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Chairman's Statement



Tan Sri Dato' Mahmood bin Taib
Chairman

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of the MIDF Group for the year ended 31 December 2005.

For the year 2005, the Group focused on consolidating and strengthening its business fundamentals in the face of a challenging economic environment and an increasingly competitive marketplace. The thrust was to adopt a long-term perspective that would allow us to not only sustain our place in the domestic financial sector, but pave the way for growth.

In an operating environment beset by surging oil prices, the unpegging of the ringgit and rising interest rates, the Group's primary aim was to protect shareholder value.

Due mainly to increased provisioning for bad debts, the Group registered a lower pre-tax profit for the financial year ended 31 December 2005 of RM119.4 million, while the net profit was RM63.0 million. Although this was sharply lower compared to 2004, it should be noted that the 2004 results were augmented by a few sizeable non-recurring items. Given the challenging economic climate faced in 2005, the financial performance for the year, while not exemplary, was satisfactory.

CORPORATE DEVELOPMENTS

Acquisition of Utama Merchant Bank Berhad ("UMBB")

On 3 July 2005, the MIDF Group completed its acquisition of the remaining 14.9% equity stake in UMBB from HSBC Bank Malaysia Berhad. We now own 100% of UMBB, a licensed institution under the Banking and Financial Institutions Act 1989.

The Group has commenced with its plans to form an investment banking entity, pursuant to Bank Negara Malaysia's relevant Investment Banking Guidelines. On 13 December 2005, we submitted the proposals to the relevant authorities, to form a full-fledged investment banking unit under UMBB, with the objective to carry on the principal business as an investment bank.

Acquisition of Eng Securities Sdn Bhd ("ESSB")

The Group also acquired Eng Securities Sdn Bhd ("ESSB") (*excluding the business assets and liabilities*). This exercise was undertaken to comply with the 'Policy Framework for Stockbroking Industry Consolidation' and to support our plans to create an investment bank. The acquisition was completed on 11 March 2006.

With the above realised, together with full control of UMBB, the proposed investment bank will offer a full range of investment banking services and better leverage on our merchant banking, stockbroking and discount house businesses. This move will augur well for the business and shareholders alike, bringing improved and sustainable financial performance.

Corporate Branding

Critical to this plan would be the role of corporate branding, particularly for the proposed investment bank. Since January 2005, we commenced with the MIDF Group branding exercise, from brand audit, strategy development to brand identity creation. We will continue this process, to deliver an accurate and powerful message to the market.

The message is that we are a pioneer in the industry, possessing vast competence and experience supported by an enviable track record of success. We are stable and possess a strong foundation built on almost 50 years of excellence.

DIVIDENDS

I am pleased to announce that despite the Group's lower performance, we intend to maintain our dividend payout level. The Board is recommending a final dividend of 6 sen per share for the financial year ended 31 December 2005.

When added to the interim dividend of 3 sen per share paid in October 2005, the total dividend for the financial year 2005 totals 9 sen, and would be consistent with the dividend payout for the financial year ended 31 December 2004. Subject to the approval of shareholders at the Annual General Meeting, the final dividend will be paid on 10 July 2006 to shareholders on the register on 26 June 2006.

CARING CORPORATE CITIZEN

The MIDF Group has always stepped forward to fulfil its role as a caring corporate citizen. We measure our success not just in terms of profit, but also through the well being of our stakeholders. This includes our employees, our community and the environment we choose to operate in.

For 2005, through our various Corporate Social Responsibility initiatives, the Group contributed a total of RM75,000 toward Tsunami recovery efforts, disbursed through various charity organisations. Through MIEL, we also helped out by availing our factory building in Sungai Petani, Kedah as the collection and distribution center delivering aid to Tsunami victims.

Donations in cash and in kind were also made through Group companies. Deserving special mention would be the RM140,000 donation by Amanah Butler Malaysia Sdn Bhd to six local charities, during its annual charity event. The Group also contributed stationeries and *duit raya* to needy children throughout the Klang Valley when they were special guests at our 'Raya ala Kampung' event. Our charity efforts also touched those closest to the Company – our employees. Staff from the lower income bracket received school uniforms for their children through the MIDF – Development Finance Division's School Uniform Assistance Scheme.

PROSPECTS

From a macro economic perspective, the recently unveiled 9th Malaysia Plan is expected to spur economic activity, especially in the agriculture and information & communications technology (ICT) sectors. This positive outlook augurs well for the Group's medium-term prospects.

From an industry perspective, we expect a more robust and competitive financial services industry. Our efforts are currently directed towards realising plans to establish an investment bank which will be the main business driver for the Group going forward. The investment bank will underpin earnings for the Group in the future.



I remain confident that the MIDF Group's skilled and dedicated personnel will grasp the opportunity to build on our inherent strengths and vast experience to further enhance value for stakeholders.

ACKNOWLEDGEMENTS

On behalf of my colleagues on the Board, I would like to thank our shareholders, government and regulatory authorities, clients and business partners. We appreciate your continued support and confidence in us.

We wish to record our appreciation to Datuk Wira Mohamed Said bin Mohamed Ali for his dedication to the Group during his tenure as a Director. Our Group Managing Director, Dato' Mohd Sallehuddin bin Othman will be completing his contract of service on 7 July 2006 and will not be seeking re-election as Director. We would like to thank him for his valuable contributions to the Group.

The Board also extends its sincere appreciation to our management, the various committees and all employees for their tireless effort and good work throughout 2005. Your contributions were crucial to our accomplishments. Thank you and let's refocus our energies for a better 2006.

Tan Sri Dato' Mahmood bin Taib

Chairman

28 April 2006



Looking Ahead

We have sharpened our market focus to deliver added value for our clients. A dedication to service that exceeds customer expectations. Innovative products and solutions to strengthen our competitive position. We are doing what it takes to position ourselves structurally for future growth in the Group's businesses that offer a diverse portfolio; principally in Investment Banking, Asset Management, Development Finance and Property.

Performance Review by Group Managing Director



Dear Stakeholders,

As anticipated, 2005 had been a challenging year. We felt the full impact of increasing interest rates and the bearish equity market. Though the Group's performance in 2005 was not as exceptional as in the year before, it continued to be profitable, thanks to the underlying strength of our business.



Some key highlights for the year are:

- Group Pre-tax Profit of RM119.3 million and operating profit of RM114.1 million, despite facing an unstable and competitive business environment.
- A consistent dividend payout of 9 sen per share for the financial year ended 31 December 2005, subject to shareholders' approval including the interim of 3 sen per share paid in October 2005.
- 100% equity acquisition of Utama Merchant Bank Berhad.
- Group Shareholders' Funds stood at RM1.8 billion.
- Group Net Tangible Assets per share stood at RM1.88.
- Group Net Earnings per share of 6.6 sen.

2005 ECONOMIC REVIEW

The 5.3% GDP feat in 2005 is yet another testament of Malaysia's steadfastness in post-crisis years, in line with its long-term growth potential. Private sector-led growth continued to be the main feature of the Malaysian economy, allowing room for maneuver for the Government to narrow its fiscal deficit. Robust consumer spending and investment reflected the underlying strength of domestic demand, which combined, expanded by 7.3% in 2005.

GROUP PERFORMANCE OVERVIEW

	Pre-tax Profit			
	2005 RM'000 (a)	2004 RM'000 (b)	Variance RM'000 (a)-(b)	(%) (a)-(b)/(b)
Capital Market & Securities	69,717	166,262	(96,545)	(58)
Asset Management	3,214	75,967	(72,753)	(96)
Development Finance	16,014	20,470	(4,456)	(22)
Property	9,319	15,876	(6,557)	(41)
Investment Holding (net of consolidation adjustments)	2,088	7,864	(5,776)	(73)
Associated Companies:	19,001	14,365	4,636	65
Group PBT	119,353	300,804	(181,451)	(60)







Dato' Mohd Sallehuddin bin Othman
Group Managing Director

Terms of international trade remained largely in our favour, enabling Malaysia to maintain its position as the world's 17th largest trading nation. While real exports surged by 8.4% in 2005, real imports increased by 7.6%, mostly in the form of cheaper inputs from lower-cost production hubs in the region, of which re-use by the secondary and tertiary sectors could help enhance Malaysia's competitiveness. This could signal a shift in approach amongst Malaysian manufacturers (whose output grew 4.9% in 2005) in carving up niches while climbing up the value chain, realising the challenge to compete head-on for example with China or Vietnam in grassroots manufacturing in view of our current wage levels and prevailing foreign exchange environment.

With an impressive growth of 6.5%, the services sector was the star performer of 2005 although it continued to depend heavily on tourism for growth. Indeed, inbound tourism has climbed to an average of 1.4 million arrivals/month, thus responsible for much of the sector's growth in 2005. The construction sector, however, remained the worst-performing sector for two years in a row shrinking by another 1.6% in 2005.

Underpinned by high commodity prices and preferential treatments drawing from the Government's underlying goal for Malaysia to become a net food exporter by 2010, the agriculture sector expanded by 2.1% in 2005. Malaysia is now ranked third worldwide in terms of attractiveness by biotech investors. Meanwhile, the mining sector failed to capitalise on soaring energy and other mining commodity prices, with a mere growth of 0.8%, dumbfounding earlier expectations that 2005 would be the best year for the sector in the new millennium.

Despite a series of hikes in retail fuel prices, inflation appeared to remain under control as its benchmark measure, the overall CPI averaged at 3.1% in 2005. The unpegging of the ringgit in July 2005 for a shift towards a managed float, which has resulted in its gradual appreciation, may have helped ease some imported inflationary pressures. In November 2005, Malaysia, for the first time after the crisis, raised its policy interest rate, the Overnight Policy Rate, to check the potential threat on price stability as well as to keep up with monetary tightening mode worldwide.

Business
Divisional Performance

Capital Market and Securities





The Capital Market & Securities Division remained the largest contributor to the MIDF Group's earnings. For 2005, the Division's pre-tax portion of RM69.7 million amounted to 58.3% of total Group's earnings.

With the bond market seeing much activity as investors looked for alternatives to a sluggish equity sector, the Group's discount houses fared well, with the Division's main contributor, Amanah Short Deposits Berhad ("ASD") recording a pre-tax and zakat profit of RM76.4 million for the year ended 31 December 2005. From this amount, ASD's Skim Perbankan Islam operations contributed RM16.3 million or 21.3% of the total pre-tax profit. In terms of assets, ASD's stood at RM5.9 billion. Assets were highly capitalised, with total shareholder's equity amounting to RM409.1 million and Risk-Weighted Capital Ratio at 19.2%.

Despite stiff competition and changing fiscal policies, ASD's Capital Market Division had successfully secured mandates and arranged nine new issues of Private Debt Securities (PDS) amounting to RM1.1 billion, bringing in a fee income of RM14.9 million. ASD's focus on securing business growth from small to medium sized issues ranging from RM50 million to RM420 million, had paid off as ASD has managed to gain stronger footing in the small and medium issue niche, providing a wider business net, diversification in focus and greater potential to seize new opportunities.

