000	RM'000	RM'000
<b>A11. Other Operating Expenses</b>				
<b>Group</b>				
<b>Personnel costs</b>				
- salaries, bonus, wages and allowances	139,608	127,421	276,563	258,364
- defined contribution plan	21,676	18,667	42,778	37,852
- other staff related costs	37,088	10,316	46,771	23,868
	<u>198,372</u>	<u>156,404</u>	<u>366,112</u>	<u>320,084</u>
<b>Establishment costs</b>				
- depreciation	23,015	27,197	50,481	53,735
- information technology expenses	21,701	18,794	44,235	36,019
- repair and maintenance	11,287	11,594	21,655	22,255
- rental of premises	8,145	7,673	15,924	15,703
- water and electricity	3,792	3,998	7,450	7,577
- insurance	2,492	206	5,575	342
- rental of equipment	2,995	1,773	4,660	3,459
- others	276	673	1,523	3,647
	<u>73,703</u>	<u>71,908</u>	<u>151,503</u>	<u>142,737</u>
<b>Marketing expenses</b>				
- dealers' handling fee	9,904	12,144	21,131	23,409
- advertisements and publicity	7,906	11,805	13,470	18,866
- sales commission	3,871	7,882	9,153	10,531
- others	8,306	6,891	15,551	12,162
	<u>29,987</u>	<u>38,722</u>	<u>59,305</u>	<u>64,968</u>
<b>Administration and general expenses</b>				
- communication expenses	17,521	19,962	33,430	38,393
- legal and professional fee	5,517	4,328	7,742	8,934
- others	11,556	7,030	23,298	20,314
	<u>34,594</u>	<u>31,320</u>	<u>64,470</u>	<u>67,641</u>
	<u>336,656</u>	<u>298,354</u>	<u>641,390</u>	<u>595,430</u>

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	2nd quarter ended		Six months ended	
	30 June 2006	30 June 2005	30 June 2006	30 June 2005
	RM'000	RM'000	RM'000	RM'000
<b>A11. Other Operating Expenses (continued)</b>				
<b><u>Company</u></b>				
<b>Personnel costs</b>				
- salaries, bonus, wages and allowances	2,729	4,404	4,549	8,890
- defined contribution plan	339	670	563	1,371
- other staff related costs	192	1,002	710	1,551
	<u>3,260</u>	<u>6,076</u>	<u>5,822</u>	<u>11,812</u>
<b>Establishment costs</b>				
- rental of premises	357	365	719	719
- depreciation	146	154	325	290
- repair and maintenance	156	146	244	217
- information technology expenses	30	14	62	18
- rental of equipment	14	12	25	21
- water and electricity	11	8	22	18
- insurance	2	1	2	1
	<u>716</u>	<u>700</u>	<u>1,399</u>	<u>1,284</u>
<b>Marketing expenses</b>				
- advertisements and publicity	289	584	289	863
- others	280	306	514	464
	<u>569</u>	<u>890</u>	<u>803</u>	<u>1,327</u>
<b>Administration and general expenses</b>				
- legal and professional fee	634	2,110	966	4,526
- communication expenses	124	120	263	192
- others	74	88	162	244
	<u>832</u>	<u>2,318</u>	<u>1,391</u>	<u>4,962</u>
	<u>5,377</u>	<u>9,984</u>	<u>9,415</u>	<u>19,385</u>

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	2nd quarter ended		Six months ended	
	30 June 2006	30 June 2005	30 June 2006	30 June 2005
	RM'000	RM'000	RM'000	RM'000
<b>A12. Allowance for Losses on Loans and Financing</b>				
<b><u>Group</u></b>				
Allowance for bad and doubtful debts				
- specific allowance made	202,258	186,791	390,220	276,533
- specific allowance written back	(56,893)	(57,426)	(111,839)	(108,841)
- specific allowance (net)	145,365	129,365	278,381	167,692
- general allowance (net)	26,387	14,314	21,965	45,996
Bad debts written off	5	-	5	117
Bad debts recovered	(15,848)	(6,418)	(28,494)	(12,550)
Write back on amount recoverable from Danaharta	(788)	(7,270)	(788)	(7,270)
	<u>155,121</u>	<u>129,991</u>	<u>271,069</u>	<u>193,985</u>
<b>A13. INCPS Dividends</b>				
<b><u>Group</u></b>				
INCPS dividends paid and payable				
- 10% per annum (gross)	27,536	27,567	54,770	54,801



**RHB CAPITAL BERHAD (312952 – H)  
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	Group	
	As at 30 June 2006	As at 31 Dec 2005
	RM'000	RM'000
<b>A14. Securities Held-for-trading</b>		
<b>At fair value</b>		
<b><u>MONEY MARKET INSTRUMENTS:</u></b>		
<b>Quoted</b>		
Singapore government stocks	285,025	317,799
Government investment issues	118,663	208,084
Malaysian government securities	47,738	25,030
Khazanah bonds	47,013	198,389
<b>Unquoted</b>		
Bankers' acceptances and Islamic accepted bills	1,076,849	763,727
BNM bills	754,624	444,592
Private debt securities	744,505	800,332
Fixed rate notes	236,345	249,057
Negotiable instrument of deposits	29,998	59,994
Malaysian government treasury bills	14,712	20,654
	<u>3,355,472</u>	<u>3,087,658</u>
<b><u>QUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Shares	38,448	44,008
Unit trust	4,232	4,416
<b>Outside Malaysia</b>		
Other government securities	119,259	126,856
Bonds	102,459	105,289
Shares	241	424
<b><u>UNQUOTED SECURITIES:</u></b>		
<b>Outside Malaysia</b>		
Shares	308	316
	<u>3,620,419</u>	<u>3,368,967</u>

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	Group	
	As at 30 June 2006	As at 31 Dec 2005
	RM'000	RM'000
<b>A15. Securities Available-for-sale ('Securities AFS')</b>		
<b>At fair value</b>		
<b><u>MONEY MARKET INSTRUMENTS:</u></b>		
<b>Quoted</b>		
Cagamas bonds and Cagamas Mudharabah bonds	298,733	585,534
Singapore government stocks	11,568	-
Government investment issues	9,889	-
Khazanah bonds	9,079	-
<b>Unquoted</b>		
Private debt securities	821,988	736,520
Malaysian government treasury bills	118,079	42,534
Singapore government treasury bills	41,915	56,761
BNM bills	25,271	99,575
Bankers' acceptances and Islamic accepted bills	11,708	-
Other government securities	-	4,546
	<u>1,348,230</u>	<u>1,525,470</u>
<b><u>QUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Corporate loan stocks	47,578	74,849
Shares	27,541	44,353
Malaysian government securities	21,464	22,134
Private debt securities	4,154	4,433
<b>Outside Malaysia</b>		
Floating rate notes	304	313
Shares	176	135
<b><u>UNQUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Corporate loan stocks	184,560	193,691
Shares	172,600	168,152
Corporate debt securities	88,321	85,350
Private debt securities	34,794	38,386
<b>Outside Malaysia</b>		
Private debt securities	50,864	3,298
Shares	345	345
Trading rights	238	238
	<u>1,981,169</u>	<u>2,161,147</u>

