

Company No. 478 - A

REPORT OF THE AUDITORS TO THE MEMBERS OF

AVENUE CAPITAL RESOURCES BERHAD

(Incorporated in Malaysia)

We have audited the accompanying balance sheet as of 31st January, 2005 and the related statements of income, cash flows and changes in equity for the year then ended. 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 towards any other person for the content of this report.

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

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of 31st January, 2005 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and

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

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company 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 as required by us for these purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

ROSITA TAN
1874/9/06 (J)
Partner

Petaling Jaya
18th May, 2005

AVENUE CAPITAL RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY, 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	4	88,572	70,395	14,126	26,675
Direct costs		<u>(17,505)</u>	<u>(14,756)</u>	<u>(40)</u>	<u>(45)</u>
Net revenue		71,067	55,639	14,086	26,630
Other operating income		5,641	6,771	116	48
Administrative expenses		(4,818)	(4,790)	(114)	(115)
Other operating expenses		<u>(49,160)</u>	<u>(43,962)</u>	<u>(3,213)</u>	<u>(23,041)</u>
Profit from operations		22,730	13,658	10,875	3,522
Share in results of associated companies		18,803	17,850	-	-
Gain on disposal of investments	7	228	4,129	-	2,989
(Impairment loss on investments)/Provision no longer required	6	(10,116)	(14,862)	10,475	(280,127)
Impairment of goodwill	16	-	(251,269)	-	-
Amortisation of goodwill	16	-	(15,372)	-	-
Finance costs	5	-	(23)	-	(16)
Profit/(Loss) before tax	8	31,645	(245,889)	21,350	(273,632)
Income tax expense	9	<u>(7,270)</u>	<u>(6,942)</u>	<u>(3,182)</u>	<u>(1,623)</u>
Profit/(Loss) for the year		<u>24,375</u>	<u>(252,831)</u>	<u>18,168</u>	<u>(275,255)</u>
Earnings/(Loss) per ordinary share (sen)					
- Basic	10	<u>3.16</u>	<u>(32.74)</u>		
- Fully diluted	10	<u>2.93</u>	<u>N/A</u>		

The accompanying Notes form an integral part of the Financial Statements.

AVENUE CAPITAL RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS
AS OF 31ST JANUARY, 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Assets					
Property, plant and equipment	11	53,033	19,591	543	462
Investment in subsidiary companies	12	-	-	338,928	374,928
Investment in associated companies	13	314,125	314,125	295,951	295,951
Investment properties	14	1,669	1,669	1,608	1,608
Other investments	15	104,001	124,973	47,025	47,025
Goodwill on consolidation	16	-	-	-	-
Current Assets					
Inventories		3,451	3,326	-	-
Trade receivables	17	362,422	198,574	-	-
Other receivables, deposits and prepayments	18	6,977	6,590	2,902	2,459
Amount owing by subsidiary companies	12	-	-	35,984	29,509
Deposits with licensed financial institutions	19	266,345	184,076	7,794	85,349
Cash and bank balances	20	37,436	34,899	96	249
		<u>676,631</u>	<u>427,465</u>	<u>46,776</u>	<u>117,566</u>
Current Liabilities					
Trade payables		413,463	185,483	-	-
Other payables and accrued expenses	21	61,898	52,182	6,309	6,125
Amount owing to subsidiary companies	12	-	-	110,006	235,067
Tax liabilities		125	560	-	-
		<u>475,486</u>	<u>238,225</u>	<u>116,315</u>	<u>241,192</u>
Net Current Assets/ (Liabilities)		201,145	189,240	(69,539)	(123,626)

(Forward)

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	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deferred Liability					
Deferred tax liabilities	22	<u>(117)</u>	<u>(117)</u>	<u>-</u>	<u>-</u>
Net Assets		<u>673,856</u>	<u>649,481</u>	<u>614,516</u>	<u>596,348</u>
Represented by:					
Issued capital	23	772,244	772,244	772,244	772,244
Loan stocks	24	59,474	59,474	59,474	59,474
Reserves	25	<u>(157,861)</u>	<u>(182,236)</u>	<u>(217,201)</u>	<u>(235,369)</u>
		673,857	649,482	614,517	596,349
Less: Treasury shares	23	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Shareholders' Funds		<u>673,856</u>	<u>649,481</u>	<u>614,516</u>	<u>596,348</u>

The accompanying Notes form an integral part of the Financial Statements.

AVENUE CAPITAL RESOURCES BERHAD
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**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST JANUARY, 2005**

		←	Non-distributable	→	←	Distributable	→	
Group	Issued capital	Loan stocks	Share premium	Merger deficit	Capital reserve	General reserve	Accumulated loss	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.2.2003	772,218	59,500	152,022	(79,140)	1,000	159	(3,446)	902,313
Loss for the year	-	-	-	-	-	-	(252,831)	(252,831)
Conversion of loan stocks	26	(26)	-	-	-	-	-	-
Balance at 31.1.2004	772,244	59,474	152,022	(79,140)	1,000	159	(256,277)	649,482
Profit for the year	-	-	-	-	-	-	24,375	24,375
Balance at 31.1.2005	772,244	59,474	152,022	(79,140)	1,000	159	(231,902)	673,857

(Forward)

Company	Issued capital RM'000	Loan stocks RM'000	Non-distributable		Distributable		Total RM'000
			Share premium RM'000	General reserve RM'000	Accumulated loss RM'000		
Balance at 1.2.2003	772,218	59,500	152,022	159	(112,295)	871,604	
Loss for the year	-	-	-	-	(275,255)	(275,255)	
Conversion of loan stocks	26	(26)	-	-	-	-	
Balance at 31.1.2004	772,244	59,474	152,022	159	(387,550)	596,349	
Profit for the year	-	-	-	-	18,168	18,168	
Balance at 31.1.2005	772,244	59,474	152,022	159	(369,382)	614,517	

The accompanying Notes form an integral part of the Financial Statements.

AVENUE CAPITAL RESOURCES BERHAD
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY, 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash Flows From Operating Activities					
Profit/(Loss) before tax		31,645	(245,889)	21,350	(273,632)
Adjustments for:					
Impairment loss on investments/ (Provision no longer required)		10,116	14,862	(10,475)	280,127
Depreciation of property, plant and equipment		3,062	2,873	164	259
Allowance for doubtful receivables		241	3,072	-	20,119
Property, plant and equipment written off		74	16	-	14
Share in results of associated companies		(18,803)	(17,850)	-	-
Interest income		(4,935)	(3,359)	(1,111)	(1,621)
Dividend income		(546)	(1,064)	(12,673)	(24,326)
Gain on disposal of property, plant and equipment		(282)	(63)	(116)	(48)
Gain on disposal of investments		(228)	(4,129)	-	(2,989)
Impairment of goodwill		-	251,269	-	-
Amortisation of goodwill		-	15,372	-	-
Interest expense		-	23	-	16
Operating Profit/(Loss) Before Working Capital Changes		20,344	15,133	(2,861)	(2,081)

(Forward)

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	Group		Company		
	Note	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
(Increase)/Decrease in:					
Inventories		(125)	525	-	-
Trade receivables		(164,089)	(63,922)	-	-
Deposits and money held in trust/pledged		(86,036)	(15,926)	-	-
Other receivables, deposits and prepayments		(483)	(114)	(77)	101
Increase/(Decrease) in:					
Trade payables		227,980	51,696	-	-
Other payables and accrued expenses		9,716	12,525	184	(1,774)
Amount owing by/to subsidiary companies		-	-	(84,561)	108,945
Cash From/(Used In) Operations		7,307	(83)	(87,315)	105,191
Tax (paid)/refunded		(1,437)	1,941	-	(120)
Net Cash From/(Used In) Operating Activities		5,870	1,858	(87,315)	105,071
Cash Flows From Investing Activities					
Net (additions to)/proceeds from disposal of other investments		21,200	(34,799)	-	(2,487)
Interest received		4,935	3,359	1,111	1,621
Dividend received		3,221	3,326	9,125	22,708
Proceeds from disposal of property, plant and equipment		410	107	190	48
Additions to property, plant and equipment		(36,706)	(2,500)	(319)	(174)
Additions to investment in associated companies		(160)	(50)	-	-
Proceeds from disposal of investment properties		-	4,067	-	1,279
Addition to investment in subsidiary companies		-	-	(500)	(116,000)
Net Cash (Used In)/From Investing Activities		(7,100)	(26,490)	9,607	(93,005)

(Forward)

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	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash Flows From Financing Activity					
Repayment of hire-purchase		-	(148)	-	(116)
Net Cash Used In Financing Activity		-	(148)	-	(116)
Net (Decrease)/Increase In Cash And Cash Equivalents		(1,230)	(24,780)	(77,708)	11,950
Cash And Cash Equivalents At Beginning Of Year		158,674	183,454	85,598	73,648
Cash And Cash Equivalents At End Of Year	29	157,444	158,674	7,890	85,598

The accompanying Notes form an integral part of the Financial Statements.