CAPITAL MARKET & SECURITIES DIVISION

	Pre-tax Profit			
	2005	2004	Variance	
	RM'000	RM'000	RM'000	(%)
	(a)	(b)	(a)-(b)	(a)-(b)/(b)
Amanah Short Deposits Berhad	106,290	113,305	(7,015)	(6)
Malaysia Discounts Berhad	534	32,264	(31,730)	(98)
Fulton Prebon (M) Group	22	568	(546)	(96)
MIDF Sisma Holdings Sdn Bhd	531	17,278	(16,747)	(97)
MIDF Consultancy and Corporate Services Sdn Bhd	197	2,847	(2,650)	(93)
Utama Merchant Bank Berhad	(37,857)	-	(37,857)	-
	69,717	166,262	(96,545)	(58)

The environmental factors such as the tightening of the monetary policy to curb inflationary pressure, the oil price increase and the interest rate hike had resulted in lower yield in terms of profits and revenue when compared to 2004.

In addressing these challenges, ASD had adopted a cautious approach towards investment and trading. In addition, the market anticipation of a possible revaluation of the ringgit and a further widening gap of interest rate differential between the US Federal fund and OPR had led ASD to adopt defensive strategies to keep the portfolio's duration short.

Our other discount house, Malaysia Discounts Berhad ("MDB"), had performed reasonably well with active trading in the domestic bond market. Demand was further boosted by speculative buying from foreign players prior to the unpegging of the ringgit. MDB took this opportunity to realise some profit by disposing some of its position.

However, MDB's general good performance was undermined by a PDS bond default, and a full provision had been made to mitigate risk. After providing for the impairment loss on the defaulted bond, MDB's pre-tax profit for 2005 stood at RM534,000.

The Division's recently acquired merchant bank, Utama Merchant Bank Berhad ("UMBB") had, during the year under review, focused on intensifying loan recovery efforts and streamlining operations along the lines of the MIDF Group.

For the financial year ended 31 December 2005, UMBB recorded a pre-tax loss of RM37.9 million as compared to a pre-tax loss of RM45.2 million in the previous financial year. The loss was mainly due to specific provisions amounting to RM46.1 million caused mainly by the diminution in value and doubt on the enforceability of collaterals.

Corporate Finance is also slowly making progress, re-entering the competitive corporate finance market, after having been on the sidelines for several years due to the uncertainty over UMBB's future. Several mandates were secured from corporate clients to assist in the issuance of PDS during the later part of the year. UMBB has also managed to make inroads to a number of clients with whom it is now working to firm up mandates.

Pursuant to the requirements of the Guidelines on investment banks, jointly issued by Bank Negara Malaysia and the Securities Commission on 1 July 2005, the Group is currently in the process of rationalising our Capital Market and Securities Division, which involves the integration plan of the Group's merchant banking, stock-broking and discount house businesses to create an investment bank ("IB"), subject to approvals from the relevant authorities. The IB is expected to commence operations by end of 2006.

Business
Divisional Performance

Development Finance



The Group's Development Finance Division saw several of its companies, rallying against market sentiments, by achieving strong gains in revenue and profit. The Division is expected to continue to be a key business area for us in the near future in supporting the Group's overall business performance.

During the year under review, MIDF Berhad (Development Finance Division) ("DFI") reaped a pre-tax profit of RM30.2 million, a sizeable increase of 73.6% as compared to the preceding financial year. The huge margins earned were due to the decrease in provision for bad and doubtful debts coupled with increased interest income.

For the financial year ended 31 December 2005, the total provision for bad and doubtful debts amounted to RM7.2 million, compared to RM13.1 million in 2004. Income from loan operations amounted to RM66.7 million while non-operating income amounted to RM5.2 million as compared to RM56.7 million and RM3.8 million respectively for the preceding financial year ended 31 December 2004.

The DFI had approved a total of 314 financing facilities valued at RM532.9 million for the financial year ended 31 December 2005,

compared with 266 financing facilities for an aggregate value of RM469.6 million in 2004. Of the total approvals, 245 (78.0%) financing facilities of RM346.2 million (65.0%) were for expansion projects, 30 (9.6%) financing facilities of RM45.4 million (8.5%) were for diversification/relocation projects and the remaining 39 (12.4%) financing facilities of RM141.3 million (26.5%) were for new projects.

Building on the sound success achieved in 2004, the DFI expanded its market reach and presence with the opening of its Melaka branch office in August 2005. In its continuous efforts to spread market reach and to generate business expansion, the DFI had in September 2005 relocated its East Coast branch to a more visible and accessible location.

In addition, DFI had launched two new offerings: the launching of the Revolving Credit scheme as an additional product and the company serving as a Takaful Am intermediary which will increase its fee-based income.

The DFI's Fund for Cross Border Investment ("FCBI") in Manufacturing, a financing facility introduced at the end of 2004, was adjudged the winner of the Trade Development Category for the year 2005 amongst the 53 Members of the Association of Development Finance Institutions in Asia and the Pacific ("ADFIAP"). The accolade is bestowed to honour member-banks for implementing outstanding and innovative development projects that bring a socio-economic impact to their respective countries.

The factoring subsidiary, Amanah Factors Sdn Bhd, incurred for its first time a loss due to a specific position for doubtful debts on a debtor. For the year ended 31 December 2005, the Company incurred a pre-tax loss of RM14.8 million as compared to RM2.1 million in the preceding financial year.

Meanwhile, Amanah International Finance Sdn Bhd, in its first year since acquisition, contributed a pre-tax profit of RM529,000.

DEVELOPMENT FINANCE DIVISION

	2005 RM'000	Pre-tax Profit			
		2004 RM'000	Variance RM'000	(%)	
	(a)	(b)	(a)-(b)	(a)-(b)/(b)	
MIDF - DFI	30,245	17,393	12,852	74	
Amanah Factors Sdn Bhd	(14,777)	2,086	(16,863)	(808)	
Amanah International Finance Sdn Bhd	529	-	529	100	
MIMB Holdings Sdn Bhd*	17	991	(974)	(98)	
	16,014	20,470	(4,456)	(22)	

* Dormant

Business
Divisional Performance

Asset Management



The Asset Management Division experienced a slowdown in performance from several companies due to a harsher economic scenario. Nevertheless the Division's strong fundamentals via its robust companies is likely to spur a performance rebound in the upcoming fiscal year.



The Division's main contributor, Amanah SSCM Asset Management Berhad ("ASSCM") managed to record a pre-tax profit of RM9.0 million for the year ended 31 December 2005, 8.0% lower than that of 2004. Its shareholders' fund stood at RM14.0 million, compared to RM15.9 million at end of 2004, after net payment of total dividends (interim and proposed final) of 220%. As at 31 March 2006, ASSCM's funds under management stood at RM5.4 billion.

At the unit trust management subsidiary, Asia Unit Trusts Berhad ("AUTB") recorded a pre-tax loss of RM214,000 as compared to a pre-tax profit of RM559,000 for the preceding financial year. AUTB, added a few more accolades for its funds' performance whereby AUTB's Dana Bakti fund was awarded "The Edge-Lipper Malaysia Fund Awards 2006" for Best Equity

Islamic/Syariah Fund – 10 year period, ended 31 December 2005.

The Group's venture capital subsidiary, Amanah Ventures Sdn Bhd ("AVSB") reported a revenue of RM2.8 million and pre-tax profit of RM707,000 for the financial year ended 31 December 2005 with shareholders' fund of RM69.1 million. AVSB had invested a total of RM13.2 million in four companies since 2004 until end of 2005, and much effort had been put in monitoring the progress of the investee companies towards AVSB's successful exit.

Due to bearish market performance, Mint Victor (M) Sdn Bhd had recorded a pre-tax loss of RM6.0 million as compared to RM3.0 million in 2004 mainly from the diminution as value on the securities.

ASSET MANAGEMENT DIVISION

	Pre-tax Profit			
	2005 RM'000	2004 RM'000	Variance	
	(a)	(b)	(a)-(b)	(a)-(b)/(b)
Amanah SSCM Asset Management Berhad	9,010	9,792	(782)	(8)
Asia Unit Trusts Berhad	(214)	559	(773)	(138)
Amanah Property Trust Managers Group	(377)	(165)	(212)	(128)
Amanah Ventures Sdn Bhd	707	62,376	(61,669)	(99)
MIDF Aberdeen Asset Management Sdn Bhd*	48	435	(387)	(89)
Mint Victor (M) Sdn Bhd	(5,960)	2,970	(8,930)	(301)
	3,214	75,967	(72,753)	(96)

* Dormant

Business
Divisional Performance

Property





Given the challenging property market environment, the Division managed to contribute 7.8% to the Group's pre-tax profit.

The Malaysian Industrial Estates Berhad ("MIEL") Group recorded a lower pre-tax profit of RM2.8 million as compared to RM8.4million in previous year. The property sales portfolio showed an improvement of 13% contributing a revenue of RM34 million. This was attributable to the special Property Ownership Campaign launched during the year despite the inelastic demand and depressed margins. The tenancy management portfolio generated a steady rental revenue of RM34 million at an average occupancy rate of 75%. This was evidenced by the SMEs' preference to rent rather than buy.

The impairment loss on property for the year totalling RM5.7 million had contributed significantly to the drop in the pre-tax profit as compared to a net write-back of RM1.5 million in the previous year. The subsidiaries, MIEL Logistics Sdn Bhd and P.T. MIEL Nusantara Development ("PTMND"), both registered moderate revenue this year but incurred marginal loss due to the competitive environment, higher operating expenditure and foreign exchange loss.

PROPERTY DIVISION

	Pre-tax Profit			
	2005	2004	Variance	
	RM'000	RM'000	RM'000	(%)
	(a)	(b)	(a)-(b)	(a) (b)/(b)
Malaysian Industrial Estates Berhad	2,788	8,440	(5,652)	(67)
Amanah Scotts Sdn Bhd	(19)	23	(42)	(183)
Amanah Scotts Properties (KL) Sdn Bhd	7,754	7,380	374	5
Amanah Capital Property Management Sdn Bhd	234	408	(174)	(43)
Amanah Capital Properties (Pulau Pinang) Sdn Bhd	(1,438)	(400)	(1,038)	(260)
Amanah Pilecon Sdn Bhd*	-	23	(23)	(100)
	9,319	15,874	(6,555)	(41)

* Under liquidation

For new property development, under the non-traditional market, the year also saw MIEL successfully completing a special project in converting a flatted factory complex into a college institution building under the Tenancy with Option to Purchase scheme. Also during the year, PTMND completed its Phase III ready-built factories in Medan, Indonesia. Total carrying amount of investments in property assets to date is RM507 million comprising RM32 million in fixed assets, RM93 million in landbanks, RM132 million in investment properties and RM250 million in current inventories.

For the financial year under review, Amanah Scott Properties (KL) Sdn Bhd ("ASPKL") posted a pre-tax profit of RM7.8 million as compared to RM7.4 million in the previous year. The improvement was mainly attributable to higher revenue per available unit as a result of the strong improvement in occupancy and yields. In addition, the 2005 performance was achieved despite the absence of the gain on disposal of two penthouses amounting to RM2.7 million in 2004.

ASSOCIATE COMPANIES

The Group's associate companies – Amanah Butler Malaysia Sdn Bhd, Amanah Ascott Management Sdn Bhd and Mitsui Sumitomo Insurance (Malaysia) Berhad ("Mitsui") remained

profitable, registering a total pre-tax profit of RM19 million. As in the previous year, a major slice of the earnings came from general insurer, Mitsui, whose continued robust performance in the general insurance business boosted overall contributions. Mitsui delivered earnings of RM17.4 million, a rise by RM5.0 million compared to 2004.