**RHB CAPITAL BERHAD (312952 – H)  
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	<b>Group</b>	
	<b>As at 30 June 2006</b>	<b>As at 31 Dec 2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A16. Securities Held-to-maturity</b>		
<b>At amortised cost</b>		
<b><u>MONEY MARKET INSTRUMENTS:</u></b>		
<b>Quoted</b>		
Malaysian government securities	2,386,476	2,424,601
Cagamas bonds and Cagamas Mudharabah bonds	770,725	656,125
Khazanah bonds	607,139	635,686
Government investment issues	80,083	-
<b>Unquoted</b>		
Negotiable instrument of deposits	7,365,000	5,367,009
Prasarana bonds	2,081,264	2,052,791
Private debt securities	1,443,680	1,226,572
Bankers' acceptances and Islamic accepted bills	610,347	714,033
Other government securities	191,756	140,747
Cagamas notes	96,102	-
Malaysian government treasury bills	44,378	73,406
Thailand government treasury bills	23,608	47,235
	<b>15,700,558</b>	<b>13,338,205</b>
<b><u>QUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Floating rate notes	97,282	100,162
<b><u>UNQUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Private debt securities	394,169	399,183
Corporate loan stocks	198,226	187,992
Bonds	29,070	29,070
Shares	2,700	2,700
Promissory notes	-	375
<b>Outside Malaysia</b>		
Credit link notes	91,775	37,796
Callable range accrual notes	36,710	-
Floating rate notes	11,013	-
	<b>16,561,503</b>	<b>14,095,483</b>
Accumulated impairment loss	<b>(190,031)</b>	<b>(182,182)</b>
	<b>16,371,472</b>	<b>13,913,301</b>

**RHB CAPITAL BERHAD (312952 – H)**  
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	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>30 June 2006</b>	<b>31 Dec 2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A17. Loans, Advances and Financing</b>		
Overdrafts	<b>6,706,475</b>	6,465,593
Term loans/financing		
- housing loans/financing	<b>12,074,565</b>	11,706,298
- syndicated term loans/financing	<b>2,307,494</b>	2,335,285
- hire-purchase receivables	<b>8,996,636</b>	7,669,206
- lease receivables	<b>296,372</b>	295,953
- other term loans/financing	<b>10,927,848</b>	11,438,603
Bills receivable	<b>1,931,616</b>	1,628,524
Trust receipts	<b>479,152</b>	498,867
Claims on customers under acceptance credits	<b>4,397,156</b>	4,124,751
Staff loans/financing	<b>420,041</b>	425,831
Credit/charge cards receivables	<b>1,095,424</b>	994,954
Revolving credits	<b>4,727,847</b>	4,707,948
	<b>54,360,626</b>	52,291,813
Unearned interest and income	<b>(1,497,905)</b>	(1,281,394)
Gross loans, advances and financing	<b>52,862,721</b>	51,010,419
Allowance for bad and doubtful debts and financing		
- general	<b>(943,126)</b>	(921,583)
- specific	<b>(1,984,872)</b>	(1,815,128)
Net loans, advances and financing	<b>49,934,723</b>	48,273,708
<b>(a) By type of customers</b>		
Domestic non-bank financial institutions		
- stockbroking companies	<b>3,141</b>	2,862
- others	<b>891,241</b>	1,538,252
Domestic business enterprises		
- small medium enterprises	<b>8,780,947</b>	9,094,506
- others	<b>19,730,204</b>	18,564,041
Government and statutory bodies	<b>156,439</b>	167,350
Individuals	<b>22,743,535</b>	21,173,785
Other domestic entities	<b>52,782</b>	54,419
Foreign entities	<b>504,432</b>	415,204
	<b>52,862,721</b>	51,010,419

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	Group	
	As at	As at
	<u>30 June 2006</u>	<u>31 Dec 2005</u>
	RM'000	RM'000

**A17. Loans, Advances and Financing (continued)**

**(b) By interest/profit rate sensitivity**

Fixed rate		
- housing loans/financing	1,441,610	1,447,587
- hire-purchase receivables	7,541,622	6,485,481
- other fixed rate loans/financing	3,134,799	2,965,560
Variable rate		
- base lending rate plus	19,715,917	19,155,385
- cost-plus	16,372,927	16,761,171
- other variable rates	4,655,846	4,195,235
	<u>52,862,721</u>	<u>51,010,419</u>

**(c) By purpose**

Purchase of securities	2,039,400	1,852,579
Purchase of transport vehicles	5,998,636	5,140,926
Purchase of landed property:		
- residential	12,525,093	12,218,075
- non-residential	1,232,038	1,169,819
Purchase of property, plant and equipment other than land and building	2,155,289	1,955,749
Personal use	1,927,269	1,832,967
Credit card	1,095,424	994,954
Purchase of consumer durables	135,509	141,801
Construction	2,444,194	2,538,221
Merger and acquisition	4,442	-
Working capital	21,458,189	21,671,992
Other purpose	1,847,238	1,493,336
	<u>52,862,721</u>	<u>51,010,419</u>

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	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>30 June 2006</b>	<b>31 Dec 2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A17. Loans, Advances and Financing (continued)</b>		
<b>(d) NPLs by purpose</b>		
Purchase of securities	<b>91,670</b>	108,128
Purchase of transport vehicles	<b>383,667</b>	295,827
Purchase of landed property:		
- residential	<b>1,258,107</b>	1,135,649
- non-residential	<b>141,022</b>	149,262
Purchase of property, plant and equipment other than land and building	<b>122,758</b>	104,634
Personal use	<b>152,457</b>	182,282
Credit card	<b>44,676</b>	36,500
Purchase of consumer durables	<b>13,859</b>	14,541
Construction	<b>442,079</b>	441,254
Working capital	<b>2,058,880</b>	1,773,332
Other purpose	<b>84,733</b>	90,546
	<b><u>4,793,908</u></b>	<b><u>4,331,955</u></b>

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	Group	
	As at 30 June 2006	As at 31 Dec 2005
	RM'000	RM'000
<b>A17. Loans, Advances and Financing (continued)</b>		
<b>(e) Movements in NPLs are as follows:</b>		
Balance as at the beginning of the financial period/year	4,331,955	5,119,057
Classified as non-performing during the financial period/year	2,075,768	2,523,170
Amount recovered	(300,206)	(391,096)
Reclassified as performing during the financial period/year	(1,191,636)	(1,695,732)
Amount written off	(99,780)	(1,190,825)
Loans/financing converted to securities	(21,501)	(29,131)
Exchange difference	(692)	(3,488)
Balance as at the end of the financial period/year	<u>4,793,908</u>	<u>4,331,955</u>
Specific allowance	<u>(1,984,872)</u>	<u>(1,814,999)</u>
Net NPLs	<u><u>2,809,036</u></u>	<u><u>2,516,956</u></u>
Ratio of net NPLs as % of gross loans, advances and financing less specific allowance	<u><u>5.52%</u></u>	<u><u>5.11%</u></u>