AVENUE CAPITAL RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies are set out in Note 12.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The total number of employees of the Group and of the Company as at 31st January, 2005 were 475 and 22 (383 and 7 as at 31st January, 2004) respectively.

The principal place of business and registered office of the Company is located at Level 1, Bangunan Avenue, 8, Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been approved by the Board of Directors for issuance on 18th May, 2005.

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board. ("MASB")

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies below.

Basis of Consolidation

The consolidated financial statements include the audited financial statements of the Company and its subsidiary companies made up to the end of the financial year. All significant intercompany transactions and balances are eliminated on consolidation. The Company adopts both the acquisition and merger methods of consolidation.

- (i) When the acquisition method is adopted, the excess of the purchase consideration over the fair value of the net assets of the subsidiary companies at the date of acquisition is included in the consolidated financial statements as goodwill on consolidation. The results of the subsidiary companies acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal.

Goodwill is stated at cost less accumulated amortisation and impairment losses (if any) and is accounted for as an intangible asset and is amortised on a straight line basis over a period of 20 years.

Where an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount.

- (ii) Acquisition of subsidiary companies which meets the criteria for merger accounting under the Companies Act, 1965 and Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, are accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares transferred is treated as merger reserves/deficits in the Group financial statements in accordance with the merger relief provisions under Section 60(4) of the Companies Act, 1965. The results of the subsidiary companies being merged are presented as if the merger had been effected throughout the financial year.

The financial statements of all subsidiary companies are consolidated under the acquisition method except for the financial statements of Flyingvest Sdn. Bhd. which are consolidated under the merger method.

Revenue and Income Recognition

Revenue of the Company represents management fees, rental income from investment properties, interest income and dividends received.

Revenue of the Group includes:

- (i) gross brokerage fee, margin income and underwriting and placement income;
- (ii) fund management and advisory fees;
- (iii) unit trust management fee;
- (iv) gross brokerage fee from futures and options broking; and
- (v) sale value of completed properties held for sale

Brokerage fee is charged on the clients at rates prescribed by Bursa Malaysia Securities Berhad (“Bursa Securities”) and is recognised when contracts are executed. Margin income and underwriting and placement income are recognised on accruals basis except where such margin account is classified as non-performing, recognition of interest income is suspended until all arrears have been paid.

Management fee, rental income and interest income are recognised on accrual basis by reference to the agreements entered.

Dividend income represents gross dividends from quoted and unquoted investments and is recognised when the shareholder’s right to receive payment is established.

Income Tax

The tax effects of transactions are recognised using the “balance sheet” method and all taxable temporary differences are recognised. Where such temporary differences would give rise to net deferred tax asset, the tax effects are recognised to the extent that it is probable that taxable profits will be available against which the deferred tax asset can be utilised.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates or, where settlement has not yet been made at the end of the financial year, at the approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statements.

For the purpose of consolidation, the financial statements of the foreign incorporated subsidiary company have been translated into Ringgit Malaysia as follows:

Assets and liabilities	-	at closing rate
Issued capital	-	at historical rate
Revenue and expenses	-	at average rate

The closing rate of United States Dollar per unit of Ringgit Malaysia used in the translation of foreign incorporated subsidiary company's financial statements is 0.2632 (0.2632 in 2004).

All translation gains or losses are taken up and reflected in the foreign exchange fluctuation reserve account under shareholders' equity. Such transaction gains or losses are recognised as income or expenses in the income statements, in the period in which the operations are disposed of.

Difference in exchange arising from the translation of the opening net investments in foreign subsidiary company and from the translation of the results of this company at the average exchange rate, are taken to foreign exchange fluctuation reserve account.

Property, Plant and Equipment

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

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognised in the income statements.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which it is treated as a revaluation decrease.

Depreciation of property, plant and equipment, is computed on the straight-line method at rates calculated to write off the cost of the assets over their estimated useful lives. The annual rates used are as follows:

Land and building	2%
Furniture and fittings and office equipment	10% - 33⅓%
Computers	20% - 33⅓%
Motor vehicles	20%

Subsidiary Companies

The Company treats as subsidiary companies those companies in which the Company controls the composition of their board of directors or holds more than half of their voting power, or holds more than half of their issued and paid-up share capital.

Investment in subsidiary companies, which is eliminated on consolidation, is stated in the Company's financial statements at cost under the acquisition method or at the nominal value of the shares issued in exchange for shares in the subsidiary companies acquired under the merger method, as applicable.

Where there is an indication of impairment in the value of the investment, the carrying amount of the investment is assessed and an allowance is made for impairment loss.

Associated Companies

An associated company is a non-subsidiary company in which the Group holds not less than 20% of the equity voting rights as long-term investment and/or in which the Group is in a position to exercise significant influence, but not control, over the financial and operating policies.

Investment in associated companies is accounted for under the equity method of accounting based on the latest management financial statements of the associated companies made up to the financial year end. Equity accounting involves recognising the Group's interest in the post-acquisition profit and reserve of the associated companies in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet. The Group's interest in associated companies is stated at cost plus the Group's share of post-acquisition profits and reserves, less allowance for impairment loss.

Investment in associated companies is stated at cost in the Company's financial statements, less allowance for impairment loss. Where there is an indication of impairment in the value of the investment, the carrying amount of the investment is assessed and an allowance is made for impairment loss.

Investment Properties

Investment properties represent the cost for the construction and acquisition of shop offices that are not occupied substantially for use by, or in the operations of the Group which are held for their investment potential and rental income and are not depreciated.

Where an indication of impairment exists, the carrying amount of investment properties is assessed and written down immediately to its recoverable amount.

Other Investments

Other investments consist of long term investments in quoted, unquoted shares and unit trusts.

Other investments are stated at cost less allowance for impairment loss to recognise any decline, other than a temporary decline, in the value of the investments.

Inventories

Inventories, which are stated at the lower of cost (determined on the specific identification method) and net realisable value, consist of properties held for sale. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs. Net realisable value is arrived at after considering the allowance for obsolete and slow moving inventories.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Bad receivables are written off while allowance for doubtful receivables is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Receivables for certain subsidiary companies are classified as performing or non-performing in accordance with the Rules of Bursa Securities.

(i) Specific Allowance

Specific allowance is made for doubtful receivables which has been individually reviewed and specifically identified as bad or doubtful, after deducting the amount of interest-in-suspense, the value of collateral held and the deposit of and all amounts due to the dealer's representatives; and

(ii) **General Allowance**

General allowances are made to cover possible losses which have not been specifically identified based on a certain percentage of its total trade receivables, after deducting specific allowances and interest-in-suspense.

The policy on identification of accounts for specific allowances and maintenance of a general allowance account is in accordance with the Rules of Bursa Securities.

Interest is suspended and credited to the interest-in-suspense account when an account is classified as non-performing in accordance with the Rules of Bursa Securities.

Provisions

Provisions are made when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Employee Benefits

(i) **Short term employee benefits**

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

(ii) **Defined Contribution Plan**

The Group and the Company is required by law to make monthly contributions to the Employees' Provident Fund ("EPF"), a statutory defined contribution plan, for all their eligible employees based on certain prescribed rates of the employees salaries. The Group's and the Company's contributions to EPF are included in staff costs, as disclosed in Note 8.

(iii) **Equity Compensation Benefits**

The details of share options granted to directors and employees are disclosed in Note 23. The Group does not make a charge to the income statements in connection with the share options granted. When the share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital.

Financial Assets

The Group's principal financial assets are cash and bank balances, deposits with licensed financial institutions and trade and other receivables.

Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. The Group's principal financial liabilities include trade and other payables which are stated at their nominal value.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Cash Flow Statements

The Group and Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents include short term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash without significant risk of change in value.