BETTER GROWTH IN 2006

The Group expects the Malaysian economy to continue posting commendable expansion rate in 2006, a slightly faster pace of 5.5% compared to 2005. For 2006, a pick-up in economic activities is expected to be broad-based while inflation, driven largely by cost-push factors, is forecast to be on the high-side with the CPI averaging at 3.7% throughout the year.

Both domestic and external demand is expected to fuel economic growth although the latter is deemed to have a greater impact on the back of improving global economic conditions. Apart from the expected rebound in the global electronics industry, which has been instrumental in shoring up overseas sales of made-in-Malaysia goods, riding on strong commodity prices is another facet of Malaysia's export performance in 2006. Blessed with abundant natural resources as well as being the regional hub for some major secondary and tertiary economic activities, Malaysia should be able to withstand any external shocks.

Evidence of the nation's resilience can be seen from the ringgit's stable performance, sizable foreign reserves and a healthy current account balance. Private sector-led initiatives should relieve the fiscal strain on the Government while monetary policy is expected to remain rather accommodative despite possible further OPR hikes, hovering around 3.75% by year-end.

In view of the challenges brought about by the economic and financial liberalisation measures as well as the developments in shaping the financial landscape, the policy thrust of the Malaysian financial sector will focus on enhancing the role, capacity and contribution of the financial sector in the economic growth and transformation, in line with the strategies outlined in the Ninth Malaysia Plan. While the Financial Sector Master Plan has entered its second phase, the Malaysian financial sector is gearing up for the approaching implementation date of the new Basel Capital Accord (Basel II) and the international prudential standards issued by the Islamic Financial Services Board for the Islamic financial system. The emergence of investment banks, following the introduction of the investment bank framework in March 2005 should be part of the process for the Malaysian capital market to attain its maturity.



APPRECIATION

I wish to thank all those who have assisted us in our efforts. In particular, our employees who have dedicated hard work and enthusiasm throughout 2005 and our shareholders for their continued faith and confidence in the Group. I look forward to their continued loyalty and support in the coming financial year as we set our sights for greater financial peaks and horizons of achievement in 2006.

We aspire to place the MIDF Group as one of the leading financial services providers in the country. I am certain that with our portfolio of good businesses along with hard work from our talented team, the Group is in excellent shape to achieve this and simultaneously grow in value and competitiveness over the coming years.

Dato' Mohd Sallehuddin bin Othman
Group Managing Director

28 April 2006



Building Relationships

In every marketplace that we serve, we aspire to be known as an organisation that builds relationships with, and delivers value for, its clients, shareholders, employees and communities. Our values of integrity, commitment and excellence form the foundation for our continuing success.

Corporate Information

Board of Directors

Chairman

Tan Sri Dato' Mahmood bin Taib

Deputy Chairman

Dato' Mohamed Ghaus bin Badioze Zaman

Directors

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Haji Wan Ya'acob

Dato' Kalsom binti Abdul Rahman

Ir. Dr. Haji Muhamad Fuad bin Abdullah *

Dato' Mohamed Ramli bin Mat Wajib

Dato' N. Sadasivan s/o N. N. Pillay *

Puan Zaiton binti Mohd Hassan *

Dato' Mohd Sallehuddin bin Othman

(Group Managing Director)

Datuk Wira Mohamed Said bin Mohamed Ali *

(Retired w.e.f. 12 May 2005)

** Independent Non-Executive Directors of MIDF*

Secretaries

Shahnaz Radhiah binti Zulkifli

Azizah Hanum binti Hj. Md. Tamat

(Resigned w.e.f. 16 September 2005)

Registered Office

21st Floor, Bangunan Amanah Capital
82, Jalan Raja Chulan, 50200 Kuala Lumpur
P. O. Box 12171, 50768 Kuala Lumpur
Tel: 03-2161 9011
Fax: 03-2163 1451
Website: www.midf.com.my

Auditors

KPMG

Chartered Accountants

Solicitors

Messrs Zain & Co.

Registrar

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose
Capital Square, No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2721 2222
Fax: 03-2721 2530

Main Bankers

Malayan Banking Berhad
Public Bank Berhad

Stock Exchange Listing

The Main Board of
Bursa Malaysia Securities Berhad

Executive Committee

Chairman

Tan Sri Dato' Mahmood bin Taib

Deputy Chairman

Dato' Mohamed Ghaus bin Badioze Zaman

Members

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Haji Wan Ya'acob

Dato' Mohamed Ramli bin Mat Wajib

Dato' Kalsom binti Abdul Rahman

Dato' Mohd Sallehuddin bin Othman

Board Audit and Risk Management Committee

Chairman

Dato' N. Sadasivan s/o N. N. Pillay

(Appointed w.e.f. 12 May 2005)

Datuk Wira Mohamed Said bin Mohamed Ali

(Resigned w.e.f. 12 May 2005)

Members

Ir. Dr. Haji Muhamad Fuad bin Abdullah

Puan Zaiton binti Mohd Hassan

Employee Share Option Scheme Committee

Chairman

Dato' Kalsom binti Abdul Rahman

(Appointed w.e.f. 9 March 2006)

Datuk Wira Mohamed Said bin Mohamed Ali

(Resigned w.e.f. 12 May 2005)

Member

Ir. Dr. Haji Muhamad Fuad bin Abdullah

(Appointed w.e.f. 12 May 2005)

Nomination and Remuneration Committee

Chairman

Dato' N. Sadasivan s/o N. N. Pillay

(Appointed w.e.f. 9 March 2006)

Members

Tan Sri Dato' Mahmood bin Taib

Dato' Mohamed Ramli bin Mat Wajib

(Appointed w.e.f. 9 March 2006)

Ir. Dr. Haji Muhamad Fuad bin Abdullah

Puan Zaiton binti Mohd Hassan

(Appointed w.e.f. 28 February 2006)

Shariah Committee

Chairman

Ir. Dr. Haji Muhamad Fuad bin Abdullah

Members

Datuk Dr. Syed Othman Alhabshi

Datuk Haji Muhamad Asri bin Haji Abdullah

Special Branding Committee

Members

Dato' Mohamed Ghaus bin Badioze Zaman

Dato' Kalsom binti Abdul Rahman

Dato' Mohd Sallehuddin bin Othman

Board of Directors



From left to right: Tan Sri Dato' Mahmood bin Taib (Chairman), Dato' Mohd Sallehuddin bin Othman (Group Managing Director), Puan Zaiton binti Mohd Hassan, Ir. Dr. Haji Muhamad Fuad bin Abdullah, Dato' Mohamed Ghaus bin Badioze Zaman (Deputy Chairman), Dato' N. Sadasivan s/o N.N. Pillay, Dato' Mohamed Ramli bin Mat Wajib, Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Haji Wan Ya'acob, Dato' Kalsom binti Abdul Rahman

Profile of Directors



Tan Sri Dato' Mahmood bin Taib

Malaysian, 67 years of age, Chairman, Non-Independent Non-Executive Director

The Chairman of MIDF is also the Chairman of the Executive Committee (EXCO) and a member of the Nomination and Remuneration Committee of MIDF. He is also the Chairman of UMBB, ACP, MVSB, MIDFIH and the MIDF Staff Provident Fund. He was appointed to the Board and as Chairman on 16 January 2001. He graduated from the University of Malaya, Kuala Lumpur and had attended the University Administration Course at the University of Wisconsin, USA and the Business Course at the Graduate School of Business, Stanford University, USA. He has served in various capacities in the public service, including positions as the Assistant Secretary to the Ministry of Foreign Affairs, Assistant Secretary to the Ministry of Information, Deputy-Secretary to the Ministry of Education, Secretary-General to the Ministry of Health and Director-General of the Public Services Department. His last position in the public service was as the Chairman of the Public Services Commission and as the Chairman of the Legal & Judicial Services Commission, prior to his retirement in December 2000.

Tan Sri Dato' Mahmood has no family relationship with any other Director/major shareholder of MIDF and has attended thirteen (13) Board of Directors' meetings during the financial year ended 31 December 2005. He has no conflict of interest with MIDF and has not been convicted for offences within the past 10 years.



Dato' Mohamed Ghaus bin Badioze Zaman

Malaysian, 70 years of age, Deputy Chairman, Non-Independent Non-Executive Director

The Deputy Chairman of MIDF and the EXCO as well as a member of the MIDF Special Branding Committee. He was appointed to the Board on 21 April 1989. He is also the Chairman of MIEL, PTMND, MSHSB, MSSSB and ASPKL, companies within the MIDF Group. He graduated from the University of Malaya in Singapore with a Bachelor of Arts (Economics) degree and had attended the Advanced Management Programme Stanford – INSEAD, Fontainebleau, France and various other professional courses in Finance, Marketing and Investment in the UK, USA and Canada. He has held positions as the Managing Director and Chairman of Malaysian Tobacco Company Berhad, Chairman of Malaysian National Insurance Berhad, MNI Offshore Insurance (Labuan) Ltd, MNI Life International (L) Ltd and Perbadanan Nasional Berhad as well as Director of MNI Holdings Bhd. He is currently a Director of UMBB and also the Chairman and Director of several private companies. He also served as a Director with Bank Negara Malaysia from February 1983 to January 1989 and as Vice-President of the Federation of Malaysian Manufacturers from 1980 to 1985.

Dato' Mohamed Ghaus has no family relationship with any other Director/major shareholder of MIDF and has attended thirteen (13) Board of Directors' meetings during the financial year ended 31 December 2005. He has no conflict of interest with MIDF and has not been convicted for offences within the past 10 years.



Dato' Mohd Sallehuddin bin Othman

Malaysian, 54 years of age, Non-Independent Executive Director

A member of the EXCO and the Special Branding Committee, he is a trustee of the MIDF Staff Provident Fund, a Director of MIEL, MIDFIH, OMSB, MVSB, MSHSB, MSSSB, MIDFCCS, UMBB, ASSCM, MSIB, UMB Nominees (Tempatan) Sdn Bhd and UMB Nominees (Asing) Sdn Bhd, ACP and Amanah Millenia Fund Berhad (formerly known as Amanah Smallcap Fund Berhad). He is also a Commissioner of PTMND and Chairman of Offshore Works Holdings Sdn Bhd.

He was appointed to the Board on 2 January 2001. He holds a Masters degree from City University, London and is a fellow of the Chartered Association of Certified Accountants, United Kingdom. He is also a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He spent more than five years with the Asian Development Bank in Manila. He was previously with Permodalan Nasional Berhad from 1986 to 1994 before assuming the post of Executive Director, UMW Holdings Berhad. His last post before joining MIDF was as the Group Managing Director of UMW Holdings Berhad.