**(f) Movements in allowance for bad and doubtful debts and financing accounts are as follows:**

General allowance

Balance as at the beginning of the financial period/year	921,583	824,954
Net allowance made during the financial period/year	21,965	97,689
Exchange difference	(422)	(1,060)
Balance as at the end of the financial period/year	<u>943,126</u>	<u>921,583</u>
As % of gross loans, advances and financing less specific allowance	<u><u>1.85%</u></u>	<u><u>1.87%</u></u>

Specific allowance

Balance as at the beginning of the financial period/year	1,815,128	2,455,523
Allowance made during the financial period/year	389,647	757,958
Transferred to accumulated impairment loss in value of securities	(11,345)	(12,498)
Amount recovered	(110,809)	(186,810)
Amount written off	(96,360)	(1,197,510)
Exchange difference	(1,389)	(1,535)
Balance as at the end of the financial period/year	<u>1,984,872</u>	<u>1,815,128</u>

**RHB CAPITAL BERHAD (312952 – H)**  
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	Group		Company	
	As at	As at	As at	As at
	<u>30 June 2006</u>	<u>31 Dec 2005</u>	<u>30 June 2006</u>	<u>31 Dec 2005</u>
	RM'000	RM'000	RM'000	RM'000
<b>A18. Other Assets</b>				
Other debtors, deposits and prepayments	347,487	266,964	39,607	39,441
Accrued interest receivable	167,301	166,683	218	26
Derivatives	108,348	47,554	-	-
Amount recoverable from BNM	1,563	-	-	-
	<u>624,699</u>	<u>481,201</u>	<u>39,825</u>	<u>39,467</u>

**A19. Amount Due from Holding Company**

During the six months ended 30 June 2006, there were no advances made by the Company to its holding company, Rashid Hussain Berhad. The amount due from holding company is unsecured, carries an interest rate of 0.2% per annum above the Company's average cost of funds and is repayable on demand.

	Group	
	As at	As at
	<u>30 June 2006</u>	<u>31 Dec 2005</u>
	RM'000	RM'000
<b>A20. Deposits from Customers</b>		
<b>(a) By type of deposits</b>		
Demand deposits	13,957,741	13,641,429
Savings deposits	4,752,610	4,722,989
Fixed deposits	31,211,270	29,522,918
Negotiable instrument of deposits	3,422,970	2,033,774
	<u>53,344,591</u>	<u>49,921,110</u>
<b>(b) By type of customers</b>		
Government and statutory bodies	4,015,246	3,181,956
Business enterprises	25,620,058	22,649,695
Individuals	21,765,647	22,823,334
Others	1,943,640	1,266,125
	<u>53,344,591</u>	<u>49,921,110</u>

**A21. Deposits and Placements of Banks and Other Financial Institutions**

Licensed banks	9,498,039	7,179,159
Licensed finance companies	-	62,770
Licensed merchant banks	241,484	523,788
BNM	1,049,650	948,947
Other financial institutions	973,101	2,314,167
	<u>11,762,274</u>	<u>11,028,831</u>



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	Group		Company	
	As at 30 June 2006	As at 31 Dec 2005	As at 30 June 2006	As at 31 Dec 2005
	RM'000	RM'000	RM'000	RM'000
<b>A22. Other Liabilities</b>				
Other creditors and accruals	533,657	444,172	3,381	7,972
Accrued interest payable	359,227	347,041	31,073	30,466
Amount due to BNM	280,896	256,738	-	-
Accruals for operational expenses	138,012	146,772	-	-
General insurance fund	136,060	130,055	-	-
Lessee deposits	85,654	80,935	-	-
Derivatives	74,522	69,251	-	-
Short term employee benefits	70,598	83,015	-	-
Hire-purchase instalment received in advance	56,856	51,594	-	-
Remisiers' trust deposits	8,926	8,954	-	-
Amount payable for creation of units due to funds	2,227	865	-	-
Amount due to Danaharta	1,770	1,909	-	-
Hire-purchase creditors	1,233	1,624	1,233	1,624
Credit Guarantee Corporation Funding Program	-	704	-	-
	<u>1,749,638</u>	<u>1,623,629</u>	<u>35,687</u>	<u>40,062</u>

**RHB CAPITAL BERHAD (312952 – H)**  
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**A23. Segment Information**

**Revenue and Results**

**Six months ended 30 June 2006**

	Wholesale banking	Retail banking	Treasury and money market	Islamic Banking business	Financial advisory and underwriting	Stockbroking and other securities related business	Insurance	Others	Intersegment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>										
External revenue	832,351	809,937	636,739	93,198	6,862	52,164	23,019	45,896	-	2,500,166
Intersegment revenue	7,413	1,866	8,329	-	5	233	8,017	12,552	(38,415)	-
Segment revenue	<u>839,764</u>	<u>811,803</u>	<u>645,068</u>	<u>93,198</u>	<u>6,867</u>	<u>52,397</u>	<u>31,036</u>	<u>58,448</u>	<u>(38,415)</u>	<u>2,500,166</u>
Profit before unallocated expenses	241,548	161,199	175,142	72,404	3,643	20,174	17,729	38,002		729,841
Unallocated expenses										(269,568)
Profit after unallocated expenses										460,273
Share of results of associates	-	-	-	-	-	81	-	(10)		71
Profit before INCPS dividends, taxation and zakat										460,344
INCPS dividends										(54,770)
Profit after INCPS dividends and before taxation and zakat										405,574
Taxation and zakat										(116,730)
Profit for the financial period										<u>288,844</u>

**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2006**

**A23. Segment Information (continued)**

**Revenue and Results**

**Six months ended 30 June 2005**

	<b>Wholesale banking</b>	<b>Retail banking</b>	<b>Treasury and money market</b>	<b>Islamic Banking business</b>	<b>Financial advisory and underwriting</b>	<b>Stockbroking and other securities related business</b>	<b>Insurance</b>	<b>Others</b>	<b>Intersegment elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>										
External revenue	727,418	678,589	492,691	64,685	5,481	54,998	16,950	44,810	-	2,085,622
Intersegment revenue	2,079	4,360	27,008	-	-	187	10,197	11,080	(54,911)	-
Segment revenue	<u>729,497</u>	<u>682,949</u>	<u>519,699</u>	<u>64,685</u>	<u>5,481</u>	<u>55,185</u>	<u>27,147</u>	<u>55,890</u>	<u>(54,911)</u>	<u>2,085,622</u>
Profit before unallocated expenses	213,431	125,111	186,040	39,561	1,874	4,385	14,340	26,290		611,032
Unallocated expenses										<u>(255,953)</u>
Profit after unallocated expenses										355,079
Share of results of associates	-	-	-	-	-	145	-	(9)		<u>136</u>
Profit before INCPS dividends, taxation and zakat										355,215
INCPS dividends										<u>(54,801)</u>
Profit after INCPS dividends and before taxation and zakat										300,414
Taxation and zakat										<u>(81,266)</u>
Profit for the financial period										<u><u>219,148</u></u>

**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
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**A24. Valuation of Property, Plant and Equipment**

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

**A25. Material Events Subsequent to the Balance Sheet Date**

There are no material events subsequent to the balance sheet date that have not been reflected in the interim financial statements.