4. REVENUE

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Brokerage income	51,992	44,263	-	-
Asset and unit trusts management fees	23,213	17,247	-	-
Margin and other fees income	10,623	6,387	-	-
Interest income				
- deposits	1,111	1,058	1,111	1,058
- others	-	-	-	563
Sale of inventories	989	1,069	-	-
Dividend income from				
- subsidiary company	-	-	8,200	20,911
- associated company	-	-	3,927	3,142
- other investments	546	273	546	273
Rental income	98	98	98	98
Management fees from subsidiary companies	-	-	244	630
	<u>88,572</u>	<u>70,395</u>	<u>14,126</u>	<u>26,675</u>

5. FINANCE COSTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Finance costs consist of interest expense on hire-purchase	-	23	-	16

6. (IMPAIRMENT LOSS ON INVESTMENTS) / PROVISION NO LONGER REQUIRED

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Impairment loss on:				
- investment in associated companies	(10,116)	(10,143)	-	-
- investment in subsidiary companies	-	-	(36,500)	(275,408)
- other investments	-	(4,719)	-	(4,719)
Provision no longer required:				
- investment in subsidiary company	-	-	46,975	-
	<u>(10,116)</u>	<u>(14,862)</u>	<u>10,475</u>	<u>(280,127)</u>

7. GAIN ON DISPOSAL OF INVESTMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Gain on disposal of:				
- investment properties	-	1,346	-	25
- other investments	228	2,783	-	2,964
	<u>228</u>	<u>4,129</u>	<u>-</u>	<u>2,989</u>

8. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
After charging:				
Directors' remuneration*	4,323	3,608	656	1,176
Depreciation of property, plant and equipment	3,062	2,873	164	259
Rental of premises	1,670	1,652	186	194
Rental of equipment	611	597	2	6
Allowance for doubtful receivables				
- trade	241	3,072	-	-
- amount owing by subsidiary companies	-	-	-	20,119
Auditors' remuneration				
- statutory	143	145	26	24
- underprovision in prior year	-	2	-	3
Property, plant and equipment written off	74	16	-	14
And crediting:				
Interest income				
- deposits	3,239	1,886	-	-
- others	585	415	-	-
Gain on disposal of property, plant and equipment	282	63	116	48
Rental income from investment properties	265	343	-	-
Bad receivables recovered	198	129	-	-
Dividend income from - other investments	-	791	-	-
Employee information:				
Staff costs	27,173	22,656	1,226	530
Contributions to EPF	1,583	1,521	148	58

Staff costs include salaries, bonuses and all other staff related expenses but excluding directors' remuneration.

* Directors' remuneration consists of the following:

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:				
Fees	168	153	168	153
Other emoluments	488	1,023	488	1,023
Directors of subsidiary companies:				
Other emoluments	3,667	2,432	-	-
	<u>4,323</u>	<u>3,608</u>	<u>656</u>	<u>1,176</u>
Estimated monetary value of benefits-in-kind received by directors	24	9	8	-

9. **INCOME TAX EXPENSE**

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable	1,772	1,942	3,236	1,617
Share in taxation of associated company (Note 13)	6,019	5,495	-	-
	<u>7,791</u>	<u>7,437</u>	<u>3,236</u>	<u>1,617</u>
(Over)/Underprovision of tax payable in prior years	(521)	(495)	(54)	6
	<u>7,270</u>	<u>6,942</u>	<u>3,182</u>	<u>1,623</u>

The income tax expense for the year can be reconciled to the profit/(loss) before tax per income statements as follows:

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	<u>31,645</u>	<u>(245,889)</u>	<u>21,350</u>	<u>(273,632)</u>
Tax at the rate of 28%	8,861	(68,849)	5,978	(76,617)
Tax effects of:				
Non allowable expenses	4,647	81,426	10,411	84,237
Non taxable income	-	(1,174)	(13,153)	(6,044)
Utilisation of deferred tax assets previously not recognized	(5,717)	(3,966)	-	-
Deferred tax assets not recognized	<u>-</u>	<u>-</u>	<u>-</u>	<u>41</u>
	<u><u>7,791</u></u>	<u><u>7,437</u></u>	<u><u>3,236</u></u>	<u><u>1,617</u></u>

As of 31st January, 2005, the Company has tax exempt income, which arose from tax-exempt dividend income received and from the income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999 amounting to approximately RM16,132,000. Subject to approval by the Inland Revenue Board, the tax exempt income is available for the distribution of tax-exempt dividends to its shareholders.

10. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic

The basic earnings/(loss) per ordinary share is calculated by dividing the Group's profit after tax of RM24,375,543 (loss of RM252,831,492 in 2004) by the weighted average number of ordinary shares in issue during the year of 772,242,380 (772,229,644 in 2004).

Fully diluted

The fully diluted earnings per share for 2005 has been calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of ordinary shares in the Company that would have been in issue at the end of the financial year had all the ICULS been converted at the issue date.

	2005
Net profit attributable to shareholders (RM'000)	<u>24,375</u>
Number of ordinary shares in issue ('000)	772,242
Adjustment for conversion of ICULS ('000)	<u>59,474</u>
Adjusted number of ordinary shares in issue ('000)	<u>831,716</u>
Diluted earnings per share (sen)	<u>2.93</u>

The Company's warrants which are convertible to ordinary shares have potential dilutive effects on the earnings per share. However, as the exercise price of the warrants is higher than the current market price of the ordinary shares, there will be no impact of dilution on the earnings per share.

The fully diluted loss per ordinary share for 2004 is not presented as the ICULS, warrants and share options, if converted, would be anti-dilutive to the basic loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and building RM'000	Furniture and fittings and office equipment RM'000			Motor vehicles RM'000	Total RM'000
		Computers RM'000	Computers RM'000	Computers RM'000		
Cost						
At 1.2.2004	9,727	9,281	14,080	2,883	35,971	
Additions	33,439	1,497	922	848	36,706	
Disposals/Write offs	-	(710)	(13)	(907)	(1,630)	
Reclassification	-	3,897	(3,897)	-	-	
At 31.1.2005	43,166	13,965	11,092	2,824	71,047	
Accumulated Depreciation						
At 1.2.2004	868	4,609	9,274	1,629	16,380	
Charge during the year	271	1,204	1,154	433	3,062	
Disposals/Write offs	-	(621)	(13)	(794)	(1,428)	
Reclassification	-	2,190	(2,190)	-	-	
At 31.1.2005	1,139	7,382	8,225	1,268	18,014	
Net Book Value						
At 31.1.2005	42,027	6,583	2,867	1,556	53,033	
At 31.1.2004	8,859	4,672	4,806	1,254	19,591	
Depreciation charge 2004	160	1,191	1,095	427	2,873	

Company	Furniture and fittings and office equipment RM'000	Computers RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1.2.2004	1,166	219	673	2,058
Additions	3	7	309	319
Disposals/Write offs	(1)	-	(298)	(299)
Reclassification	50	(50)	-	-
At 31.1.2005	<u>1,218</u>	<u>176</u>	<u>684</u>	<u>2,078</u>
Accumulated Depreciation				
At 1.2.2004	1,095	195	306	1,596
Charge during the year	38	6	120	164
Disposals/Write offs	(1)	-	(224)	(225)
Reclassification	45	(45)	-	-
At 31.1.2005	<u>1,177</u>	<u>156</u>	<u>202</u>	<u>1,535</u>
Net Book Value				
At 31.1.2005	<u>41</u>	<u>20</u>	<u>482</u>	<u>543</u>
At 31.1.2004	<u>71</u>	<u>24</u>	<u>367</u>	<u>462</u>
Depreciation charge - 2004	<u>126</u>	<u>6</u>	<u>127</u>	<u>259</u>

12. INVESTMENT IN SUBSIDIARY COMPANIES

	2005	2004
	RM'000	RM'000
Unquoted shares		
At cost		
- local corporations	591,796	591,296
At nominal value of shares issued		
- local corporations	<u>91,140</u>	<u>91,140</u>
	682,936	682,436
Impairment loss	<u>(344,008)</u>	<u>(307,508)</u>
Net	<u>338,928</u>	<u>374,928</u>
Amount owing by subsidiary companies	35,984	49,628
Allowance for doubtful receivables	<u>-</u>	<u>(20,119)</u>
Net	<u>35,984</u>	<u>29,509</u>
Amount owing to subsidiary companies	<u>110,006</u>	<u>235,067</u>

Amount owing by subsidiary companies mainly consists of payments made on behalf and unsecured advances which are interest free with no fixed terms of repayment, except for two subordinated term loans totalling RM3,000,000 (RM1,500,000 in 2004) made to a subsidiary company, which are repayable upon their maturity three years from the date of drawdown which will fall on 13th June, 2005 and 29th June, 2007 respectively.

Amount owing to subsidiary companies mainly represents payments made on behalf and unsecured advances which are interest free with no fixed terms of repayment.