Dato' Mohd Sallehuddin has no family relationship with any other Director/major shareholder of MIDF and has attended thirteen (13) Board of Directors' meetings during the financial year ended 31 December 2005. He has no conflict of interest with MIDF and has not been convicted for offences within the past 10 years.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Haji Wan Ya'acob
 Malaysian, 64 years of age, Non-Independent Non-Executive Director

A member of the EXCO and a Director of MVSMB, he was appointed to the Board on 8 April 1998. He holds a Diploma in Civil & Structural Engineering from Brighton College of Technology (now known as Brighton University), United Kingdom and has also attended the Advanced Management Programme at the Harvard Business School, Harvard University, Boston, USA. He was conferred an Honorary Degree of Doctor of Engineering by the University of Birmingham, United Kingdom in 1994 and received an award from the Institute of Engineers Malaysia for his contributions and role in the nation's infrastructural development. He was with the Ministry of Works for 32 years and had served as the Director-General of the Public Works Department before his retirement in 1996. He was also previously the Chairman of the Board of Engineers Malaysia and the Malaysia Construction Industry Development Board as well as the President of the Road Engineering Association of Malaysia. He is also a council member of the Road Engineering Association of Asia and Australasia, the Road Engineering Association of Malaysia and the Institute of Highway and Transportation (Malaysia Branch). Additionally, he is also a member of the Board of Trustee of Yayasan Telekom Malaysia, Rayuan Akta Arkitek Malaysia 1967 and the Institute of Sultan Iskandar as well as the Board of Directors of Universiti Teknologi Malaysia. He is currently the Chairman of the Malaysian Standard & Accreditation Council, Lingkaran Trans Kota Holdings Berhad, Lysaght Galvanized Steel Berhad and IJM Corporation Berhad. He is also a Non-Executive Director of Malaysia Mining Corporation Bhd, Northport Corporation Berhad, Sime UEP Properties Berhad, Bank of America Malaysia Berhad and Saujana Consolidated Bhd.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman has no family relationship with any other Director/major shareholder of MIDF and has attended twelve (12) Board of Directors' meetings during the financial year ended 31 December 2005. He has no conflict of interest with MIDF and has not been convicted for offences within the past 10 years.



Dato' Kalsom binti Abdul Rahman
 Malaysian, 57 years of age, Non-Independent Non-Executive Director

The Chairman of the ESOS Option Committee and a member of the EXCO and the MIDF Special Branding Committee. She was appointed to the Board on 22 February 2001 and is the Chairman of AIFSB. She holds a Bachelor of Economics (Honours) degree from the University of Malaya and a Masters degree in Business Administration (Finance) from the University of Oregon, USA. She has served in various capacities in the Ministry of International Trade and Industry (MITI) including as the Director of Industrial Development and Minister Counsellor (Economics Affairs) of the Mission of Malaysia to the European Union, Brussels, Belgium and her last position was as Deputy Secretary-General (Industry) of MITI. Currently, she is the Chairman of the Small and Medium Industries Development Corporation (SMIDEC) as well as the Director of Invest-In-Penang Berhad. Other public companies in which she is a Director are BSL Corporation Berhad, Chemical Company of Malaysia Berhad, Lion Forest Industries Berhad, Hyundai Sime Darby Berhad (formerly known as Hyundai Berjaya Corporation Bhd) and Malaysian International Shipping Corporation Berhad. She is also a Director and Chairman of several private companies.

Dato' Kalsom has no family relationship with any other Director/major shareholder of MIDF and has attended thirteen (13) Board of Directors' meetings during the financial year ended 31 December 2005. She has no conflict of interest with MIDF and has not been convicted for offences within the past 10 years.



Ir. Dr. Haji Muhamad Fuad bin Abdullah
 Malaysian, 52 years of age, Independent Non-Executive Director

He is the Chairman of MIDF Shariah Committee and a member of the Board Audit and Risk Management Committee, the Nomination and Remuneration Committee and the ESOS Option Committee. He was appointed to the Board on 28 April 2003. He holds a Bachelor of Electrical Engineering (Honours) degree and MPhil. in Electrical Engineering from University of Southampton. He also holds a Doctorate in Islamic Civilisation from University of Aberdeen, Scotland and a BA (Jaiyyid) Syariah from Jordan University, Amman, Jordan. He is a Fellow of the Institution of Engineers Malaysia, a member of the Institution of Electrical and Electronics Engineers and Chartered Institute of Arbitrators. He is also an accredited mediator of the Construction Industry Development Board Malaysia and a registered syariah lawyer of Majlis Agama Islam Negeri Perak. He is a professional Engineer with Lembaga Jurutera Malaysia and the ASEAN Engineers Register. He had served as an Electrical Engineer with the Public Works Department, Engineering Logistics Manager with Uniphone Sdn Bhd, a tutor with Universiti Kebangsaan Malaysia, Vice President of Kolej UNITI and Chief Executive Officer of Kausar Corporation Sdn Bhd. He is currently a Director of Island & Peninsular Berhad and several private companies.



Ir. Dr. Haji Muhamad Fuad has no family relationship with any other Director/major shareholder of MIDF and has attended thirteen (13) Board of Directors' meetings during the financial year ended 31 December 2005. He has no conflict of interest with MIDF and has not been convicted for offences within the past 10 years.

Dato' Mohamed Ramli bin Mat Wajib

Malaysian, 67 years of age, Non-Independent Non-Executive Director

A member of the EXCO and the Nomination and Remuneration Committee, he was appointed to the Board on 1 June 2004. He is also the Chairman of ASDB, AFSB, AAHSB, AMHSB and AESB, companies within the MIDF Group. He holds a Bachelor of Arts (Honours) degree in Economics from the University of Exeter, England, a Diploma in Development Economics from the University of Oxford and a Masters degree in Public Administration (Economics) from the University of Harvard, USA. He has served in various capacities in the Federal Treasury and as Executive Director of Islamic Development Bank based in Jeddah, Saudi Arabia and the World Bank based in Washington DC. He was Deputy Secretary-General of Treasury and Secretary-General of the Ministry of Health prior to his retirement. He is currently the Chairman of Pharmaniaga Logistics Sdn Bhd.

Dato' Mohamed Ramli has no family relationship with any other Director/major shareholder of MIDF and has attended eleven (11) Board of Directors' meetings during the financial year ended 31 December 2005. He has no conflict of interest with MIDF and has not been convicted for offences within the past 10 years.



Dato' N. Sadasivan s/o N. N. Pillay

Malaysian, 66 years of age, Independent Non-Executive Director

He is the Chairman of the MIDF Board Audit and Risk Management Committee and the Nomination and Remuneration Committee. He was appointed to the Board on 1 June 2004. He holds a Bachelor of Arts (Honours) degree majoring in Economics from the University of Malaya. He previously held the position of Economist in the Singapore Economic Development Board and Director-General of Malaysian Industrial Development Authority. Other public companies in which he is a Director are Chemical Company of Malaysia Berhad, Petronas Gas Berhad, Leader Universal Holdings Berhad, APM Automotive Holdings Berhad, Malaysian Airline System Berhad and Yeo Hiap Seng (Malaysia) Berhad. Dato' Sadasivan is also a Director of Bank Negara Malaysia, Pengurusan Danaharta Nasional Berhad, the national asset management company of Malaysia, Incab Industries Limited (Calcutta, India) and several private companies.

Dato' N. Sadasivan has no family relationship with any other Director/major shareholder of MIDF and has attended eleven (11) Board of Directors' meetings during the financial year ended 31 December 2005. He has no conflict of interest with MIDF and has not been convicted for offences within the past 10 years.



Puan Zaiton binti Mohd Hassan

Malaysian, 49 years of age, Independent Non-Executive Director

A member of the MIDF Board Audit and Risk Management Committee and the Nomination and Remuneration Committee as well as a Director of AIFSB, she was appointed to the Board on 8 July 2004. She is a Fellow of the Chartered Association of Certified Accountants, United Kingdom and a member of the Malaysian Institute of Certified Public Accountants. She had served as an Auditor with Pricewaterhouse and thereafter, joined Bank Pembangunan (M) Bhd. She then served Malayan Banking Berhad for 12 years, her last position as General Manager, Corporate Planning, before becoming President of Malaysian Rating Corporation Berhad (MARC) in 1996. She left MARC in September 2004 and is currently the Managing Director of Capital Intelligence Advisors Sdn Bhd. She is a Commission member and Chairman of the Investment Committee of Suruhanjaya Syarikat Malaysia and a member of the Investment Committee of Amanah Saham Nasional, ASN2, ASN3 Iimbang and Amanah Saham Gemilang. She is also a Director of Mesiniaga Berhad, PFM Capital Holdings Berhad, Credit Guarantee Corporation Malaysia Berhad, Amanah Millenia Fund Berhad (formerly known as Amanah Smallcap Fund Berhad), BIMB Holdings Berhad, Bank Islam Malaysia Berhad and several private companies.

Puan Zaiton has no family relationship with any other Director/major shareholder of MIDF and has attended twelve (12) Board of Directors' meetings during the financial year ended 31 December 2005. She has no conflict of interest with MIDF and has not been convicted for offences within the past 10 years.