**A26. Changes in Composition of the Group**

The significant changes in the composition of the Group for the six months ended 30 June 2006 are summarised below:

**(a) Members' voluntary winding up - Straits Nominees (Asing) Sdn Bhd ('SNA') and Straits Nominees (Tempatan) Sdn Bhd ('SNT')**

The Company announced on 3 April 2006 that SNA and SNT, wholly-owned subsidiaries of RHB Securities Sdn Bhd ('RHB Securities'), which in turn is a wholly-owned subsidiary of RHB Sakura Merchant Bankers Berhad ('RHB Sakura'), a company that is wholly-owned by the Company have commenced members' voluntary winding up on 30 March 2006 pursuant to Section 254(1) of the Companies Act, 1965.

SNA and SNT are companies incorporated in Malaysia and are presently dormant companies with issued and paid up capital of RM25,000 divided into 25,000 ordinary shares of RM1 each, respectively.

The winding up of the said companies will not have any material effect on the Group's performance.

**(b) Merger of RHB Bank Berhad ('RHB Bank') and RHB Delta Finance Berhad's ('RHB Delta Finance') operations ('BAFIN Merger')**

Following the regulatory approvals and High Court order obtained in December 2005 for the BAFIN Merger, with effect from 1 January 2006:

- (i) All assets and liabilities of RHB Delta Finance with the exception of the Islamic assets and liabilities, were transferred to RHB Bank;
- (ii) All businesses and operations of RHB Delta Finance will be conducted through RHB Bank;
- (iii) The Islamic assets and liabilities of RHB Delta Finance were transferred to RHB Islamic Bank Berhad; and
- (iv) RHB Leasing Sdn Bhd and RHB Delta Nominees (Tempatan) Sdn Bhd will become direct subsidiaries of RHB Bank.

**RHB CAPITAL BERHAD (312952 – H)  
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**A26. Changes in Composition of the Group (continued)**

**(c) Dissolution of RHB Overseas Limited ('RHBOL')**

The Company announced on 21 June 2006 that RHBOL, a wholly-owned subsidiary of RHB Capital (Jersey) Limited, which in turn is a wholly-owned subsidiary of the Company, has been dissolved on 9 June 2006 upon registration of the relevant documents with the Jersey Financial Services Commission on the same date.

RHBOL, a company incorporated in Jersey, Channel Islands, has been dormant since its incorporation on 26 February 1997.

The dissolution of RHBOL will not have any material effect on the Group's performance.

**RHB CAPITAL BERHAD (312952 – H)**  
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**A27. Changes in Contingent Liabilities since the last Annual Balance Sheet Date**

**(a) 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 allowance for commitments and contingencies already made in the interim financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

	← Group →					
	As at 30 June 2006			As at 31 Dec 2005		
	Principal amount RM'million	Credit equivalent amount* RM'million	Risk weighted amount RM'million	Principal amount RM'million	Credit equivalent amount* RM'million	Risk weighted amount RM'million
Direct credit substitutes	1,675	1,675	1,509	1,633	1,633	1,471
Transaction-related contingent items	2,389	728	490	2,373	603	483
Short term self-liquidating trade-related contingencies	2,178	436	254	1,979	396	212
Obligations under underwriting agreements	521	132	132	511	132	132
Housing loans sold directly and indirectly to Cagamas with recourse	43	43	21	44	44	22
Other assets sold with recourse and commitments with certain drawdowns	34	-	-	-	-	-
Irrevocable commitments to extend credit						
- maturity not exceeding one year	21,111	-	-	20,136	-	-
- maturity exceeding one year	3,822	1,911	1,656	3,606	1,803	1,471
Foreign exchange related contracts						
- less than one year	9,402	173	68	7,924	116	38
- one year to less than five years	35	2	1	153	9	6
Interest rate related contracts						
- less than one year	1,880	3	-	1,154	1	-
- one year to less than five years	7,988	127	34	5,851	112	35
- more than five years	345	28	9	188	6	2
Others	743	-	-	563	21	21
	<b>52,166</b>	<b>5,258</b>	<b>4,174</b>	<b>46,115</b>	<b>4,876</b>	<b>3,893</b>

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

**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
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**A27. Changes in Contingent Liabilities since the last Annual Balance Sheet Date (continued)**

**(b) Guarantees Issued**

As at balance sheet date, the Company has extended unsecured guarantees totalling RM44,500,000 (31 December 2005: RM169,500,000) and RM100,000,000 (31 December 2005: RM100,000,000) for borrowings and performance of its securities subsidiaries respectively. As at balance sheet date, RM1,000,000 (31 December 2005: RM1,000,000) of the borrowings were utilised by the securities subsidiaries of the Company.

**(c) Other Contingent Liabilities**

**(i) 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 (Please refer to B11(a) 'Material Litigation' for further details).

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 interim financial statements for the six months ended 30 June 2006.

**(ii) RHB Securities and RHB Equities Sdn Bhd ('RHB Equities')**

RHB Securities and RHB Equities, 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 Securities and RHB Equities have filed a defence and counterclaim against the said suit.

Plaintiff's suit against RHB Securities and RHB Equities was dismissed with costs on 19 May 2005. Plaintiff filed Notice of Appeal against the dismissal on 30 May 2005. With the dismissal, the injunction previously obtained against RHB Securities to deal with the collateral lapses. On 14 June 2005, the plaintiff filed an application for a stay of execution.

RHB Securities won in its counterclaim against the plaintiff with costs on 24 June 2005. On 4 August 2005, the Plaintiff's stay application was allowed with costs. As such, RHB Securities is prohibited from disposing the shares until the hearing and disposal of the Appeal to the Court of Appeal.

**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
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	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>30 June 2006</b>	<b>31 Dec 2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A28. Capital Commitments</b>		
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	<b>34,214</b>	42,900
- authorised but not contracted for	<b>39,384</b>	36,290
	<b><u>73,598</u></b>	<u>79,190</u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2006**

**A29. Interest/Profit Rate Risk**

Group As at 30 June 2006	Non-trading book					Non-interest bearing	Trading book	Total	Effective interest rate %
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Assets</b>									
Cash and short term funds	12,659,359	-	-	-	-	711,410	-	13,370,769	3.67
Securities purchased under resale agreements	2,261,551	1,663,590	-	-	-	-	-	3,925,141	3.73
Deposits and placements with banks and other financial institutions	121,658	559,042	41,153	4,029	-	-	-	725,882	3.67
Securities									
- held-for-trading	-	-	-	-	-	549	3,619,870	3,620,419	4.28
- AFS	92,039	256,964	581,517	592,998	418,818	38,833	-	1,981,169	4.21
- held-to-maturity	2,199,460	5,085,022	2,337,371	4,234,399	2,702,528	(187,308)	-	16,371,472	3.71
Loans, advances and financing									
- performing	27,767,272	6,178,498	3,758,602	8,216,982	2,147,297	162	-	48,068,813	6.90
- non-performing*	-	-	-	-	-	1,865,910	-	1,865,910	
Clients' and brokers' balances	95,151	-	-	-	-	161,859	-	257,010	9.35
Other assets	1,948	-	167	692	1,312	512,232	108,348	624,699	5.53
Amount due from holding company	1,192,931	-	-	-	-	-	-	1,192,931	6.97
Statutory deposits	-	-	-	-	-	1,555,523	-	1,555,523	
Tax recoverable	-	-	-	-	-	55,349	-	55,349	
Deferred tax assets	-	-	-	-	-	253,764	-	253,764	
Investments in associates	-	-	-	-	-	15,825	-	15,825	
Property, plant and equipment	-	-	-	-	-	903,571	-	903,571	
Goodwill	-	-	-	-	-	1,167,513	-	1,167,513	
<b>Total assets</b>	<b>46,391,369</b>	<b>13,743,116</b>	<b>6,718,810</b>	<b>13,049,100</b>	<b>5,269,955</b>	<b>7,055,192</b>	<b>3,728,218</b>	<b>95,955,760</b>	

\* This is arrived at after deducting the general allowance and specific allowance from the outstanding NPLs.