The subsidiary companies, all incorporated in Malaysia, except as otherwise indicated, are as follows:

Name of Companies	Issued and Paid Up Share Capital RM	Effective Percentage of Ownership		Principal Activities
		2005 %	2004 %	
(Direct Subsidiary Companies)				
Avenue Securities Sdn. Bhd.	340,000,000	100	100	Stockbroking and provision of advisory services
Avenue Asset Management Services Sdn. Bhd.	4,600,000	100	100	Provision of asset management services
Avenue Options & Futures Services Sdn. Bhd.	10,000,000	100	100	Provision of options and futures services
Avenue Unit Trust Management Berhad	6,500,000	100	100	Provision of unit trust management services
Flyingvest Sdn. Bhd.	455,700,000	100	100	Investment holding
DCA (M) Pemaju Corp. Sdn. Bhd.	2,000,000	100	100	Property development
Ultimate Acres Sdn. Bhd.	2	100	100	Property investment
Lucky Matrix Sdn. Bhd.	100,000	-	100	Investment holding
Piuco Entertainment Venture (M) Sdn. Bhd.	500,000	100	100	Dormant
Pentaville Investments Ltd. (Incorporated in British Virgin Islands)	USD1	100	100	Investment holding
ACRB Capital Sdn Bhd	500,000	100	-	Provision of financing facilities and management services

(Forward)

Name of Companies	Issued and Paid Up Share Capital RM	Effective Percentage of Ownership		Principal Activities
		2005 %	2004 %	
(Indirect Subsidiary Companies)				
Avenue Asset Management Services (Labuan) Ltd	USD79,000	100	100	Provision of portfolio management services
Kestrel Securities Sdn. Bhd.	39,000,000	100	100	Ceased operations as stockbroker
Soon Theam Securities Sdn. Bhd.	30,000,000	100	100	Ceased operations as stockbroker
AAB Avenue I Sdn. Bhd.	12,000,000	100	100	Investment holding, property investment, property development and property management
AAB Damansara Sdn. Bhd.	7,000,000	100	100	Property investment, property development and property management
AAB Avenue II Sdn. Bhd.	4,000,000	100	100	Property investment, property development and property management
Affinity Land Sdn. Bhd.	4,000,000	100	100	Property investment, property development and property management
Affluent Acres Sdn. Bhd.	1,500,000	100	100	Property investment, property development and property management

(Forward)

Name of Companies	Issued and Paid Up Share Capital RM	Effective Percentage of Ownership		Principal Activities
		2005 %	2004 %	
(Indirect Subsidiary Companies)				
PLB Property Management Sdn. Bhd.	400,000	100	100	Property management
Gombak Equipment Sdn. Bhd.	100,000	100	100	Property investment and property management
Gain Synergy Sdn. Bhd.	100,000	100	100	Property investment
A. A. Assets Nominees (Tempatan) Sdn. Bhd.	50	100	100	Provision of nominee services
A. A. Assets Nominees (Asing) Sdn. Bhd.	2	100	100	Provision of nominee services
Kestrel Securities Nominees (Tempatan) Sdn. Bhd.	2	-	100	Dormant
SST Nominees (Tempatan) Sdn. Bhd.	2	-	100	Dormant
SST Nominees (Asing) Sdn. Bhd.	2	-	100	Dormant
Banjaran Untung Sdn Bhd (In member's voluntary liquidation)	1,000,000	-	100	Dormant
Medan Ria Sdn Bhd (In member's voluntary liquidation)	7,829,941	-	100	Dormant

Dissolution of subsidiary companies

During the financial year, the following wholly-owned subsidiary companies were dissolved/deregistered:

Name of companies	Date dissolved/deregistered
Kestrel Securities Nominees (Tempatan) Sdn. Bhd.	11th January, 2005
Medan Ria Sdn. Bhd.	21st December, 2004
Banjaran Untung Sdn. Bhd.	21st December, 2004
Lucky Matrix Sdn. Bhd.	28th September, 2004
SST Nominees (Tempatan) Sdn. Bhd.	6th April, 2004
SST Nominees (Asing) Sdn. Bhd.	6th April, 2004

As these subsidiary companies were dormant, the dissolutions and deregistration of the subsidiary companies did not have any significant effect on the financial position and results of the Group in 2005.

Acquisition of a subsidiary company

On 9th July, 2004, the Company acquired 100% equity interest in ACRB Capital Sdn. Bhd for a cash consideration of RM2. The issued and paid up share capital of ACRB Capital Sdn. Bhd. was subsequently increased to RM500,000 on 26th August, 2004.

13. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Quoted shares - at carrying value/cost	315,325	315,325	295,951	295,951
Unquoted shares - at cost	24,103	23,943	-	-
	339,428	339,268	295,951	295,951
Share in post acquisition results	25,669	15,713	-	-
	365,097	354,981	295,951	295,951
Less: Impairment loss	(50,972)	(40,856)	-	-
Net	314,125	314,125	295,951	295,951

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Quoted shares in Malaysia:				
At market value	208,145	125,672	208,145	125,672
At fair value*	<u>314,180</u>	<u>314,180</u>	<u>314,180</u>	<u>314,180</u>

* Based on valuation carried out by the directors.

As of 31st January, 2005, the carrying value of the Group's and the Company's investment in associated company has exceeded the market value by approximately RM105,980,000 (RM188,453,000 in 2004) and RM87,806,000 (RM170,279,000 in 2004) respectively. During the financial year, the directors carried out a review to determine the said investment's estimated recoverable amount. Based on the directors' valuation, the carrying value of the Group's investment in associated company is supported by its recoverable amount. Consequently, the directors are of the opinion that the allowance for diminution in value is adequately made in the financial statements of the Group for the current financial year.

The associated companies, all incorporated in Malaysia, are as follows:

Name of Company	Principal Activities	Effective Percentage of Ownership	
		2005	2004
Pos Malaysia & Services Holdings Berhad	Investment holding and provision of management services	17%	20%
Affluent Development Sdn. Bhd.	Property development, property management and property investment	50%	50%

The following amounts represent the Group's share of assets, liabilities, revenue and expenses of the associated companies:

	Group	
	2005 RM'000	2004 RM'000
Property, plant and equipment	105,607	123,228
Goodwill	121,604	102,902
Investments	76,436	90,659
Current assets	153,327	165,016
Current liabilities	(74,325)	(86,526)
Long term liabilities	<u>(17,552)</u>	<u>(40,298)</u>
Share in net assets	365,097	354,981
Impairment loss	<u>(50,972)</u>	<u>(40,856)</u>
	<u>314,125</u>	<u>314,125</u>

	Group	
	2005 RM'000	2004 RM'000
Revenue	116,584	128,346
Expenses	<u>(97,781)</u>	<u>(110,496)</u>
Profit before tax	18,803	17,850
Income tax expense	<u>(6,019)</u>	<u>(5,495)</u>
Profit after tax	<u>12,784</u>	<u>12,355</u>

14. **INVESTMENT PROPERTIES**

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Located in Malaysia:				
Shop offices and apartments	1,838	1,838	1,874	1,874
Less: Impairment loss	<u>(169)</u>	<u>(169)</u>	<u>(266)</u>	<u>(266)</u>
Net	<u>1,669</u>	<u>1,669</u>	<u>1,608</u>	<u>1,608</u>

The impairment loss on investment properties was made by the directors based on their existing market value.

15. OTHER INVESTMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Shares in quoted local corporations, at carrying value/cost	28,774	28,774	28,774	28,774
Shares in unquoted local corporations, at cost	4,519	4,519	4,519	4,519
Unit trusts	25,978	46,950	2,202	2,202
Other investments*	<u>49,449</u>	<u>49,449</u>	<u>16,249</u>	<u>16,249</u>
	108,720	129,692	51,744	51,744
Less: Impairment loss	<u>(4,719)</u>	<u>(4,719)</u>	<u>(4,719)</u>	<u>(4,719)</u>
	<u>104,001</u>	<u>124,973</u>	<u>47,025</u>	<u>47,025</u>
Market value of:				
Shares in quoted local corporations	21,988	29,674	21,988	29,674
Unit trusts	<u>26,662</u>	<u>47,106</u>	<u>2,396</u>	<u>2,287</u>

As of 31st January, 2005, the carrying values of quoted shares of the Group and the Company are in excess of their market values by approximately RM6,586,000. No allowance for diminution in value of quoted shares was made in the financial statements as the directors are of the opinion that the decline in value of investments was temporary in nature.