Management Team

Group Managing Director

1. **Dato' Mohd Sallehuddin bin Othman**

Chief Operating Officer

2. **Encik Mohd. Najib bin Haji Abdullah**

Director, Group Finance, Information Technology and Organisations & Methods

3. **Encik Allen N. Lopez**

Director, Group Risk Management

4. **Encik Eugene Hon Kah Weng**

Head, Group Strategic Planning & Business Development

5. **Encik Rashid bin Ismail**

Head, Group Human Resources & Administration

6. **Encik Abdul Aziz bin Yusof**

Head, Group Communications & Investor Relations

7. **Encik Zulkefli bin Yahya**

Head, Group Secretarial & Legal/Company Secretary

8. **Puan Shahnaz Radhiah binti Zulkifli**

Head, Group Control Assurance Services

9. **Encik Ahmad Rafidi bin Harun**

Chief Operating Officer, MIDF - Development Finance Division

10. **Encik Jamaludin bin Hasan**

Executive Director, Amanah Butler Malaysia Sdn Bhd

11. **Encik Ghulam Mustapha bin Abdul Ghani**

Executive Director, Amanah Factors Sdn Bhd

12. **Encik Bobby Ho Chee Choong**

Executive Director, Amanah International Finance Sdn Bhd

13. **Encik Kamal bin Yusoff**

Chief Operating Officer, Amanah Short Deposits Berhad

14. **Encik Megat Mohd Yatim bin Megat Hamid**

Executive Director, Amanah SSCM Asset Management Bhd

15. **Encik Iskander bin Ismail**

Chief Executive Officer, Asia Unit Trusts Bhd

16. **Encik Ahkter bin Abdul Manan**

Executive Director, Fulton Prebon (Malaysia) Sdn Bhd

17. **Encik Lee Cheong Tuck**

Executive Director, Malaysia Discounts Berhad

18. **Encik Md. Rahim bin Samaon**

General Manager, MIDF Consultancy and Corporate Services Sdn Bhd

19. **Tuan Haji Mohamad Shuib bin Haji Abdul Ghani**

General Manager, Amanah Ventures Sdn Bhd

20. **Shaik Taufik bin Shaik Yusoff**

Executive Director - Operations, MIDF Sisma Securities Sdn Bhd

21. **Sheikh Shahrudin bin Sheikh Salim**

Chief Executive Officer/Director, Malaysian Industrial Estates Berhad

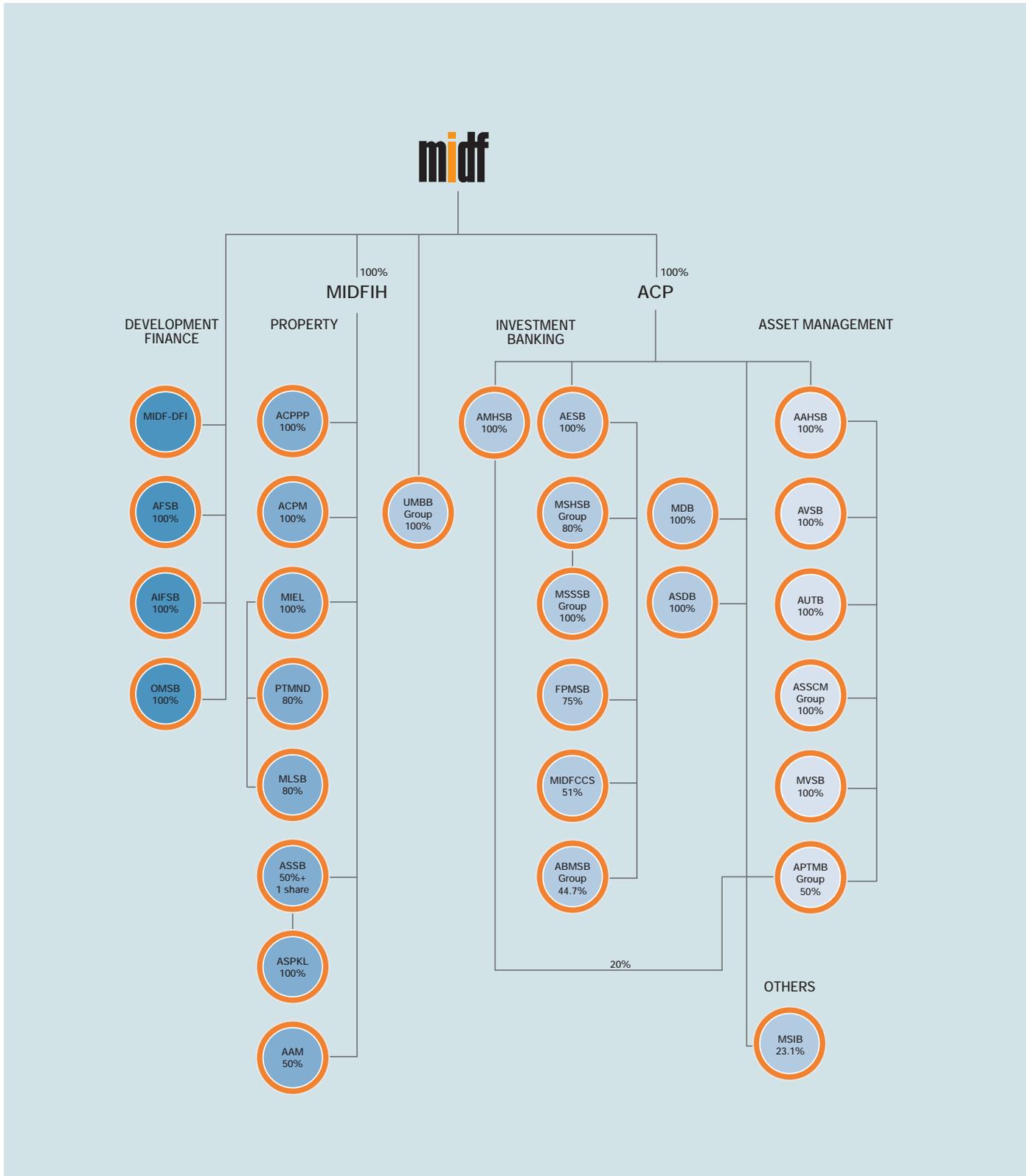
22. **Encik Azmi bin Tambi Chik**

Chief Executive Officer/Director, Utama Merchant Bank Berhad

23. **Dato' Megat Hisham bin Megat Mahmud**



Group Corporate Structure as at 31 December 2005



MIDF Group At A Glance

MIDF: Malaysian Industrial Development Finance Berhad

INVESTMENT HOLDING COMPANIES

AAHSB: Amanah Asset Holding Sdn Bhd

ACP: Amanah Capital Partners Berhad

AESB: Amanah Equities Sdn Bhd

MIDFIH: MIDF Investment Holdings Sdn Bhd

● INVESTMENT BANKING

ABMSB: Amanah Butler Malaysia Sdn Bhd
Group and its subsidiary

AMHSB: Amanah Merchant Holding Sdn Bhd

ASDB: Amanah Short Deposits Berhad

FPMSB: Fulton Prebon (Malaysia) Sdn Bhd

MDB: Malaysia Discounts Berhad

MIDFCCS: MIDF Consultancy and Corporate
Services Sendirian Berhad

MSHSB: MIDF Sisma Holdings Sdn Bhd
Group and its subsidiaries

MSSSB: MIDF Sisma Securities Sdn Bhd
Group and its subsidiaries

UMBB: Utama Merchant Bank Berhad
Group and its subsidiaries

● DEVELOPMENT FINANCE

AFSB: Amanah Factors Sdn Bhd

AIFSB: Amanah International Finance Sdn Bhd

MIDF-DFI: MIDF - Development Finance Division

OMSB: Omega Matrix (M) Sdn Bhd

○ OTHERS

MSIB: Mitsui Sumitomo Insurance
(Malaysia) Berhad

○ ASSET MANAGEMENT

APTMB: Amanah Property Trust Managers
Group Berhad and its subsidiaries

ASSCM: Amanah SSCM Asset Management
Group Berhad and its subsidiaries

AVSB: Amanah Ventures Sdn Bhd

AUTB: Asia Unit Trusts Berhad

MVSB: Mint Victor (M) Sdn Bhd

● PROPERTY

AAM: Amanah Ascott Management Sdn Bhd

ACPM: Amanah Capital Property Management
Sdn Bhd

ACPPP: Amanah Capital Properties
(PP) Sdn Bhd

ASPKL: Amanah Scotts Properties (KL) Sdn Bhd

ASSB: Amanah Scotts Sdn Bhd

MIEL: Malaysian Industrial Estates Berhad

MLSB: MIEL Logistics Sdn Bhd

PTMND: P.T. MIEL Nusantara Development

Note : The above structure does not include dormant companies and companies which are currently under voluntary winding-up exercise.

Financial Calendar

12 May 2005

MIDF held its 45th Annual General Meeting.

26 May 2005

Announcement on the unaudited consolidated results of the MIDF Group for the financial quarter ended 31 March 2005.

3 June 2005

Completion of the acquisition of 14.9% equity interest in Utama Merchant Bank Berhad by MIDF from HSBC Bank Malaysia Berhad.

29 August 2005

Announcement on the unaudited consolidated results of the MIDF Group for the financial quarter ended 30 June 2005.

7 September 2005

Book closure dates for determining the entitlement for the interim dividend.

14 October 2005

Date of payment of interim dividend of 3% less 28% income tax in respect of the financial year ended 31 December 2005.

29 November 2005

Announcement on the unaudited consolidated results of the MIDF Group for the financial quarter ended 30 September 2005.

28 February 2006

Announcement on the unaudited consolidated results of the MIDF Group for the financial quarter ended 31 December 2005.

10 March 2006

Completion of the acquisition of Eng Securities Sdn Bhd (without the business assets and liabilities) by MIDF for MIDF Sisma Securities Sdn Bhd.

Calendar of Key Events

11 January 2005

01. **AUTB BRAND AWARENESS CAMPAIGN** Asia Unit Trusts Berhad ("AUTB"), in collaboration with MEASAT Broadcast Network Systems Sdn Bhd ("Astro") launched a one-month promotional exercise for the investing public nationwide as part of its Brand Awareness Campaign 2005. To kick-start the campaign, AUTB held a four-day event called "AUTB Investment Fair 2005" to spark the public's interest. Apart from attracting investment, the campaign aimed at creating awareness on the Company's presence, products and services.



20 April 2005

02. **MSAM 2005** At the opening ceremony of Minggu Saham Amanah Malaysia ("MSAM") 2005, Prime Minister Dato' Seri Abdullah Ahmad Badawi visited the MIDF booth where he was handed a token of appreciation from MIDF, a painting entitled *The Dream*, a creative artwork produced by the Prime Minister's own grandchildren. The painting was auctioned at the Daisy Chains Project Charity Auction where proceeds from the auction were channeled to the Malaysian Federation of the Deaf.



22 April 2005

03. **"NURTURING INVESTMENTS FROM YOUNG" CAMPAIGN** AUTB launched its "Nurturing Investments From Young" campaign in conjunction with MSAM 2005. In collaboration with Astro, AUTB had invited several celebrities to be the main highlights of the event and handed over sponsorship of unit trusts to the aspiring stars as part of AUTB's campaign.



11 May 2005

04. **MIDF DFI's "FUND FOR CROSS BORDER INVESTMENT" WINS AWARD** MIDF DFI's financing facility called *Fund for Cross Border Investment in Manufacturing* was adjudged Winner of Trade Development Category amongst 53 members of the *Association of Development Finance Institution in Asia and Pacific* ("ADFIAP") for 2005. ADFIAP recognises MIDF's cutting edge role in improving the country's investment through the Fund, thereby cementing its lead position in promoting Malaysian investments in Asia. In addition to this Award, MIDF also won the *First Payor Award*, an award introduced for the first time by ADFIAP to recognise its members with the best subscription fee payment record.





12 May 2005

05. **MIDF'S 45th ANNUAL GENERAL MEETING** MIDF Berhad held its 45th Annual General Meeting and announced its audited consolidated results for the financial year ended 31 December 2004.



17 May 2005

06. **TANJUNG OFFSHORE BERHAD PUBLIC BALLOT** MIDF Consultancy and Corporate Services Sendirian Berhad ("MIDFCCS") arranged a computerised Public Ballot ceremony for Tanjung Offshore Berhad's Public Issue.



27 May 2005

07. **TECHFAST HOLDINGS BERHAD PUBLIC BALLOT** MIDFCCS arranged a computerised Public Ballot ceremony for Techfast Holdings Berhad's Public Issue.

28 May 2005

08. **MIDF ANNUAL DINNER AND LONG SERVICE AWARDS** MIDF Berhad held its Annual Dinner at Mandarin Oriental Hotel, Kuala Lumpur. As the event's guest of honour, Minister of International Trade and Industry Datuk Seri Rafidah Aziz presented Long Service Awards to deserving staff of 10, 20 and 30 years in service.



6 June 2005

09. **ASD AT RAM LEAGUE AWARDS 2005** Amanah Short Deposits Berhad ("ASD") was crowned League Top New Entrant 2004 for RAM Achievement Awards 2004 during a RAM League Awards ceremony. The award is an indicator and yardstick on the progressiveness of the nation's capital market.

8 June 2005

10. **SIXTH YEAR OF ZAKAT** ASD handed over RM249,000 business zakat from its Islamic Banking Scheme ("SPI") operations to Pusat Pungutan Zakat Wilayah Persekutuan. For the year ended 31 December 2004, the SPI Unit had successfully attained pre-tax profit and zakat of RM16.25 million. This represents a 14.3 per cent contribution to ASD's entire profit before taxation and zakat of RM113.31 million.



9 June 2005

11. **TITAN CHEMICALS CORP BERHAD PUBLIC BALLOT** MIDFCCS arranged a computerised Public Ballot ceremony for Titan Chemicals Corp Berhad for its Initial Public Offering.

9-11 June 2005

12. **MIDF AT ENTERPRISE ASIA** MIDF Group had participated in Enterprise Asia, an event jointly organised by Malay Chamber of Commerce Malaysia and Ministry of Entrepreneur and Co-operative Development. Themed “Strengthening Malaysian Enterprises for Globalisation”, the event combined three trade fairs under its wing- SMI One-Stop Solution 2005, *Ekspo Keusahawanan Nasional* and *Showcase Usahawan* 2005.