**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
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**A29. Interest/Profit Rate Risk (continued)**

Group As at 30 June 2006	Non-trading book					Non-interest bearing	Trading book	Total	Effective interest rate %
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Liabilities and equity</b>									
Deposits from customers	21,561,393	6,036,537	12,056,779	483,903	174	13,205,805	-	53,344,591	2.98
Deposits and placements of banks and other financial institutions	5,479,995	3,820,315	1,251,903	1,126,860	82,462	739	-	11,762,274	3.62
Obligations on securities sold under repurchase agreements	9,717,555	1,493,416	30,376	-	-	-	-	11,241,347	3.13
Bills and acceptances payable	1,191,899	1,640,565	686,644	-	-	374,719	-	3,893,827	4.04
Clients' and brokers' balances	41,606	-	-	-	-	150,916	-	192,522	2.91
Other liabilities	289,175	57	262	886	-	1,384,736	74,522	1,749,638	3.21
Recourse obligation on loans sold to Cagamas	-	214,774	628,549	2,655,441	221,798	-	-	3,720,562	4.43
Taxation	-	-	-	-	-	78,880	-	78,880	
Deferred tax liabilities	-	-	-	-	-	6,325	-	6,325	
Borrowings	448,271	-	125,000	850,000	183,725	-	-	1,606,996	6.44
Subordinated obligations	-	-	-	1,514,662	-	-	-	1,514,662	6.91
									<b>Effective dividend rate %</b>
INCPS	-	-	-	1,104,469	-	-	-	1,104,469	10.00
<b>Total liabilities</b>	<b>38,729,894</b>	<b>13,205,664</b>	<b>14,779,513</b>	<b>7,736,221</b>	<b>488,159</b>	<b>15,202,120</b>	<b>74,522</b>	<b>90,216,093</b>	
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,739,667</b>	<b>-</b>	<b>5,739,667</b>	
<b>Total liabilities and equity</b>	<b>38,729,894</b>	<b>13,205,664</b>	<b>14,779,513</b>	<b>7,736,221</b>	<b>488,159</b>	<b>20,941,787</b>	<b>74,522</b>	<b>95,955,760</b>	
<b>Total interest-sensitivity gap</b>	<b>7,661,475</b>	<b>537,452</b>	<b>(8,060,703)</b>	<b>5,312,879</b>	<b>4,781,796</b>				

**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
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**A29. Interest/Profit Rate Risk (continued)**

Company As at 30 June 2006	Non-trading book					Non-interest bearing	Trading book	Total	Effective interest rate %
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Assets</b>									
Cash and short term funds	146,605	-	-	-	-	289	-	146,894	3.20
Deposits and placements with banks and other financial institutions	-	822	334	-	-	-	-	1,156	3.36
Other assets	-	-	-	-	-	39,825	-	39,825	
Amount due from holding company	1,192,931	-	-	-	-	-	-	1,192,931	6.97
Amounts due from subsidiaries	-	-	-	-	-	135,880	-	135,880	
Tax recoverable	-	-	-	-	-	20,227	-	20,227	
Investments in subsidiaries	-	-	-	-	-	6,780,246	-	6,780,246	
Property, plant and equipment	-	-	-	-	-	1,593	-	1,593	
<b>Total assets</b>	<b>1,339,536</b>	<b>822</b>	<b>334</b>	<b>-</b>	<b>-</b>	<b>6,978,060</b>	<b>-</b>	<b>8,318,752</b>	
<b>Liabilities and equity</b>									
Other liabilities	28	57	262	886	-	34,454	-	35,687	5.42
Amounts due to subsidiaries	20,910	-	-	-	-	3,251,613	-	3,272,523	6.06
Borrowings	448,271	-	125,000	850,000	-	-	-	1,423,271	6.49
Total liabilities	469,209	57	125,262	850,886	-	3,286,067	-	4,731,481	
Total equity	-	-	-	-	-	3,587,271	-	3,587,271	
<b>Total liabilities and equity</b>	<b>469,209</b>	<b>57</b>	<b>125,262</b>	<b>850,886</b>	<b>-</b>	<b>6,873,338</b>	<b>-</b>	<b>8,318,752</b>	
<b>Total interest-sensitivity gap</b>	<b>870,327</b>	<b>765</b>	<b>(124,928)</b>	<b>(850,886)</b>	<b>-</b>				

**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
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**A29. Interest/Profit Rate Risk (continued)**

Group As at 31 December 2005	Non-trading book					Non-interest bearing	Trading book	Total	Effective interest rate %
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Assets</b>									
Cash and short term funds	11,049,058	-	-	-	-	315,213	-	11,364,271	2.97
Securities purchased under resale agreements	907,147	1,252,377	59,967	-	-	-	-	2,219,491	3.00
Deposits and placements with banks and other financial institutions	275,616	2,283,123	55,352	-	-	-	-	2,614,091	3.06
Securities									
- held-for-trading	-	-	-	-	-	740	3,368,227	3,368,967	3.57
- AFS	170,164	467,306	431,634	795,186	218,143	78,714	-	2,161,147	3.79
- held-to-maturity	1,730,533	1,764,960	3,352,671	4,557,924	2,686,672	(179,459)	-	13,913,301	3.52
Loans, advances and financing									
- performing	27,035,101	4,746,067	3,876,081	6,793,917	4,227,122	47	-	46,678,335	6.42
- non-performing*	-	-	-	-	-	1,595,373	-	1,595,373	
Clients' and brokers' balances	85,048	-	-	-	-	162,220	-	247,268	8.80
Other assets	150	-	167	631	1,301	431,398	47,554	481,201	3.95
Amount due from holding company	1,153,601	-	-	-	-	-	-	1,153,601	6.69
Statutory deposits	-	-	-	100	-	1,695,731	-	1,695,831	3.00
Tax recoverable	-	-	-	-	-	58,466	-	58,466	
Deferred tax assets	-	-	-	-	-	247,505	-	247,505	
Investments in associates	-	-	-	-	-	15,734	-	15,734	
Property, plant and equipment	-	-	-	-	-	922,610	-	922,610	
Goodwill	-	-	-	-	-	1,167,513	-	1,167,513	
<b>Total assets</b>	<b>42,406,418</b>	<b>10,513,833</b>	<b>7,775,872</b>	<b>12,147,758</b>	<b>7,133,238</b>	<b>6,511,805</b>	<b>3,415,781</b>	<b>89,904,705</b>	

\* This is arrived at after deducting the general allowance and specific allowance from the outstanding NPLs.