* Included in other investments of the Group are unquoted shares of Bursa Malaysia Berhad allocated to a subsidiary company arising from the demutualisation exercise in 2004 amounting to RM30,000,000.

16. GOODWILL ON CONSOLIDATION

	Group	
	2005	2004
	RM'000	RM'000
At beginning of year	25,368	306,637
Impairment of goodwill	-	(281,269)
	<u>25,368</u>	<u>25,368</u>
At end of year	25,368	25,368
Accumulated amortisation at beginning of year	25,368	9,996
Amortisation during the year	-	15,372
	<u>(25,368)</u>	<u>(25,368)</u>
Accumulated amortisation at end of year	(25,368)	(25,368)
Net	<u>-</u>	<u>-</u>

Consequent to the demutualisation exercise undertaken by Bursa Malaysia Berhad in 2004, the Group has provided for an impairment loss on goodwill of RM281,269,000. After allocating RM30,000,000 as fair value of shares in Bursa Malaysia Berhad received, the net amount of RM251,269,000 was taken up in the income statements in 2004.

17. TRADE RECEIVABLES

	Group	
	2005	2004
	RM'000	RM'000
Trade receivables	366,455	202,192
Less: Allowance for doubtful receivables		
- specific allowance (Note (a))	(590)	(859)
- general allowance (Note (b))	(3,126)	(2,616)
Interest-in-suspense (Note (c))	(317)	(143)
	<u>362,422</u>	<u>198,574</u>
Net	362,422	198,574

Movements in the allowance for bad and doubtful receivables and interest-in-suspense accounts are as follows:

	2005	2004
	RM'000	RM'000
(a) Specific Allowance:		
Balance at beginning of year	859	268
Allowance made during the year	202	951
Allowance no longer required	<u>(471)</u>	<u>(360)</u>
Balance at end of year	<u>590</u>	<u>859</u>
(b) General Allowance:		
Balance at beginning of year	2,616	135
Allowance made during the year	672	2,699
Allowance no longer required	<u>(162)</u>	<u>(218)</u>
Balance at end of year	<u>3,126</u>	<u>2,616</u>
(c) Interest-in-suspense:		
Balance at beginning of year	143	131
Allowance made during the year	1,080	337
Amount written back	<u>(906)</u>	<u>(325)</u>
Balance at end of year	<u>317</u>	<u>143</u>

18. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	2,885	2,981	2,440	2,074
Deposits and prepayments	2,286	2,030	303	271
Other receivables	<u>1,806</u>	<u>1,579</u>	<u>159</u>	<u>114</u>
	<u>6,977</u>	<u>6,590</u>	<u>2,902</u>	<u>2,459</u>

19. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Deposits with:				
Licensed banks	165,816	101,894	3,417	48,655
Other licensed corporation	<u>100,529</u>	<u>82,182</u>	<u>4,377</u>	<u>36,694</u>
	<u>266,345</u>	<u>184,076</u>	<u>7,794</u>	<u>85,349</u>

Included under deposits with licensed financial institutions of the Group are:

- (a) deposits amounting to RM1,600,000 (RM1,600,000 in 2004) pledged to the banks for credit facilities granted to subsidiary companies; and
- (b) short term deposits of RM119,390,562 (RM42,649,849 in 2004) held on behalf of the subsidiary companies' remisers and clients.

The effective interest rates on deposits with licensed financial institutions range from 2.00% to 4.00% (2.00% to 4.00% in 2004) per annum.

20. CASH AND BANK BALANCES

Included under cash and bank balances of the Group are:

- a) an amount of RM53,171 (RM52,198 in 2004) deposited by certain subsidiary companies into Housing Development Accounts in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966; and
- b) an amount of RM25,346,348 (RM16,050,859 in 2004) in respect of money held in trust accounts for remisers and clients of subsidiary companies.

21. **OTHER PAYABLES AND ACCRUED EXPENSES**

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Other payables and accrued expenses	48,086	39,961	5,285	5,359
Remisiers and dealers trust accounts	11,442	10,265	-	-
Deposits received	<u>2,370</u>	<u>1,956</u>	<u>1,024</u>	<u>766</u>
	<u>61,898</u>	<u>52,182</u>	<u>6,309</u>	<u>6,125</u>

22. **DEFERRED TAX LIABILITIES**

	Group	
	2005	2004
	RM'000	RM'000
Deferred tax liabilities	<u>117</u>	<u>117</u>

The deferred taxation is in respect of tax effects of temporary differences arising from the excess of tax capital allowances over book depreciation of property, plant and equipment.

As mentioned in Note 3, the tax effects of temporary differences which would give rise to net future tax benefits are recognised only where it is probable that taxable profits will be available against which the deferred tax asset can be utilised. As of 31st January, 2005, the estimated amount of deferred asset calculated at applicable tax rate which is not recognised in the financial statements, are as follows:

	Deferred Asset/(Liability)			
	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Tax effects of temporary differences in respect of the excess of tax capital allowances over book depreciation of property, plant and equipment	(1,680)	(1,615)	-	-
Tax effects of unabsorbed capital allowances and unutilised tax losses	84,148	90,044	188	188
Other temporary differences	3,490	3,246	-	-
Net deferred asset	<u>85,958</u>	<u>91,675</u>	<u>188</u>	<u>188</u>

The unutilised tax losses and unabsorbed capital allowances are subject to the agreement of Inland Revenue Board.

23. SHARE CAPITAL

	Group and Company	
	2005 RM'000	2004 RM'000
Authorised:		
Ordinary shares of RM1 each	<u>1,500,000</u>	<u>1,500,000</u>
Issued and fully paid-up:		
Ordinary shares of RM1 each		
At beginning of year	772,244	772,218
Conversion of ICULS (Note 24)	<u>-</u>	<u>26</u>
At end of year	<u>772,244</u>	<u>772,244</u>

EMPLOYEES' SHARE OPTION SCHEME

Under the Company's Employees' Share Option Scheme ("ESOS") which became effective on 10th June 2003, options to subscribe for unissued new shares were granted to eligible directors and employees of the Company and its subsidiary companies at a subscription price of RM1 per ordinary share.

The share options granted and lapsed during the financial year are as follows:

Grant date	Expiry date	Balance at 1.2.2004	Granted	Lapsed*	Balance at 31.1.2005
29.8.2003	29.9.2008	50,440,000	-	(11,480,000)	38,960,000
1.11.2004	30.11.2009	-	14,880,000	(100,000)	14,780,000

* The options lapsed due to resignation of staff during the year under review.

The salient features of the ESOS are as follows:

- (i) the total number of shares which may be made available shall not exceed 10% of the total issued and paid-up share capital of the Company at any point of time during the existence of the ESOS;
- (ii) eligible persons are employees of the Group, including directors, who have been in employment of the Group for at least one year prior to the date of offer;
- (iii) the subscription price for each ordinary share may be at a discount of not more than 10% from the 5 days weighted average market price of the ordinary shares of the Company at the offer date or at par value of the ordinary shares of the Company, whichever is higher;
- (iv) the options granted are exercisable within a period of 10 years from the date of offer of the option or such shorter period as may be specifically stated in the offer; and
- (v) the employees to whom the options are granted have no right to participate by virtue of the options in any share issue of any other company.

TREASURY SHARES

At the Company's Annual General Meeting held on 21st July, 2004, the directors have obtained the shareholders' approval pertaining to the renewal of authority for the Company to purchase its own shares of up to 10% of its issued and paid-up share capital. The directors are committed to enhance the value of the Company and believe that the share buy-back is in the best interests of the Company and its shareholders.

During the financial year, the Company bought back 200 (200 in 2004) ordinary shares of RM1 each for a total cash consideration of RM128 (RM153 in 2004) using internally generated funds.

These treasury shares have been presented as a deduction from equity following the application of the treasury stock method. The amount of outstanding issued and paid-up share capital after the set-off amounted to 772,242,332 (772,242,532 in 2004) shares.

24. LOAN STOCKS

	Group and Company	
	2005	2004
	RM'000	RM'000
Balance at beginning of year	59,474	59,500
Converted during the year (Note 23)	<u>-</u>	<u>(26)</u>
Balance at end of year	<u>59,474</u>	<u>59,474</u>

In accordance with MASB Standard No. 24 - Financial Instruments: Disclosure and Presentation, the Company should classify as equity when a financial instrument does not give rise to a contractual obligation to the Company to deliver cash or another financial asset. In this instance, the possibility of the Company to redeem the ICULS appears remote, and consequently, the ICULS has been classified as an equity instrument.