1 July 2005

13. **COUNTRY EXCELLENCE GOLD AWARD FOR ASCOTT**
At the Ascott Gala Night held in Bangkok, the Ascott Group of residences in Malaysia was awarded the *Country Excellence Gold Award* based on the Group’s excellent financial measures including its gross operating profit, product quality, service levels and staff training. The Ascott Group had also voted its Kuala Lumpur General Manager Esther Wai as “General Manager of the Year”. Amanah Ascott Management Sdn Bhd (“The Ascott KL”) is a member of the MIDF Group.



23-25 August 2005

14. **MIDF AT SMIDEX 2005** MIDF Group had participated in SMIDEX 2005, organised by Small and Medium Industries Development Corporation. The event was supported by Malaysian External Trade Development Corporation, Malaysian Industrial Development Authority and the Malaysian International Chamber of Commerce and Industry.



16 September 2005

15. **DONATION TO MOSQUE RECONSTRUCTION IN ACHEH**
MIDF Berhad contributed towards reconstruction of a mosque in Banda Aceh, Indonesia, destroyed by the tsunami tragedy. The cheque presentation ceremony was held during *Majlis Penyerahan Sumbangan Dana Khas Pembangunan Antarabangsa* in Wisma Putra, Putrajaya. The reconstruction effort is a collaboration between *Yayasan Belia Malaysia*, the Prime Minister’s Office and the Ministry of Foreign Affairs.





22-24 September 2005

16. **STRATEGIC PARTNERSHIP AND NETWORKING AT GLOBAL SMES** MIDF Berhad had presented a paper for *Fund for Cross Border Investment*, at the Financing For SMEs Forum, as part of MIDF's participation in Global SMEs 2005. Global SMEs 2005 is also known as the Sixth International Strategic Partnership and Business Networking Trade Fair for Small and Medium Enterprises.



26 September 2005

17. **PNB QUALITY DAY** In recognition of its ISO 9001/2000 certification, MIDF Berhad received a Quality Award from Permodalan Nasional Berhad during the opening ceremony of the PNB Group Quality Day.



7 November 2005

18. **MSSSB TO QUALIFY AS ELIGIBLE NON-UNIVERSAL BROKER** MIDF Berhad had entered into a tripartite agreement with Eng Securities Sdn Bhd and Inter-Pacific Securities Sdn Bhd. This agreement is to facilitate MIDF Sisma Securities Sdn Bhd ("MSSSB") to qualify as an eligible Non-Universal Broker in compliance with the "Policy Framework for Stockbroking Industry Consolidation" issued by the Securities Commission on 21 April 2000.



25 November 2005

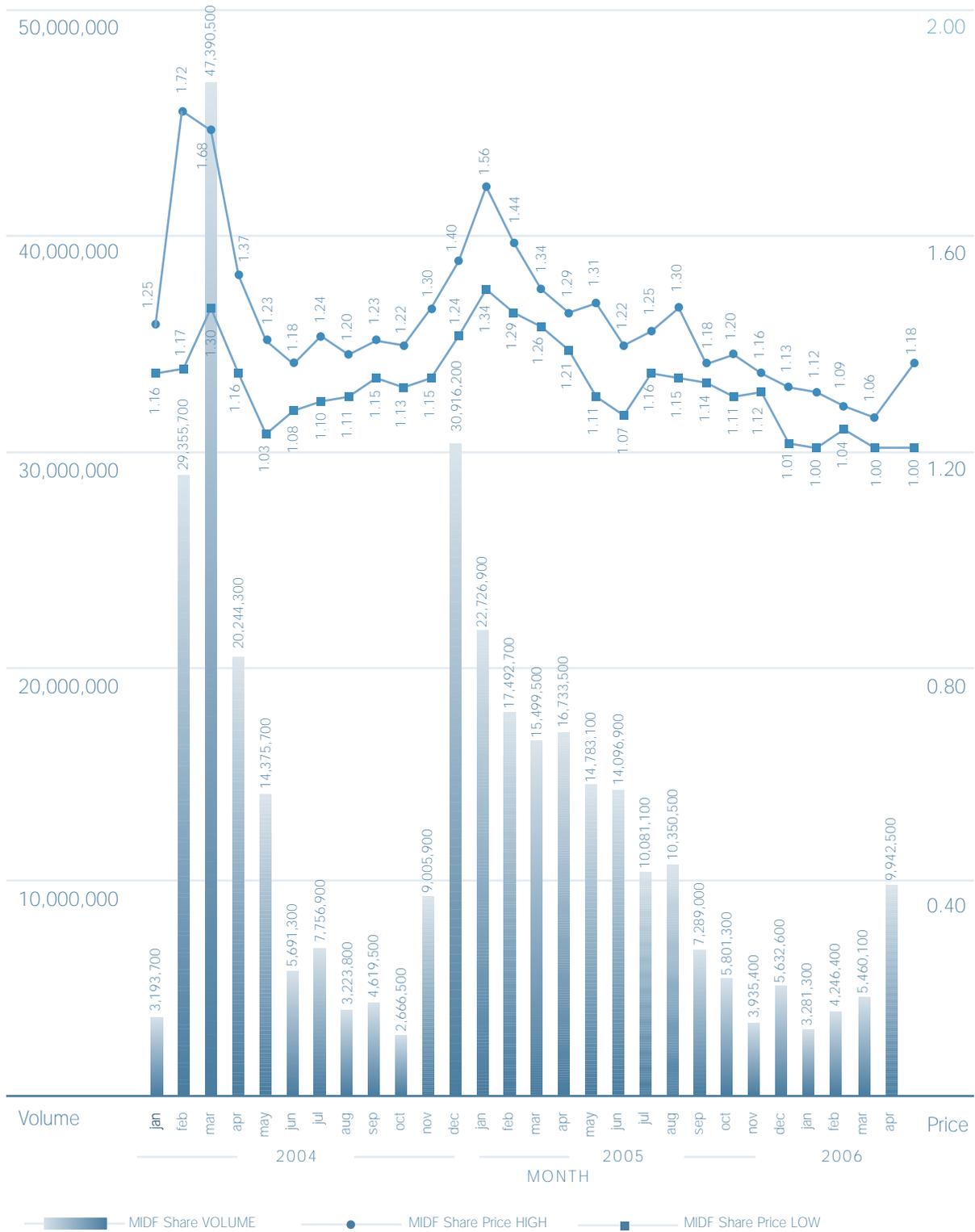
19. **MIDF RAYA ALA KAMPUNG** Staff of MIDF Group gathered for a *Hari Raya* celebration and had taken the opportunity to donate money and in kind to needy children from homes within the Klang Valley. Apart from donation from MIDF Berhad group companies, Amanah SSCM Asset Management Berhad and Malaysia Discounts Berhad also presented 'duit raya' and school supplies to the needy children.



9 December 2005

20. **RM140,000 FOR CHARITY** Amanah Butler Malaysia Sdn Bhd donated RM140,000 to six deserving local charity organisations, each receiving RM23,333. The donation is the gross brokerage earnings collected during Amanah Butler's Annual Charity Day 2005 held on 7 December 2005.

Share Price Performance





Striving For Excellence

Our journey of excellence stems from our commitment to continuously provide superior service and products. We staunchly preserve our core values while using innovation to sustain our competitiveness. It is our firm belief that responsiveness, innovation and commitment will set us apart from the competition. Our ability to adapt to economic and market changes will ensure that we remain competitive in a changing world.

Audit Committee Report

The Board of Directors ("Board") is pleased to present the Audit Committee Report for the financial year under review.

The Audit Committee was set up on 18 November 1993 and was renamed the Board Audit and Risk Management Committee ("Committee") on 30 July 2002. The Committee currently comprises three (3) members who are all Independent Non-Executive Directors.

- Chairman** : **Datuk Wira Mohamed Said bin Mohamed Ali**
(Independent Non-Executive Director) (Resigned w.e.f. 12 May 2005)
- : **Dato' N. Sadasivan s/o N. N. Pillay**
(Independent Non-Executive Director) (Appointed w.e.f. 12 May 2005)
- Members** : **Ir. Dr. Haji Muhamad Fuad bin Abdullah**
(Independent Non-Executive Director)
- : **Puan Zaiton binti Mohd Hassan**
(Independent Non-Executive Director)

Terms of Reference of the Committee

Objectives

The primary duty of the Committee is to assist the Board in fulfilling its oversight function, with the objective of safeguarding shareholders' investments and the Company's assets, in the following areas:

- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Reviewing the systems and processes for the identification and management of risks of the Group;
- Reviewing the roles of, and assessing the performances of the internal and external auditors.

Composition

The Board shall appoint the Committee members from amongst their members who are not members of the Executive Committee, comprising no fewer than three (3) Directors, the majority of whom shall be Independent Non-Executive Directors of the Company.

At least one (1) member of the Committee shall be a member of the Malaysian Institute of Accountants, or a member of an approved Association of Accountants with a minimum of three (3) years experience.

The Board shall fill in any vacancies in the Committee within a period of three (3) months.

The Chairman of the Committee shall be an Independent Non-Executive Director. The Board shall review the appointment of its members at least once every two (2) years.

Quorum and Committee's Procedures

Meetings of the Committee shall be held at least once every quarter.

The quorum for a meeting shall be two (2), whereby at least one of the members present must be an independent non-executive Director.

In the absence of the Chairman, the majority of the members shall elect a Chairman for the meeting, from amongst the members present.

The Secretary shall be appointed from the Company Secretary's office. The Secretary, in consultation with the Chairman, shall prepare an agenda, which shall be circulated with the relevant papers prior to each meeting, to members of the Committee. The minutes of the meeting shall be circulated to the Board.

The Committee may, as and when considered necessary, invite other Board members and request the presence of senior management members to attend the meetings.

The Chairman shall submit an annual report to the Board summarising the Committee's activities during the year and the significant results and findings.

The Committee shall meet at least once every year with the internal auditors and the external auditors, in separate sessions to discuss any matters with the Committee, without the presence of any executive member of the Board or senior management.

The proceedings of Committee Meetings shall be regulated in accordance with normal conventions.

Authority

The Committee is authorised by the Board:

- To carry out any activity and duties within its terms of reference.
- To seek any information it requires from any employee, and all employees are directed to cooperate with and accede to any request made by the Committee.
- To have access to any resources required to perform its duties. It may obtain, at the expense of the Company, any outside legal or other independent professional advice and to secure the attendance of outsiders with relevant expertise and experience if the Committee deems it necessary.
- To have full and unlimited access to any information pertaining to the Group, subject to any regulatory restrictions.
- To have direct access to the internal and external auditors, the risk management personnel and the senior management of the Group. It may call meetings with the external auditors at any one time.