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**A29. Interest/Profit Rate Risk (continued)**

Group As at 31 December 2005	Non-trading book					Non-interest bearing	Trading book	Total	Effective interest rate %
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Liabilities and equity</b>									
Deposits from customers	19,847,105	6,485,876	10,223,129	523,227	3,865	12,837,908	-	49,921,110	2.76
Deposits and placements of banks and other financial institutions	5,840,946	2,720,626	1,144,412	1,239,611	79,556	3,680	-	11,028,831	2.98
Obligations on securities sold under repurchase agreements	8,562,259	1,760,202	620,338	-	-	-	-	10,942,799	2.86
Bills and acceptances payable	1,094,038	1,329,676	550,901	-	-	338,445	-	3,313,060	3.31
Clients' and brokers' balances	35,794	-	-	-	-	162,696	-	198,490	2.60
Other liabilities	256,713	64	297	1,231	-	1,296,073	69,251	1,623,629	2.86
Recourse obligation on loans sold to Cagamas	-	-	441,711	1,600,025	1,315,256	-	-	3,356,992	4.44
Taxation	-	-	-	-	-	26,412	-	26,412	
Deferred tax liabilities	-	-	-	-	-	2,904	-	2,904	
Borrowings	374,125	-	125,000	550,000	300,000	-	-	1,349,125	6.43
Subordinated obligations	-	-	-	1,530,252	-	-	-	1,530,252	6.91
									<b>Effective dividend rate %</b>
INCPS	-	-	-	1,104,469	-	-	-	1,104,469	10.00
<b>Total liabilities</b>	<b>36,010,980</b>	<b>12,296,444</b>	<b>13,105,788</b>	<b>6,548,815</b>	<b>1,698,677</b>	<b>14,668,118</b>	<b>69,251</b>	<b>84,398,073</b>	
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,506,632</b>	<b>-</b>	<b>5,506,632</b>	
<b>Total liabilities and equity</b>	<b>36,010,980</b>	<b>12,296,444</b>	<b>13,105,788</b>	<b>6,548,815</b>	<b>1,698,677</b>	<b>20,174,750</b>	<b>69,251</b>	<b>89,904,705</b>	
<b>Total interest-sensitivity gap</b>	<b>6,395,438</b>	<b>(1,782,611)</b>	<b>(5,329,916)</b>	<b>5,598,943</b>	<b>5,434,561</b>				

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**A29. Interest/Profit Rate Risk (continued)**

Company As at 31 December 2005	Non-trading book					Non-interest bearing	Trading book	Total	Effective interest rate %
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Assets</b>									
Cash and short term funds	1,421	-	-	-	-	274	-	1,695	2.62
Deposits and placements with banks and other financial institutions	-	87,122	452	-	-	-	-	87,574	2.85
Other assets	-	-	-	-	-	39,467	-	39,467	
Amount due from holding company	1,153,601	-	-	-	-	-	-	1,153,601	6.69
Amounts due from subsidiaries	-	-	-	-	-	136,417	-	136,417	
Tax recoverable	-	-	-	-	-	16,094	-	16,094	
Investments in subsidiaries	-	-	-	-	-	6,780,246	-	6,780,246	
Property, plant and equipment	-	-	-	-	-	2,028	-	2,028	
<b>Total assets</b>	<b>1,155,022</b>	<b>87,122</b>	<b>452</b>	<b>-</b>	<b>-</b>	<b>6,974,526</b>	<b>-</b>	<b>8,217,122</b>	
<b>Liabilities and equity</b>									
Other liabilities	32	64	297	1,231	-	38,438	-	40,062	5.40
Amounts due to subsidiaries	95,664	-	-	-	-	3,243,748	-	3,339,412	4.10
Borrowings	374,125	-	125,000	550,000	300,000	-	-	1,349,125	6.43
Total liabilities	469,821	64	125,297	551,231	300,000	3,282,186	-	4,728,599	
Total equity	-	-	-	-	-	3,488,523	-	3,488,523	
<b>Total liabilities and equity</b>	<b>469,821</b>	<b>64</b>	<b>125,297</b>	<b>551,231</b>	<b>300,000</b>	<b>6,770,709</b>	<b>-</b>	<b>8,217,122</b>	
<b>Total interest-sensitivity gap</b>	<b>685,201</b>	<b>87,058</b>	<b>(124,845)</b>	<b>(551,231)</b>	<b>(300,000)</b>				

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	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>30 June 2006</b>	<b>31 Dec 2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A30. Capital Adequacy Ratio</b>		
<b>Tier I capital</b>		
Paid-up ordinary share capital	1,823,475	1,823,475
Paid-up INCPS	1,104,469	1,104,469
Share premium	1,114,593	1,114,593
Other reserves	1,558,620	1,558,620
Deferred tax assets	(247,505)	(247,505)
Deferred tax liabilities	2,904	2,904
Minority interests	1,014,077	1,014,077
Less: Goodwill	(1,167,513)	(1,167,513)
<b>Total Tier I capital</b>	<b>5,203,120</b>	<b>5,203,120</b>
<b>Tier II capital</b>		
Subordinated obligations	1,514,662	1,530,252
General allowance for bad and doubtful debts	943,126	921,583
<b>Total Tier II capital</b>	<b>2,457,788</b>	<b>2,451,835</b>
<b>Total capital</b>	<b>7,660,908</b>	<b>7,654,955</b>
<b>Less:</b>		
Holdings of other financial institutions capital	(40,636)	(43,710)
<b>Total capital base</b>	<b>7,620,272</b>	<b>7,611,245</b>
<u>Before deducting proposed dividends</u>		
Core capital ratio	8.99%	9.39%
Risk-weighted capital adequacy ratio	13.16%	13.73%
<u>After deducting proposed dividends</u>		
Core capital ratio	8.99%	9.39%
Risk-weighted capital adequacy ratio	13.16%	13.73%

**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
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**A31. Restatement of Comparative Financial Statements**

**FRS 101: Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of the following:

- (i) Share of results of associates which is now presented net of tax in the consolidated income statement; and
- (ii) Minority interests which is now presented within total equity in the consolidated balance sheet and as an allocation from profit for the financial period in the consolidated income statement. The movement of minority interests is now presented in the consolidated statement of changes in equity.

The presentation of the comparative financial statements of the Group have been restated to conform with the presentation in the current financial period.

The adoption of this FRS has no impact to the Group's financial results.



**RHB CAPITAL BERHAD (312952 – H)**  
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**B1. Review of Group Results**

For the six months ended 30 June 2006, the Group recorded a profit before INCPS dividends, taxation and zakat of RM460.3 million, 30% higher than that of the previous year corresponding period of RM355.2 million. The higher profit was mainly due to higher operating profit and lower impairment loss, partly offset by higher allowance for losses on loans and financing.