The salient features of the ICULS are as follows:

- (i) carry a zero coupon rate;
- (ii) convertible into new ordinary shares on any market day during the tenure of five years from the date of issuance at the conversion rate of RM1 nominal value of ICULS for each ordinary shares of RM1 each in the Company; and
- (iii) on maturity date which falls on 21st November, 2007, all outstanding ICULS will be converted mandatorily at the conversion rate of RM1 nominal value of ICULS for each ordinary share of RM1 each in the Company.

25. RESERVES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Non-distributable:				
Share premium	152,022	152,022	152,022	152,022
Merger deficit	(79,140)	(79,140)	-	-
Capital reserve	1,000	1,000	-	-
Distributable:				
Accumulated loss	(231,902)	(256,277)	(369,382)	(387,550)
General reserve	159	159	159	159
	<u>(157,861)</u>	<u>(182,236)</u>	<u>(217,201)</u>	<u>(235,369)</u>

Merger Deficit

Merger deficit arose from the acquisition of a subsidiary company accounted for using the merger method of accounting, as described in the accounting policies.

Capital Reserve

Capital reserve arose from redemption of redeemable non-convertible preference shares in a subsidiary company.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions:

	Group	
	2005 RM'000	2004 RM'000
Transactions with major shareholders of the Company:		
Brokerage income	<u>210</u>	<u>145</u>
Transactions with associated company:		
Asset management fee	<u>56</u>	<u>138</u>

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

27. **DIVIDEND**

The directors have recommended the payment of a final dividend of 1%, less income tax of 28%, amounting to RM5,612,345, in respect of the current financial year, computed based on the issued and paid up capital as of 18th May, 2005. The proposed final dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and is payable in respect of all ordinary shares in issue at a date to be determined by the directors.

As of 31st January, 2005, the Company has sufficient tax credit to frank the proposed final dividend of 1% in respect of the current financial year.

28. **FINANCIAL INSTRUMENTS**

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing fixed deposits. The interest rate of fixed deposits are disclosed in Note 19.

Credit risk

The Group has no major concentration of credit risk and manage these risks by monitoring credit ratings and limiting the aggregate financial exposure to any individual counterparty.

The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history.

Liquidity risk

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Fair value of financial assets and financial liabilities

The carrying amounts approximate their fair value because of the short maturity of these instruments, except for the following financial assets:

2005	Note	Group		Company	
		Carrying amount RM'000	Fair Value RM'000	Carrying amount RM'000	Fair value RM'000
Financial Assets					
Investment properties	14	1,669	1,788	1,608	1,688
Other investments					
- quoted	15	54,552	48,650	30,776	24,384
- unquoted	15	49,449	*	16,249	*

2004	Note	Group		Company	
		Carrying amount RM'000	Fair Value RM'000	Carrying amount RM'000	Fair value RM'000
Financial Assets					
Investment properties	14	1,669	1,788	1,608	1,688
Other investments					
- quoted	15	75,524	76,780	30,776	31,961
- unquoted	15	49,449	*	16,249	*

Investment properties and quoted investment

The fair value of investment properties and quoted investment approximate the estimated selling price/realisable value.

* *Unquoted investment*

It is not practical to estimate the fair value of unquoted investments other than the shares in Bursa Malaysia which was assigned a fair value of RM30,000,000 in 2004.

29. CASH AND CASH EQUIVALENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash and bank balances	37,436	34,899	96	249
Deposits with licensed financial institutions	266,345	184,076	7,794	85,349
	303,781	218,975	7,890	85,598
Less:				
Short term deposits held in trust (Note 19)	119,391	42,650	-	-
Cash and bank balances -Trust account (Note 20)	25,346	16,051	-	-
Deposits pledged with financial institutions (Note 19)	1,600	1,600	-	-
	(146,337)	(60,301)	-	-
	157,444	158,674	7,890	85,598

30. CONTINGENT LIABILITIES

- (a) As at 31st January, 2005, the Company is contingently liable in respect of an indemnity of RM20,000,000 (RM20,000,000 in 2004) given to Securities Clearing Automated Network Sdn. Bhd. for facility granted to a subsidiary company.
- (b) A wholly-owned subsidiary company of the Group had jointly with another 50% shareholder of the associated company, entered into agreements giving undertakings, but not corporate guarantees, to certain financial institutions that both shareholders will ensure that the associated company remains solvent and able to meet all its financial liabilities as and when they fall due. The associated company has since defaulted in principal repayment and interests payments of its financing facilities. The total principal amount outstanding as at 31st January 2005, is RM44.935 million (RM44.935 million in 2004). During the financial year, the financial institutions commenced legal proceedings against the wholly-owned subsidiary company and the associated company.

31. **COMMITMENTS**

	Group	
	2005	2004
	RM'000	RM'000
Underwriting commitments	<u>36,018</u>	<u>16,910</u>

32. **SEGMENTAL REPORTING**

Business segments

The Group is organised into the following operating divisions:

Financial services includes stockbroking activities, financial futures and options broking, asset management and unit trusts management.

Investment holdings includes provision of management services, investment in associated companies and other investments.

Others includes property investment, sale of property stocks, property management and other inactive operations.

No geographical segmental information is provided as the Group operates principally in Malaysia.

Group	Financial services RM'000	Investment holdings RM'000	Others RM'000	Consolidated RM'000
2005				
Revenue	<u>85,828</u>	<u>1,755</u>	<u>989</u>	<u>88,572</u>
Results				
Segment result	<u>25,511</u>	<u>(1,217)</u>	<u>(1,564)</u>	22,730
Impairment loss on investments				(10,116)
Gain on disposal of investments				228
Share in results of associated companies	-	18,803	-	<u>18,803</u>
Profit before tax				31,645
Income tax expense				<u>(7,270)</u>
Profit after tax				<u>24,375</u>
Assets				
Segment assets	768,944	57,529	5,976	832,449
Investment in associated companies	-	314,125	-	314,125
Unallocated corporate assets				<u>2,885</u>
Consolidated total assets				<u>1,149,459</u>
Liabilities				
Segment liabilities	465,097	1,710	8,671	475,478
Unallocated corporate liabilities				<u>125</u>
Consolidated total liabilities				<u>475,603</u>
(Forward)				

Group

	Financial services RM'000	Investment holdings RM'000	Others RM'000	Consolidated RM'000
2005				
Other Information				
Capital additions	36,387	319	-	36,706
Depreciation and amortisation	<u>2,666</u>	<u>164</u>	<u>231</u>	<u>3,061</u>
2004				
Revenue	<u>67,897</u>	<u>1,429</u>	<u>1,069</u>	<u>70,395</u>
Results				
Segment result	<u>13,916</u>	<u>(412)</u>	<u>154</u>	13,658
Impairment of goodwill				(251,269)
Amortisation of goodwill	(15,372)	-	-	(15,372)
Impairment loss on investments				(14,862)
Finance costs				(23)
Gain on disposal of investments				4,129
Share in results of associated companies	-	17,850	-	<u>17,850</u>
Loss before tax				(245,889)
Income tax expense				<u>(6,942)</u>
Loss after tax				<u>(252,831)</u>
Assets				
Segment assets	429,595	135,078	6,043	570,716
Investment in associated companies	-	314,125	-	314,125
Unallocated corporate assets				<u>2,982</u>
Consolidated total assets				<u>887,823</u>

(Forward)

Group				
2004	Financial services RM'000	Investment holdings RM'000	Others RM'000	Consolidated RM'000
Liabilities				
Segment liabilities	220,643	1,642	15,497	237,782
Unallocated corporate liabilities				<u>560</u>
Consolidated total liabilities				<u>238,342</u>
Other Information				
Capital additions	2,309	174	17	2,500
Depreciation and amortisation	<u>17,705</u>	<u>259</u>	<u>281</u>	<u>18,245</u>

33. SUBSEQUENT EVENTS

- (i) On 31st March, 2005, the issued and paid up share capital of the Company was increased from 772,243,732 to 779,493,732 by the issuance of 7,250,000 ordinary shares of RM1 each arising from the conversion of RM7,250,000 nominal value of ICULS.
- (ii) On 28th April, 2005, the Company entered into a memorandum of understanding with Bank Muamalat Malaysia Berhad ("BMMB") in relation to the proposed equity participation of BMMB in Avenue Asset Management Services Sdn. Bhd. ("AvAM"), a wholly-owned subsidiary of the Company. The proposed equity participation shall involve the disposal of 60% equity interest in AvAM to BMMB for an indicative price of RM6,300,000 for cash.