Responsibilities and Duties

In carrying out its primary objectives, the Committee shall undertake the following duties and responsibilities:

i) External Audit

- Consider the appointment of the external auditors, the audit fees and any questions of resignation or dismissal;
- Discuss with the external auditors before the audit commences, the nature and scope of the audit;
- Review with the external auditors, their evaluation of the system of internal controls;
- Review the assistance given by employees of the Company to the external auditors;
- Discuss issues arising from the interim and final audits and any matter the auditors may wish to discuss (in the absence of management, where necessary); and
- Review the external auditors' management letter and management's response.

ii) Internal Audit and Compliance

- Review the adequacy of the scope, functions and resources of the internal audit and compliance function;
- Review and approve Annual Internal Audit and Compliance Plan and Budget;
- Ensure that the internal auditors and compliance officers have the necessary authority to carry out their work and provided with an independent reporting channel in the Company;
- Review the internal audit and compliance programmes, consider the major findings of the internal audit and compliance investigations and management response, and ensure co-ordination between internal auditors, compliance officers and external auditors;
- Approve any appointment or termination of senior members of the internal audit function;
- Review any appraisal or assessment of the performance of senior staff members of the internal audit function; and
- Ensure that the internal audit has an effective system to monitor the implementation of recommendations of the internal and external auditors and compliance officers and corrective measures are taken within the agreed deadline and to ensure that there is no undue delay in their implementation.

iii) Risk Management

- Review and recommend to the Board the Group's risk management's policies, strategies and framework;

- Review and approve Group Risk Management Department's Annual Plan;
 - Ensure implementation of appropriate systems to manage risks;
 - Monitor changes in business conditions and the operating parameters. This includes reviewing changes in the nature and extent of significant risks and the Company's ability to respond effectively to changes in its business and external environment; and
 - Review the risk profile of the organisation and ensure adequate allocation of resources/capital, appropriate measurement methodologies and effective infrastructure in place for managing prioritised risks.
- iv) Financial Reporting
- Review the quarterly and annual financial statements for recommendations to the Board for approval, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and legal and regulatory requirements.
- v) Related Party Transactions
- Review any related party transactions and conflicts of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of integrity.
- vi) Perform any other functions as may be agreed by the Board.

In addition, the Committee's responsibility in respect of the other companies in the MIDF Group (excluding the holding company) are as follows:

- To assist the Board of the Company in their appointment, dismissal and/or acceptance of resignation of the external auditors and the audit fee.
- To discuss with the external auditors, issues arising from the interim and final audits, remedial actions to be taken, and any matters the auditors wish to discuss (in the absence of management where necessary).
- To ensure that the external auditors perform an effective, efficient and independent audit complementing their works with those of the internal auditors and monitoring their performance.
- To monitor the implementation of recommendations of the regulators, external auditors, internal auditors, compliance officers and risk officers and corrective measures are taken within the agreed deadline and to ensure that there are no undue delay in their implementation.
- To review the response of management and resolution of the Board of Directors on the internal audit, compliance and risk management reports.

Attendance of Meetings

Nine (9) meetings were held during the financial year ended 31 December 2005.

Member	Attendance
Datuk Wira Mohamed Said bin Mohamed Ali	2 out of 2 meetings
Ir. Dr. Haji Muhamad Fuad bin Abdullah	9 out of 9 meetings
Dato' N. Sadasivan s/o N. N. Pillay	9 out of 9 meetings
Puan Zaiton binti Mohd Hassan	9 out of 9 meetings

The Group Managing Director, Group Finance Director, Group Risk Management Director, Head of Group Control Assurance Services and the external auditors as well as selected personnel were invited to attend the meetings.

Summary of Activities

During the year, the Committee had:

1. Reviewed the audit strategy and plan of the external auditors for the year.
2. Reviewed the external auditors' reports in relation to audit and accounting issues arising from audit and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board.
3. Reviewed the Group's quarterly and annual financial results to ensure that the financial reporting and disclosure requirements of the relevant authorities were complied with before recommending them for approval of the Board.
4. Reviewed the Group Control Assurance Services Division ("GCAS") resource requirements, annual internal audit and compliance plan and budget and the annual assessment of the GCAS's performance.
5. Reviewed internal audit reports of MIDF, which outlined the audit issues, recommendations and management's response thereof. Discussed with management, actions taken to improve the system of internal controls based on the internal auditors' recommendations for improvements identified in the internal audit reports.
6. Reviewed summary of audit and compliance activities and significant audit and compliance findings at the subsidiaries level as well as the status of corrective actions taken.
7. Reviewed the business risk management reports of the Group Risk Management Department and the status of implementation of the various risk management strategies of the Group.
8. Held one meeting with the internal and external auditors without the presence of the Management.
9. Reviewed the allocation of ESOS Options during the year to ensure compliance with the allocation criteria determined by the ESOS Committee.

Corporate Governance Statement

The Board of Directors of Malaysian Industrial Development Finance Berhad ("MIDF" or the "Company") is committed to ensure that the principles of corporate governance and best practices are practiced throughout the MIDF Group so that the affairs of the Group are conducted with professionalism, accountability and integrity to protect and enhance shareholders' value.

The Board is pleased to report on the application by MIDF on the principles of the Malaysian Code on Corporate Governance ("Code") and the extent of compliance with the Best Practices of the Code as required under the Listing Requirements ("LR") of the Bursa Malaysia Securities Berhad ("Bursa Securities") and the Guidelines on Corporate Governance for Licensed Institutions by Bank Negara Malaysia ("BNM Guidelines").

BOARD OF DIRECTORS

The Board

MIDF is headed by an effective Board which sets strategies and policies for the Group and ensure the proper conduct of business with the long-term objective of enhancing shareholder value. The five-year strategy plans of the Group are reviewed by the Board every year during annual budget meetings. The Board is responsible for the overall corporate governance of the Group.

Board Meetings

The Board meets on a scheduled basis at least six (6) times annually and additional meetings of the Board are convened to discuss urgent matters and when important decisions needed to be made. For the financial year ended 31 December 2005, the Board met thirteen (13) times including seven (7) special meetings.

Details of meeting attendance of each of the current Directors are shown on page 185 of the Annual Report. All Directors have met the minimum requirement set by Bursa Securities in relation to their attendance at Board meetings.

The Board papers are prepared according to the agenda set for the meeting and are circulated to all the Board members prior to the meeting. This is to give the Board members sufficient time to be briefed on issues to be raised at the meeting for their active participation in Board decisions.

A shareholders meeting was convened during the financial year ended 31 December 2005.

Board Balance

As at the date of this statement, the Board consists of nine (9) members, comprising the Chairman who is a Non-Executive Director, the Group Managing Director, three (3) Independent Non-Executive Directors and four (4) other Non-Independent Non-Executive Directors. This is in line with the LR of Bursa Securities which requires one-third (1/3) of the Board members to be Independent Directors to better reflect the interest of the minority shareholders.

The Directors with their different background and specialisations bring together a wide range of experience and expertise in areas such as banking, accounting, engineering, insurance and economics. The profile of each Board member is presented on pages 28 to 30 of this Annual Report.

All the three (3) Independent Directors are independent of Management and major shareholders and are free from any business or other relationship that could materially interfere with the exercise

of their independent judgement. Dato' N. Sadasivan s/o N. N. Pillay had been nominated as the Senior Independent Director to whom any concerns regarding the MIDF Group can be conveyed.

There is a clear division of the roles and responsibilities of the Chairman and Group Managing Director to ensure a balance of authority and power. The Board is led by Tan Sri Dato' Mahmood bin Taib who is a Non-Executive Chairman and the executive management of the Group is led by Dato' Mohd Sallehuddin bin Othman, the Group Managing Director. The Chairman is responsible for running the Board and leads the planning and formulation of policies at the Board level, while the Group Managing Director is responsible for managing the Group as well as implementing the policies and strategies adopted by the Board.

Board Committees

The following five (5) Board Committees have been established to assist the Board to effectively execute its responsibilities and each of the Committees operates under its respective terms of reference.

Executive Committee

This Committee is chaired by the Chairman of MIDF, and four (4) Non-Executive Directors together with the Group Managing Director sit on the Committee. This Committee meets monthly to review and approve amongst others, loan applications exceeding a certain level which have been recommended by the Credit and Investment Committee of the Management of the Development Finance Division of MIDF ("DFI"), loan restructuring proposals and monitoring the movement of non-performing loans of DFI.

The members of the Committee and their attendance at meetings held during the financial year ended 31 December 2005 are as follows: -

Name of Members	Attendance
Tan Sri Dato' Mahmood bin Taib	11/12
Dato' Mohamed Ghaus bin Badioze Zaman	11/12
Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Haji Wan Ya'acob	10/12
Dato' Mohamed Ramli bin Mat Wajib	10/12
Dato' Kalsom binti Abdul Rahman	11/12
Dato' Mohd Sallehuddin bin Othman	12/12

Board Audit and Risk Management Committee

All the three (3) Independent Non-Executive Directors sit on this Committee which meets on a quarterly basis. The rules and responsibilities, composition and number of meetings held are disclosed in the Audit Committee Report on pages 41 to 45 of the Annual Report.

Employee Share Option Scheme Committee

This Committee assists the Board to administer the Employee Share Option Scheme ("ESOS") and decides on issues in relation to the ESOS in accordance with the terms and conditions of the ESOS By-Laws.

This Committee meets as and when necessary.

Nomination and Remuneration Committee (“NRC”)

The Committee members comprise five (5) Non-Executive Directors, the majority of whom are Independent Directors. This Committee is responsible for identifying and recommending to the Board any new appointments to the Board and Board Committees as well as its nominees to the Board of subsidiaries of MIDF. The Committee also assesses the effectiveness of the Board as a whole, the Board Committees and contribution of each Director on an on-going basis and the Directors’ skills and experience. In line with the Code, the remuneration packages for the Executive Directors and Senior Management of MIDF and the principal officers of the subsidiaries are reviewed by the Committee. Based on the recommendation of the Committee, the Board will decide on the remuneration package of the Group Managing Director.

The members of this Committee and their attendance at meetings held during the financial year ended 31 December 2005 are as follows: -

Name of Members	Attendance
Tan Sri Dato’ Mahmood bin Taib	8/8
Ir. Dr. Haji Muhamad Fuad bin Abdullah	8/8
Dato’ N. Sadasivan s/o N. N. Pillay	8/8

To comply with the BNM Guidelines, two (2) additional members have been appointed to the Committee in year 2006, namely Dato’ Mohamed Ramli bin Mat Wajib and Puan Zaiton binti Mohd Hassan.

Special Branding Committee

This is an ad-hoc Committee established during the year to review, analyse and shortlist the proposed names for the investment bank to be set up and its logo for recommendation to the Board of Directors for approval, subject to approval from the relevant Authorities. Only one (1) meeting was held during the financial year ended 31 December 2005.

Supply of Information

A calendar of meetings is scheduled and circulated to the Board at the beginning of the year to ensure that adequate information are circulated in a timely manner. Due notice is given for all scheduled meetings.

The comprehensive board papers are distributed within sufficient time to enable the Board members to discharge their duties and responsibilities competently in a well-informed manner.

All members of the Board have unrestricted access to the advice and services of the Company Secretary and can also seek independent professional advice in furtherance of their duties, at the Company’s expense.

Appointment to the Board

The appointment and re-appointment of Board members are considered and evaluated by the NRC and the NRC would recommend the appointments and re-appointments to the Board for approval. In identifying and selecting the candidates, the NRC gives due consideration to the mix of expertise and experience required for an effective Board.