**B2. Changes in Profit for the Quarter**

For the second quarter ended 30 June 2006, the Group recorded a profit before INCPS dividends, taxation and zakat of RM229.8 million as compared to the profit of RM230.5 million recorded in the preceding quarter ended 31 March 2006.

**B3. Prospects for the Financial Year Ending 31 December 2006**

Public sector spending under the Ninth Malaysia Plan as well as strengthening commodity prices are expected to help mitigate any negative impact from external factors.

RHB Capital will remain prudent in its lending strategy while it continues to pursue other revenue-generation activities including non-interest income. Complementing these, cost efficiencies and cross-selling activities will continue. Such efforts will serve to enhance shareholder value.

Considering the existing conditions, the Group expects performance to be satisfactory for the rest of the year.

**B4. Variance of Actual Profit from Forecast Profit and Profit Guarantee**

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

	<b>2nd quarter ended</b>		<b>Six months ended</b>	
	<b>30 June 2006</b>	<b>30 June 2005</b>	<b>30 June 2006</b>	<b>30 June 2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Income tax based on profit for the financial period				
- Malaysian income tax	<b>66,937</b>	58,095	<b>131,928</b>	115,670
- overseas tax	<b>969</b>	96	<b>984</b>	280
Deferred tax	<b>(6,343)</b>	(7,883)	<b>209</b>	(18,266)
Tax on INCPS dividends	<b>(7,710)</b>	(7,719)	<b>(15,336)</b>	(15,345)
	<b>53,853</b>	42,589	<b>117,785</b>	82,339
Over provision in respect of prior years	<b>(99)</b>	(885)	<b>(135)</b>	(1,074)
	<b>53,754</b>	41,704	<b>117,650</b>	81,265

The effective tax rate of the Group for the second quarter ended 30 June 2006 was lower than statutory tax rate mainly due to the effect of the lower tax rate in Labuan.

The effective tax rate of the Group for the six months ended 30 June 2006 was higher than statutory tax rate mainly due to certain expenses not deductible for tax purposes.

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	2nd quarter ended		Six months ended	
	30 June 2006	30 June 2005	30 June 2006	30 June 2005
	RM'000	RM'000	RM'000	RM'000
<b>B5. Taxation (continued)</b>				
<u>Company</u>				
Income tax based on profit for the financial period				
- Malaysian income tax	6,058	2,132	47,098	63,990
- overseas tax	1,243	-	1,243	-
	<u>7,301</u>	<u>2,132</u>	<u>48,341</u>	<u>63,990</u>

The effective tax rate of the Company for the second quarter and six months ended 30 June 2006 was in line with statutory tax rate.

**B6. Purchase and Sale of Quoted Securities**

Other than in the ordinary course of business, there were no purchases or sales of quoted securities during the six months ended 30 June 2006.

**B7. Profit on Sale of Unquoted Investments and/or Properties**

Other than in the ordinary course of business, there were no sales of unquoted investments and/or properties during the six months ended 30 June 2006.

**B8. Status of Corporate Proposals**

**(a) Proposed creation of an Investment Bank**

The Company announced on 4 July 2006 that BNM and the Securities Commission ('SC') had approved the proposed establishment of an investment bank by its subsidiary, RHB Sakura, by way of the proposed acquisition of the assets and liabilities of RHB Securities and RHB Futures Sdn Bhd ('RHB Futures') ('Proposed IB Merger').

The said approval is conditional upon, amongst others, the following:

- (i) the Court Order being obtained for the transfer and vesting of the assets and liabilities of RHB Securities and RHB Futures to RHB Sakura;
- (ii) that the implementation of the Proposed IB Merger is to be completed within a period of one year from 30 June 2006; and
- (iii) RHB Sakura shall comply with all requirements of the guidelines issued by BNM and SC in relation to the Investment Bank framework at all times.

RHB Securities and RHB Futures are wholly-owned subsidiaries of RHB Sakura, which in turn is a wholly-owned subsidiary of the Company.

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**B8. Status of Corporate Proposals (continued)**

**(b) Proposed issuance of RM150 million Commercial Paper/Medium Term Note Program and RM350 million Fixed Rate Bonds ('The Proposed PDS Program')**

The Company announced on 4 August 2006 that the Company is proposing to issue RM150 million Commercial Paper/Medium Term Note Program ('CP/MTN Program') and RM350 million Fixed Rate Bonds ('Bonds').

The CP will be issued at a discount and the MTN and Bonds will be issued at coupon rate which shall be determined upon issuance.

The Proposed PDS Program will be represented by global certificates to be deposited with BNM and are exchangeable for definitive bearer certificates only in certain limited circumstances. The Proposed PDS Program will be traded under Scripless Securities Trading System operated by BNM.

The Proposed PDS Program will constitute direct, unsecured, unconditional, and unsubordinated obligations of the Company. The Proposed PDS Program will rank pari passu without any preference amongst themselves and pari passu with all other present and future unsecured and unsubordinated obligations (except those obligations preferred by law) of the Company.

The proceeds of the Proposed PDS Program is to refinance the existing borrowings, for working capital requirements and to finance issuance expenses.

The Proposed PDS Program will not have any material effect on the Company's issued and paid-up share capital, earnings and dividend rate for the current financial year ending 31 December 2006.

Other than the above, there were no other corporate proposals that have been announced but not completed as at the date of this announcement.

**B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings and Subordinated Obligations**

	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>30 June 2006</b>	<b>31 Dec 2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Deposits from customers and placements of banks and other financial institutions</b>		
Fixed deposits, promissory notes and negotiable instrument of deposits		
- one year or less (short term)	34,350,161	31,048,028
- more than one year (medium/long term)	284,079	508,664
Others	<u>18,710,351</u>	<u>18,364,418</u>
	<u><b>53,344,591</b></u>	<u><b>49,921,110</b></u>
Deposits and placements of banks and other financial institutions		
- one year or less (short term)	10,553,126	9,763,781
- more than one year (medium/long term)	<u>1,209,148</u>	<u>1,265,050</u>
	<u><b>11,762,274</b></u>	<u><b>11,028,831</b></u>

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**B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings and Subordinated Obligations (continued)**

	Group		Company	
	As at 30 June 2006 RM'000	As at 31 Dec 2005 RM'000	As at 30 June 2006 RM'000	As at 31 Dec 2005 RM'000
<b>(b) Borrowings</b>				
Secured:				
Revolving credits	69,200	18,000	69,200	18,000
Term loans	240,000	240,000	240,000	240,000
Unsecured:				
Revolving credits	135,200	111,952	135,200	111,952
Overdrafts	3,871	4,173	3,871	4,173
Term loans	183,725	-	-	-
Redeemable Serial Fixed				
Rate Bonds 2002/2007	375,000	375,000	375,000	375,000
RM600 million 6 years				
Serial Fixed Rate Bonds	600,000	600,000	600,000	600,000
	<u>1,606,996</u>	<u>1,349,125</u>	<u>1,423,271</u>	<u>1,349,125</u>
Maturity period of borrowings:				
Repayable within one year	333,271	259,125	333,271	259,125
One year to three years	640,000	490,000	640,000	490,000
Three years to five years	450,000	300,000	450,000	300,000
Over five years	183,725	300,000	-	300,000
	<u>1,606,996</u>	<u>1,349,125</u>	<u>1,423,271</u>	<u>1,349,125</u>

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**B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings and Subordinated Obligations (continued)**

	Group	
	As at	As at
	<u>30 June 2006</u>	<u>31 Dec 2005</u>
	RM'000	RM'000
<b>(c) Subordinated obligations</b>		
8.2% RM165 million Tier II subordinated bonds 2002/2012	<b>165,000</b>	165,000
6.85% RM800 million Tier II subordinated bonds 2002/2012	<b>800,000</b>	800,000
6.625% USD150 million Tier II subordinated notes 2002/2013	<b>549,662</b> *	565,252
	<b><u>1,514,662</u></b>	<u>1,530,252</u>

\* Net of unaccreted discount of RM1.5 million.