AVENUE CAPITAL RESOURCES BERHAD (478-A)

Level 1, Bangunan Avenue, 8 Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur. Tel: 603-2089 1800 Fax: 603-2089 2910

24 MAK 2006

Registered Office
 Level 1, Bangunan Avenue
 No 8, Jalan Damansara Endah
 Damansara Heights
 50490 Kuala Lumpur

To: The Shareholders of ECM Libra Berhad

On behalf of the Directors of Avenue Capital Resources Berhad ("ACRB"), I wish to report that after making due enquiries during the period between 31 January 2005, being the date to which the last audited financial statements of ACRB and its subsidiary ("ACRB Group") have been made up, to the date hereof, being a date not earlier than fourteen (14) days before the issuance of this Circular:

- (a) the business of ACRB Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of ACRB Group which has materially and adversely affected the trading or the value of the assets of ACRB Group;
- (c) the current assets of ACRB Group appears in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by ACRB Group; and
- (f) there are no material changes in published reserves nor any unusual factor affecting the profits of ACRB Group since the last audited financial statements of ACRB Group.

Yours faithfully

For and on behalf of the Board of Directors of
AVENUE CAPITAL RESOURCES BERHAD

TENGGU ZAFNUL BIN TENGGU ABDUL AZIZ
 Group Managing Director

FURTHER INFORMATION

1. Directors' Responsibility Statement

This Circular has been seen and approved by the Board and they individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein false or misleading.

2. Consent

Aseambankers has given and have not subsequently withdrawn its written consent to the inclusion of its name in the form and context in which they may appear in this Circular.

Messrs E&Y has given and has not subsequently withdrawn its consent to the inclusion of its name and the proforma balance sheets of ECM Libra as at 31 March 2005 in the form and context in which they may appear in this Circular.

3. Material Litigation**ECM Libra**

Save as disclosed below, neither ECM Libra nor its subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board does not have any knowledge of any proceedings, pending or threatened against ECM Libra or its subsidiary companies or any facts likely to give rise to any proceedings which might materially affect the financial position or business of ECM Libra or its subsidiary companies preceding the date of this Circular.

Claims have been made by ECMLS, in the ordinary course of its stockbroking business, against various parties for the recovery of amounts owing by its clients in respect of purchases of securities and contra losses incurred. As at 28 February 2006, 39 legal actions or cases representing approximately RM181,749,406.03 in value are still in progress, the material claims (being individual claims exceeding RM10.8 million each) of which are against the following parties:

	RM
1. Joseph Lee Yoke Min @ Ambrose	143,285,266.87
2. Dato' Wong Yeon Chai, Nuroli a/l Shahodebu Naiko, Che Wan Mohamed Khadri and Tay Leong Kooi	21,519,786.85
	<u>164,805,053.72</u>

The above-mentioned amounts, however, have been provided for in the books of ECMLS.

FURTHER INFORMATION

ACRB

Save as disclosed below, neither ACRB nor its subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the directors of ACRB do not have any knowledge of any proceedings, pending or threatened against ACRB or its subsidiary companies or any facts likely to give rise to any proceedings which might materially affect the financial position or business of ACRB or its subsidiary companies preceding the date of this Circular.

- (i) During the financial year ended 31 January 2005, certain financial institutions commenced legal proceedings against AAB Avenue I Sdn Bhd and Affluent Development Sdn Bhd (“Affluent”). AAB Avenue I Sdn Bhd had jointly with another 50% shareholder of Affluent, entered into agreements giving undertakings, but not corporate guarantees, to certain financial institutions that both shareholders will ensure that Affluent remains solvent and able to meet all its financial liabilities as and when they fall due. Affluent has since defaulted in principal repayment and interests payments of its financing facilities. The total principal amount outstanding as at 31 May 2005 is approximately RM44,935,000.

ACRB had on 22 August 2005 announced that a property belonging to Affluent which was charged to certain financiers had been auctioned off for RM27,400,000 and the proceeds from the disposal will be applied against the recovery of the outstanding sum owing by Affluent to the financiers in respect of the term loan facilities granted by the financiers.

Further, the total cost of investment of ACRB in Affluent has been fully provided for in the accounts of the ACRB Group since financial year 2001 and there is no corporate guarantee given by ACRB Group to any of the financiers of Affluent. Thus, the board of ACRB is of the opinion that the litigation will not have any material financial impact on the ACRB Group.

- (ii) Avenue Invest Berhad (formerly known as Avenue Unit Trust Management Bhd) (“AvIB”) is the representative holder of RM10,000,000 worth of Al-bai Bithaman Ajil bonds (“ABBA Bonds”) issued by Pesaka Astana Sdn Bhd (“Pesaka”) held in certain unit trust funds managed by AvIB. On 15 December 2005, AvIB together with 9 other holders of the ABBA Bonds (as plaintiffs) filed a civil suit at the High Court of Malaya at Kuala Lumpur against Pesaka and 12 other defendants including the trustee and the directors of Pesaka for inter-alia, breach of contract by Pesaka, breach of trust on the part of the trustee and claiming for inter-alia, judgment sum of RM157,815,000 plus interest and damages. A Mareva Injunction has been granted against the defendant on 16 December 2005. Since AvIB is involved in this litigation merely as the manager of the unit trust fund and the registered holder, the board of directors of ACRB is of the opinion that the litigation will not have any material financial impact on the ACRB Group.

FURTHER INFORMATION

- (iii) Claims have been made by AvS and Kestrel Securities Sdn Bhd (“KSSB”), in the ordinary course of their stockbroking businesses, against various parties for the recovery of amounts owing by its clients in respect of purchases of securities and contra losses incurred. These losses were incurred before AvS and KSSB became subsidiaries of ACRB and the amounts have been fully provided in the financial statements of the respective companies prior to the completion of the acquisition of the respective companies by ACRB. As at 28 February 2006, legal actions against 91 cases representing approximately RM66,600,000 in value are still in progress, the material claims (being an amount individually exceeding RM5,000,000) of which are against the following parties:

	RM'000
Challenger Citi (M) Sdn Bhd (the defendant had also counter-claimed for the same amount plus certain damages)	10,982
Hasri bin Hassan	9,651
Nadi Puspa (M) Sdn Bhd and Abrar Group International Sdn Bhd	9,481
Koh Tiew King	8,781
Chia Kung Hooi	7,975
Ch'ng Ping Teong, as guarantor	6,463
Goh Chee Boon	5,029
	<u>58,362</u>

4. Material Contracts
ECM Libra

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) entered into by the ECM Libra Group, within two (2) years immediately preceding the date of this Circular:

- (a) Share Sale Agreement dated 25 June 2004 entered into between Lim Kian Onn, Omar Bin Zolkifli, Ramlan Bin Kamal (collectively, “Vendors”) and ECM Libra in respect of the acquisition of 100% of the issued and paid-up share capital of Libra Capital Markets Sdn Bhd (now known as ECMLCM) by ECM Libra for a consideration of RM2,375,800. The consideration was partially satisfied by cash and partially satisfied by way of ECM Libra paying and settling the Vendors’ indebtedness to ECMLCM.
- (b) Share Sale Agreement dated 19 January 2006 entered into between ECM Libra, ACRB and AICB for the proposed acquisitions of 100% of the issued and paid-up share capital of each of the ECM Libra Companies by AICB for a consideration to be satisfied by the issuance of 442,000,000 new AICB Shares to be credited as fully paid-up.

FURTHER INFORMATION**ACRB**

Save as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business) entered into by ACRB, or any of its subsidiaries within two (2) years immediately preceding the date of this Circular:

- (a) Sale and Purchase Agreement dated 8 September 2004 between AvS and Tongkah Holdings Sdn Bhd (formerly known as Tongkah Holdings Berhad), for the acquisition by AvS, of a freehold land held under Geran 26884, Lot No. 8931 in the Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan measuring in area 4,218.31 square metres together with a 3½ storey building with lower ground floor and 3 levels of basement car parks erected thereon (then known as ‘THB Satu’) and bearing the postal address of 8, Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur for a cash consideration of RM32,400,000.
- (b) Sale and Purchase Agreement dated 29 November 2004 between ACRB and Chan Ai Chin for the disposal of 1 unit of office premises known as A9-3A located at the office block known as Block A, Megan Phileo Promenade, 189 Jalan Tun Razak, 50400 Kuala Lumpur to Chan Ai Chin for a cash consideration of RM1,244,390.
- (c) Memorandum of Understanding dated 28 April 2005 between ACRB and Bank Muamalat Malaysia Berhad (“BMMB”) in relation to the equity participation of BMMB in Avenue Asset Management Services Sdn Bhd (now known as Muamalat Avenue Sdn Bhd) (“MASB”), then a wholly-owned subsidiary of ACRB (“Equity Participation”). The Equity Participation involved the disposal by ACRB of its 60% equity interest in the enlarged share capital of MASB to BMMB for a cash consideration of RM6,300,000.