Re-election of Directors

The Company's Articles of Association provide that at least one-third (1/3) of the Directors shall retire from office at each Annual General Meeting and that all Directors shall retire at least once in three (3) years. This is in compliance with the LR of Bursa Securities. Retiring Directors can offer themselves for re-election. The Articles of Association also provide that a Director who is appointed by the Board during the year shall be subject to re-election by the shareholders at the next Annual General Meeting held following his appointment.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

To assist shareholders in their decision, sufficient information such as personal profiles, meeting attendance and shareholdings in the Group for each Director standing for re-election are furnished in the Statement Accompanying the Notice of the Annual General Meeting which are provided on pages 185 to 187 of the Annual Report.

Directors Training

All Directors have attended the Mandatory Accreditation Programme and the Continuing Education Programme ("CEP") as required by Bursa Securities.

The Directors have also been attending seminars to further enhance their knowledge and understanding in the latest developments in statutory and regulatory requirements.

Details of training programmes attended by Directors in 2005 are set out below:

Tan Sri Dato' Mahmood bin Taib		
(i)	Indonesia Capital Market Conference 2005 – Jakarta	5 – 6 April 2005
(ii)	Briefing on Goods and Services Tax by KPMG Tax Services	8 August 2005
(iii)	Briefing on Financial Reporting Standards	3 October 2005
Dato' Mohamed Ghaus bin Badioze Zaman		
(i)	Fraud Awareness for Directors	24 March 2005
(ii)	Re-insurance	13 July 2005
(iii)	Government Linked Companies Transformation Program	29 July 2005
(iv)	Briefing on Goods and Services Tax by KPMG Tax Services	8 August 2005
(v)	Bank Negara Malaysia Dialogue with Insurers	9 – 10 August 2005

Dato' Mohd Sallehuddin bin Othman		
(i)	Briefing on Goods and Services Tax by KPMG Tax Services	8 August 2005
(ii)	Briefing on Financial Reporting Standards	3 October 2005
Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Haji Wan Ya'acob		
(i)	Transactions by Directors	28 January 2005
(ii)	Briefing on Goods and Services Tax by KPMG Tax Services	8 August 2005
(iii)	Goods and Services Tax Awareness Programme	7 November 2005
Dato' Kalsom binti Abdul Rahman		
(i)	Briefing on Goods and Services Tax by KPMG Tax Services	8 August 2005
(ii)	Goods and Services Tax	7 September 2005
(iii)	Briefing on Financial Reporting Standards	3 October 2005
Ir. Dr. Haji Muhamad Fuad bin Abdullah		
(i)	An Overview of Goods and Services Tax for Directors	25 July 2005
(ii)	Accounting and Financial Management Modular Program : Module 5 – Understanding the Methods of Share and Business Valuation	27 July 2005
(iii)	Conference on Leadership, Innovation and Branding – The Way Forward	6 – 7 September 2005
(iv)	Entrepreneurial Leadership- The New Agenda	20 September 2005
(v)	Insider Trading : Issues and Challenges	10 October 2005
(vi)	Enhancing Corporate Governance in Mergers and Acquisitions	21 November 2005
Dato' Mohamed Ramli bin Mat Wajib		
(i)	Briefing on Financial Reporting Standards	3 October 2005

Dato' N. Sadasivan s/o N. N. Pillay		
(i)	Briefing on Goods and Services Tax by KPMG Tax Services	8 August 2005
(ii)	KPMG Seminar on Financial Reporting Standards	27 September 2005
(iii)	Briefing on Financial Reporting Standards	3 October 2005
Puan Zaiton binti Mohd Hassan		
(i)	Fraud Awareness for Directors	24 March 2005

DIRECTORS' REMUNERATION

Level and Make-up of Remuneration

The Company has adopted the principle of the Code to determine the remuneration for the Directors so as to ensure that the Company attracts, motivates and retains the Directors needed to manage the Company effectively. In the case of Executive Directors, the remuneration package is structured to link rewards to corporate and individual programme. For the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Directors concerned.

Procedure

The NRC recommends to the Board the remuneration of the Directors in all forms, including the Senior Management of the Company. The Board, as a whole, approves the remuneration of each Director and the Directors do not participate in decisions regarding their own remuneration packages.

Directors' fees are approved by the shareholders at the Annual General Meeting.

Disclosure

A summary of the total remuneration of Directors for the financial year ended 31 December 2005 is as follows:

Directors' Remuneration	Executive Director* (RM)	Non-Executive Directors* (RM)
Fee	-	510,959
Salaries, bonus and other remuneration	778,050	-
Allowance	-	133,200
Benefit-in-kind	35,200	16,000
Total	814,150	660,159

Directors' Remuneration (RM)	Number of Directors	
	Executive Directors*	Non-Executive Directors*
Below 50,000	-	1
50,001 – 100,000	-	7
100,001 – 500,000	-	1
500,001 – 700,000	-	-
700,001 and above	1	-

* Inclusive of Directors who retired during the financial year ended 31 December 2005.

The disclosure of Directors' remuneration is made in accordance with the LR of Bursa Securities. The Board is of the opinion that the disclosure of individual Directors' remuneration as suggested by the Best Practices of the Code will not add significantly to the understanding and evaluation of MIDF Group's governance in this area.

INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Board recognises the importance to keep the shareholders and investors well-informed of all major developments of the Company on a timely basis. The public announcements made to the Bursa Securities in respect of the Group's corporate proposals, financial reporting and other announcements required to be made facilitate the dissemination of information to the shareholders and investors. In addition to this, MIDF's website at <http://www.midf.com.my> provides an avenue for up-to-date information on the Company and for shareholders to make enquiries to the Company through its website.

The Annual General Meeting ("AGM") of the Company represents a platform for dialogue and interaction with all the shareholders. At the AGM, the Chairman of the Board briefs the shareholders on the financial performance of the Group for the financial year, progress of corporate proposals and the prospects of the Group for the subsequent financial year. The Chairman also encourages the shareholders to participate in any question and answer session. In addition, a press conference is held immediately after the AGM where the Chairman advises the press on the resolutions passed and answers the questions raised on the Group. The Company has a Group Communication and Investor Relations Division to keep the investors and shareholders informed on the performance and efforts of the Company.

ACCOUNTABILITY AND AUDIT

Financial Report

The Board ensures that the Group's quarterly report to Bursa Securities and the annual report to shareholders present a balanced and fair assessment of the MIDF Group's financial performance and prospects at the end of the financial year. The Board Audit and Risk Management Committee ("BARMC") assists the Board to review the information to be disclosed to ensure its accuracy, adequacy and completeness.

Internal Controls and Risk Management

The Board of Directors is required to ensure and maintain a sound system of internal controls and risk management practices to safeguard the shareholders' investment and the Company's assets. However, such system can only provide reasonable but not absolute assurance against material misstatements or losses.

The Statement on Internal Control furnished on pages 54 and 55 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with the Auditors

The Company has established a transparent and appropriate relationship with the external auditors, through the BARMC. The role of the BARMC in relation to the internal and external auditors is described in the Audit Committee Report set out on pages 41 to 45 of this Annual Report.

During the financial year, the BARMC met once with the external auditors without the presence of the Management.

Directors' Responsibility Statement for Preparing Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results and cash flows for the year then ended.

In preparing the financial statements, the Directors ensure that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made and all applicable approved accounting standards in Malaysia have been adopted.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 63 of this Annual Report.

Statement on Internal Control

Board Responsibility

The Board of Directors ("Board") is responsible for maintaining a sound system of internal controls and regularly reviews its effectiveness to safeguard the Group's assets and shareholders' interest. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organisational, operational and compliance controls.

The Board recognises that all areas of the Group's business involve some degree of risk and is committed to ensuring that an effective risk management process is in place to manage those risks. For this purpose, the Company has established a Group Risk Management Policy and Methodology to identify, assess and monitor the principal risks of the Group companies.

The Board Audit and Risk Management Committee ("BARMC") is responsible to review the principal risks of the Group companies and to monitor the implementation of risk management strategies for those risks. The BARMC is supported by the Group Risk Management Department whose primary function is to assess the business risks of the Group and to recommend risk management strategies to mitigate the impact of those risks.

The risk management process requires the business risk management reports to be reviewed by the BARMC and the respective boards of the main operating companies in the MIDF Group. The status of the implementation of risk management strategies are also reviewed by the BARMC and the respective boards on a quarterly basis.

The Board does not review the internal control of Mitsui Sumitomo Insurance (Malaysia) Berhad ("Mitsui"), an associated company, as the Board does not have any direct control over its operations. Notwithstanding, the Group's interest is served through representation on the board of Mitsui, and receipt and review of management accounts and enquiries thereon. This process provides the Board with information for timely decision-making on the continuity of the Group's investment in Mitsui.

System of Internal Control

The Group has internal control systems in place to achieve the following objectives:

- Safeguard the shareholders' interest and assets of the Group.
- Ensure the achievement of operational objectives.
- Ensure compliance with legal and regulatory requirements.

The framework of the Group's system of internal control and key processes are as follows:

- A management structure exists with defined lines of responsibility and the appropriate levels of delegation.
- There is a strategic planning, annual budgeting and target-setting process including forecasts

for each area of business with reviews at all levels of the operation and formal reviews and approvals of the strategic plan and annual budget by the Board.

- Actual performance compared with budget is reviewed by Management on a monthly basis with explanation of any major variances and forecasts for the current year updated regularly. In addition, the quarterly financial results are prepared and tabled at the Board's meeting for review.
- The Management is responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.
- Policies and procedures are documented in the Operating Manuals of most of the Operating Units in the Group with which their operations must comply.
- The Group Managing Director meets at least monthly with the Divisional Heads to review and deliberate the Group's financial performance, business development, management and corporate issues.

Internal Audit and Compliance Function

The BARMC, assisted by the Group Control Assurance Services Division ("GCAS"), provides the Board with the assurance it requires on the adequacy and integrity of the system of internal controls.

Other Risks and Control Processes

The Board has approved an organisational structure with formally defined lines of responsibility and delegation of authority and system of checks and controls. The financial limits and approving authority have been established in the Authority Manual.

The Group Managing Director also reports to the Board on significant changes in the business and the external environment, which affects significant risks. The Group Finance Director provides the Board with the Group Management Report, which includes key performance indicators and risk indicators. This includes, amongst others, the monitoring of results against budget, with major variances being followed up and action taken by management, where necessary. Where areas of improvement in the system are identified, the Board considers the recommendations made by the BARMC and the Management.

Weaknesses in Internal Controls that Result in Material Losses

There were no significant losses incurred during the current financial period as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment system.

Additional Compliance Information

1. Non-audit Fees

The amount of non-audit fees paid to external auditors for the financial year ended 31 December 2005 is RM399,000.

2. Imposition of Sanctions/Penalties

There were no sanctions and/or penalties (that were made public) imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

3. Profit Guarantee

The Company did not give any profit guarantee during the financial year.

4. Share Buyback

There was no share buyback during the financial year.

5. Material Contracts

Save as disclosed below, there are no other material contracts entered into by the Company or its subsidiaries, involving directors and major shareholders interests during the financial year:

- (i) Share Sale Agreement dated 13 October 2005, between MIDF and Eng Securities Sdn Bhd ("ESSB") for the proposed acquisition of the subsisting dealer's licence of ESSB for a cash consideration of RM30,000,000.
- (ii) Acquisition and Merger Agreement dated 7 November 2005 between MIDF, ESSB and Inter-Pacific Securities Sdn Bhd in relation to the proposed acquisition of ESSB [without the business assets (together with contracts and agreements) and liabilities of ESSB] for MIDF Sisma Securities Sdn Bhd.