The subordinated obligations constitute unsecured liabilities of the commercial bank and merchant bank subsidiaries and are subordinated to the senior indebtedness in accordance with their respective terms and conditions of issue and qualify as Tier II capital for the purpose of determining the capital adequacy ratios of the respective banking subsidiaries.

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**B10. Off-Balance Sheet Financial Instruments**

**Value of Contracts Classified by Remaining Period to Maturity/Next Re-pricing Date (whichever is earlier) as at 30 June 2006**

**Group**

Items	Principal amount RM'million	1 month or less RM'million	> 1 – 3 months RM'million	> 3 – 6 months RM'million	> 6 – 12 months RM'million	> 1 – 5 years RM'million	> 5 years RM'million	Margin requirement RM'million
Foreign exchange related contracts								
- forwards	4,457	2,053	1,247	744	390	23	-	-
- swaps	3,868	2,678	461	352	365	12	-	-
- options	374	155	38	160	21	-	-	-
- spots	425	425	-	-	-	-	-	-
- cross-currency interest rate swaps	312	-	-	312	-	-	-	-
Interest rate related contracts								
- futures	5,400	-	360	420	700	3,920	-	4
- swaps	4,814	338	223	217	189	3,598	249	-
<b>Total</b>	<b>19,650</b>	<b>5,649</b>	<b>2,329</b>	<b>2,205</b>	<b>1,665</b>	<b>7,553</b>	<b>249</b>	<b>4</b>

RHB Bank has 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.

Other than the above, there were no other off-balance sheet transactions in the Group which were not in the ordinary course of business.

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**B10. Off-Balance Sheet Financial Instruments (continued)**

**Related accounting policies**

Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge).

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect income statement (for example, when the forecast sale that is hedged takes place).

(c) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

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**B11. Material Litigation**

**(a) Carta Bintang Sdn Bhd**

On 19 October 2001, the Company announced that a Writ of Summons had been filed at the High Court of Malaya in Kuala Lumpur ('High Court') against CBSB, the vendor of SJ Securities, for the recovery of the deposit of RM32,800,000 ('Deposit') paid by the Company pursuant to the sale of shares agreement dated 7 November 2000 in respect of 60 million shares in SJ Securities ('Sale Shares').

On 29 November 2001, the Company announced that the Defence and Counterclaim of CBSB was served on the Company's solicitors on 26 November 2001. The overall amount claimed by CBSB in the Counterclaim is RM258,688,153.42 together with interest thereon and costs. The Company filed its reply to the Defence and a Defence to the Counterclaim on 19 December 2001.

On 22 November 2002, the Deputy Registrar of the High Court granted a summary judgment in favour of the Company for CBSB to return the Deposit to the Company and a summary judgment in favour of CBSB for the Company to return the share certificates and transfer forms in respect of the Sale Shares to CBSB.

Both parties had subsequently filed their respective appeals against the decision of the Deputy Registrar and on 7 August 2003, the Learned High Court Judge dismissed the respective appeals of the Company and CBSB and affirmed the Deputy Registrar's summary judgment orders.

On 15 August 2003 and 27 August 2003, the Company announced that the parties have filed their respective appeals to the Court of Appeal against the decisions of the Learned High Court Judge (Please refer to A27(c)(i) 'Other Contingent Liabilities' for the Company's solicitors' opinion on the above suit and counterclaim).

Hearing date for the appeals have yet to be fixed.

**(b) Tan Sri Dato' Abdul Rashid Hussain**

Trial in respect of the above suit has been going on since 2004 and the last hearing date was 24 February 2005.

On 16 December 2005, the Company announced that the High Court on 16 December 2005 dismissed with costs the Company's claim against the defendant and that the Company will be appealing against this decision.

On 9 January 2006, the Company filed a Notice of Appeal at the Court of Appeal against the decision.

No date has been fixed for hearing of the Notice of Appeal.



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**B11. Material Litigation (continued)**

**(c) Tan Sri Dato' Abdul Rashid Hussain, Chong Kin Leong, Seah Fook Chin, Tajul Ariffin, Ong Tiang Lock and Rosley Ahmad**

On 28 January 2005, the Company announced that a Writ of Summons had been filed at the High Court of Malaya in Kuala Lumpur by the Company, RHB Securities and RHB Equities against the following individuals:

- (i) Tan Sri Dato' Abdul Rashid bin Hj Mohamed Hussain in his capacity as former Executive Chairman of the Company 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 the Company and RHB Equities;
- (iii) Mr Seah Fook Chin in his capacity as former director of the Company 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 the Company, 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 the Company and/or RHB Securities and/or RHB Equities.

On 2 March 2005, the Company announced that the Company, 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 earlier Writ of Summons was discontinued upon filing of the New Writ.

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 on 28 January 2005, save and except for the addition of the grounds of dishonest breach of fiduciary duties and fraudulent breach of trust.

The defendants filed their defences on 12 May 2005. On 23 June 2005, the Company, RHB Securities and RHB Equities filed replies to the defences.

The suit was earlier fixed for continued hearing on 7, 8 and 9 August 2006. On 7 August 2006, the Court directed the trial dates of 8 and 9 August 2006 be vacated. The matter was then fixed for mention on 16 August 2006 whereupon the Court had thereafter fixed 7 and 8 November 2006, and 29, 30 and 31 January 2007 for continued hearing.

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

All the above material litigations are not expected to have any material adverse effect on the financial results of the Group.

**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2006**

**B12. Dividends Declared**

The total gross dividend per share for the six months ended 30 June 2006 was 2.0% less 28% income tax.

	<b>2nd quarter ended</b>		<b>Six months ended</b>	
	<u>30 June 2006</u>	<u>30 June 2005</u>	<u>30 June 2006</u>	<u>30 June 2005</u>
<b>B13. Earnings per Share</b>				
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the parent (RM'000)	<u>111,091</u>	<u>95,419</u>	<u>212,232</u>	<u>165,124</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,823,475</u>	<u>1,823,475</u>	<u>1,823,475</u>	<u>1,823,475</u>
Basic earnings per share (sen)	<u>6.1</u>	<u>5.2</u>	<u>11.6</u>	<u>9.1</u>

**BY ORDER OF THE BOARD**

**DATO' VASEEHAR HASSAN ABDUL RAZACK**

Director

29 August 2006