The Share Sale Agreement between ACRB and BMMB was signed on 2 September 2005 and the Equity Participation was completed on 12 January 2006.

- (d) Share Sale Agreement dated 19 January 2006 entered into between ACRB, AICB and ECM Libra for the purpose of the Proposed Merger.

5. Documents Available for Inspection

Copies of the following documents will be available for inspection at the Registered Office of ECM Libra at 8A Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur during normal business hours from Mondays to Fridays (except on public holidays) from the date of this Circular to the date of the EGM:

- (a) Memorandum and Articles of Association of ECM Libra, AICB and the ECM Libra Companies;
- (b) Audited financial statements of ECM Libra for the past two (2) financial years ended 31 March 2005 and 2004 and the unaudited financial results for the nine (9) months period ended 31 December 2005;
- (c) Audited financial statements of each of the ECM Libra Companies for the past two (2) financial years ended 31 March 2005 and 2004 and the unaudited financial results for the nine (9) months period ended 31 December 2005;

FURTHER INFORMATION

- (d) Audited financial statements of ACRB for the past two (2) financial years ended 31 January 2005 and 2004 and the unaudited financial results for the financial year ended 31 January 2006;
- (e) Letters of consent referred to in Section 2 above;
- (f) The relevant cause papers in respect of material litigations referred to in Section 3 above; and
- (g) The material contracts referred to in Section 4 above.

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ECM LIBRA BERHAD
(Company No: 288682-P)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of ECM Libra Berhad (“ECM Libra” or the “Company”) will be held at Anggerik Room, 4th Floor, Hotel Equatorial, Jalan Sultan Ismail, 50250, Kuala Lumpur on Monday, 17 April 2006 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following motions:-

ORDINARY RESOLUTION 1 – PROPOSED MERGER

“**THAT** subject to the approvals of all relevant authorities being obtained, **APPROVAL BE AND IS HEREBY GIVEN** for the Company to dispose of its entire equity interests in ECM Libra Capital Sdn Bhd, ECM Libra Capital Markets Sdn Bhd, ECM Libra Holdings Limited, ECM Libra Partners Sdn Bhd and ECM Libra Securities Sdn Bhd to Avenue International Capital Berhad (“AICB”) for a consideration to be satisfied by the issuance of 442,000,000 new ordinary shares in AICB to be credited as fully paid-up (“Proposed Merger”) and subject to the Board of Directors of the Company and AICB accepting condition(s), if any, imposed by the Securities Commission (“SC”) which includes such other number of shares for which the approval of the SC has been obtained and subject to and upon such terms and conditions of the Share Sale Agreement dated 19 January 2006 entered into between ECM Libra, AICB and Avenue Capital Resources Berhad;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things, and to execute, sign and deliver on behalf of the Company all such documents, as may be necessary to give full effect to the Proposed Merger with full powers to do all such acts and things as may be necessary and/or required by the relevant authorities and assent to and accept any conditions, modifications, variations and/or amendments in any manner as may be necessary and/or required by the relevant authorities or otherwise as the Directors of the Company may deem fit in their absolute discretion and to deal with all things in any manner as they may deem necessary or expedient in connection with the Proposed Merger.”

SPECIAL RESOLUTION 1 – PROPOSED DISTRIBUTION AND PROPOSED CAPITAL RECONSTRUCTION

“**THAT** subject to the passing of Ordinary Resolution 1 above and the approvals of all relevant authorities being obtained and the confirmation by the High Court of Malaya pursuant to Section 64 of the Companies Act, 1965, **APPROVAL BE AND IS HEREBY GIVEN** for the Company to :

- (1) distribute 433,000,000 new shares in the capital of AICB (“AICB Shares”) to the shareholders of the Company whose names appear in the Record of Depositors on a date to be determined by the Directors of the Company in their absolute discretion (“Date”) on a pro-rata basis based on the issued and paid-up share capital of the Company on the Date (“Proposed Distribution”), such capital distribution to be effected by way of reducing the amount of the par value of each share in the share capital of the Company (“ECM Libra Share”) such that the aggregate reduction to the issued and paid-up share capital of the Company is equal to the aggregate cost of investment of the 433,000,000 AICB Shares as may be determined by the Directors of the Company (“First Reduction”);
- (2) further reduce (“Second Reduction”) the par value of each ECM Libra Share by setting off so much of the accumulated losses of the Company (“Resultant Losses”) arising after the Proposed Merger as determined by the Directors of the Company (being the amount arising from the difference between the retained profits of the Company (if any) and the losses arising from the Proposed Merger) such that the aggregate issued and paid-up share capital of the Company after the First Reduction and the Second Reduction is equal to or no less than RM6,352,000;

- (3) reduce the share premium account to the extent required to set-off the balance of the Resultant Losses (if any) after the Second Reduction;
 - (4) after (1) and (2) above, consolidate the ECM Libra Shares with the reduced par value into such number of ECM Libra Shares of RM0.10 each;
- (the reduction of the issued and paid-up share capital, the reduction of the share premium account and the consolidation of the ECM Libra Shares as specified in (1) to (4) to be collectively referred to as “Proposed Capital Reconstruction”);

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things, and to execute, sign and deliver on behalf of the Company all such documents, as may be necessary to give full effect to the Proposed Distribution and Proposed Capital Reconstruction with full powers to do all such acts and things as may be necessary and/or required by the relevant authorities and assent to and accept any conditions, modifications, variations and/or amendments in any manner as may be necessary and/or required by the relevant authorities or otherwise as the Directors of the Company may deem fit in their absolute discretion and to deal with all things, including fractional entitlements, in any manner as they may deem necessary or expedient in connection with the Proposed Distribution and Proposed Capital Reconstruction.”

ORDINARY RESOLUTION 2 – PROPOSED DISPOSAL

“**THAT** subject to the passing of Ordinary Resolution 1 and Special Resolution 1 above and the approvals of all relevant authorities being obtained, if required, **APPROVAL BE AND IS HEREBY GIVEN** for the Company to sell, dispose, transfer or otherwise deal with the 9,000,000 new shares in the capital of AICB (or any part thereof) to be issued and allotted to the Company pursuant to the Proposed Merger (which are not distributed pursuant to the Proposed Distribution) for the benefit of the Company (“Proposed Disposal”)

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things, and to execute, sign and deliver on behalf of the Company all such documents, as may be necessary to give full effect to the Proposed Disposal as they may deem fit in their absolute discretion.”

By Order Of The Board

WONG SEONG CHO
AUDREY LEE BEE LIAN
Company Secretaries

Kuala Lumpur
24 March 2006

Notes:

1. If you wish to appoint other person(s) to be your proxy, delete the words “the Chairman of the meeting” and insert the name(s) and address(es) of the person(s) desired in the space so provided.
2. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain at his/her discretion.
3. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
4. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting provided that where a member of the Company is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. 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.
6. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
7. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at 8A Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.

ecmlibra
ECM LIBRA BERHAD
 (Company No: 288682-P)
 (Incorporated in Malaysia)

FORM OF PROXY

I/We.....
 of.....
 being a member/members of **ECM Libra Berhad** ("the Company"), hereby appoint.....

 of.....
 or failing him/her.....
 of.....

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held at Anggerik Room, 4th Floor, Hotel Equatorial, Jalan Sultan Ismail, 50250, Kuala Lumpur on Monday, 17 April 2006 at 10.00 a.m. , or at any adjournments thereof.

My/Our proxy/proxies is to vote either on show of hands or on a poll as indicated below with an "X":

	FOR	AGAINST
ORDINARY RESOLUTION 1		
SPECIAL RESOLUTION 1		
ORDINARY RESOLUTION 2		

Dated this day of 2006

.....
 Number of shares held Signature of Member(s)

Notes:

1. If you wish to appoint other person(s) to be your proxy, delete the words "the Chairman of the meeting" and insert the name(s) and address(es) of the person(s) desired in the space so provided.
2. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain at his/her discretion.
3. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
4. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting provided that where a member of the Company is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. 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.
6. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
7. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at 8A Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
ECM Libra Berhad (288682-P)
8A Floor, Wisma Genting,
Jalan Sultan Ismail,
50250 Kuala Lumpur

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