

**PROFORMA CONSOLIDATED BALANCE SHEETS OF ACRB/AICB AS AT 31 JULY 2005
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**

(Prepared for inclusion in this Circular)

Deloitte.

Deloitte KassimChan (AF 0080)
Chartered Accountants
Level 19, Uptown 1
1 Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Malaysia

P.O. Box 10093
50704 Kuala Lumpur
Malaysia

Tel : +603 77236500, 77261833
Fax : +603 77263986, 77268986
myaaa@deloitte.com
www.deloitte.com.my

May 2, 2006

Avenue Capital Resources Berhad
The Board of Directors
Level 1, Bangunan Avenue,
8 Jalan Damansara Endah,
Damansara Heights,
50490 Kuala Lumpur

Dear Sirs,

**Avenue Capital Resources Berhad ("ACRB")
Proforma Consolidated Balance Sheets As Of 31 July 2005**

We have reviewed the presentation of the proforma consolidated balance sheets of Avenue Capital Resources Berhad and its subsidiary companies ("ACRB Group") as of 31 July 2005, for which the Directors are solely responsible, assuming that the transactions/proposals as set out in the proforma balance sheets have been implemented as at that date, in connection with the following:

- a) Conversion of RM2,000 nominal value of irredeemable convertible unsecured loan stocks 2002/2007 ("ICULS") of the Company subsequent to 31 July 2005 at the conversion price of RM1.00 per ordinary share of RM1.00 each in ACRB ("ACRB Share") by the surrendering of RM1.00 nominal value of ICULS for every one new ACRB Share.
- b) Reorganisation exercise of ACRB Group involving the following inter-conditional transactions ("Proposed Reorganisation"):
 - (i) Exchange of all the ACRB Shares, ICULS and warrants 2002/2007 in ACRB ("Warrants") with new ordinary shares of RM1.00 each in Avenue International Capital Berhad ("AICB"), a new holding company incorporated to facilitate the Reorganisation, pursuant to a scheme of arrangement of ACRB under Section 176 of the Companies Act, 1965 ("Act")("Exchange");
 - (ii) Internal distribution of assets in specie comprising all the ordinary shares of RM1.00 each in Pos Malaysia & Services Holdings Berhad ("PSH Shares") held by ACRB and all the shareholdings of ACRB in its subsidiaries and associated company involved in the provision of financial services to AICB, via a reduction in share capital of ACRB under Section 64 of the Act;

May 2, 2006
Avenue Capital Resources Berhad

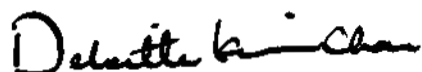
- (iii) Distribution of assets in specie comprising all the PSH Shares held by AICB to its shareholders after (i) and (ii) above via a reduction in share capital of AICB under Section 64 of the Act;
 - (iv) Cancellation of goodwill arising from (i) above pursuant to a reduction of capital of AICB under Section 64 of the Act;
 - (v) Consolidation of the AICB shares after (iii) and (iv) above back to its par value of RM1.00 each; and
 - (vi) Transfer of the listing status of ACRB to AICB, such that ACRB will be delisted and AICB will assume the listing status of ACRB on the Main Board of Bursa Securities Malaysia Berhad.
- c) Proposed merger between ACRB and ECM Libra Berhad ("ECM Libra"), via the proposed acquisitions by AICB of the entire equity interests in the operating subsidiary companies of ECM Libra ("ECM Companies"), in consideration of the allotment and issuance of 442,000,000 new ordinary shares of RM1.00 each in AICB ("AICB Shares") credited as fully paid-up to ECM Libra ("Proposed Merger").
- d) Proposed implementation of an employees' share option scheme for the directors and eligible employees of AICB group ("Proposed AICB ESOS"). The total number of new AICB Shares to be made available under this scheme shall not exceed fifteen percent (15%) of the total issued and paid up ordinary shares of RM1.00 each in AICB.

In our opinion:

- (a) the proforma consolidated balance sheets have been properly compiled on the bases and assumptions as stated in the notes to the proforma consolidated balance sheets;
- (b) such bases and assumptions are consistent with the accounting policies of ACRB Group; and
- (c) the adjustments as explained in Note 2 to the proforma consolidated balance sheets are appropriate for the purposes of the proforma consolidated balance sheets.

This report has been prepared solely for inclusion in the Circular to shareholders to be dated May 3, 2006 and should not be used or referred to, in whole or in part, for any other purposes without our prior written consent.

Yours very truly



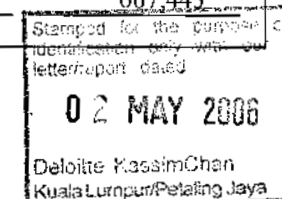
Avenue Capital Resources Berhad ("ACRB")
Proforma Consolidated Balance Sheets As Of 31 July 2005



The proforma consolidated balance sheets as set out below are prepared for illustrative purpose only to show the effects on the financial statements of ACRB and AICB as of 31 July 2005.

	ACRB			AICB		
	<i>Proforma I</i>	<i>Proforma II</i>	<i>Proforma III</i>	<i>Proforma IV</i>	<i>Proforma V</i>	
	After adjusting for new issue of ACRB Shares after 31/7/2005	After Proforma I and Reorganisation	After Proforma II and Reorganisation	After Proforma III and Proposed Merger	After Proforma IV And Proposed AICB ESOS	
	Audited ACRB 31/7/2005 RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property, plant and equipment	52,850	52,850	1,320	52,850	65,906	65,906
Investment in associated company	314,125	314,125	-	-	44,864	44,864
Other investments	83,013	83,013	54,839	83,013	83,013	83,013
Goodwill	-	-	-	-	232,000	232,000
Deferred tax assets	-	-	-	-	1,332	1,332
Current Assets						
Inventories	2,888	2,888	2,869	2,888	2,888	2,888
Marketable securities	-	-	-	-	41,228	41,228
Trade receivables	461,062	461,062	176	461,062	629,380	629,380
Other receivables and prepaid expenses	9,701	9,701	4,326	9,701	29,725	29,725
Deposits with licensed financial institutions	274,665	274,665	7,092	274,665	293,562	293,562
Cash and bank balances	48,320	48,320	305	48,320	71,740	196,375
	<u>796,636</u>	<u>796,636</u>	<u>14,768</u>	<u>796,636</u>	<u>1,068,523</u>	<u>1,193,158</u>
Current Liabilities						
Trade payables	491,863	491,863	-	491,863	591,089	591,089
Other payables and accrued expenses	51,090	51,090	19,840	51,090	70,735	70,735
Borrowings	-	-	-	-	5,000	5,000
Tax liabilities	527	527	5	527	619	619
	<u>543,480</u>	<u>543,480</u>	<u>19,845</u>	<u>543,480</u>	<u>667,443</u>	<u>667,443</u>

(Forward)



	ACRB			AICB		
	<i>Audited ACRB 31/7/2005 RM'000</i>	<i>Proforma I After adjusting for new issue of ACRB Shares after 31/7/2005 RM'000</i>	<i>Proforma II After Proforma I and Reorganisation RM'000</i>	<i>Proforma III After Proforma II and Reorganisation RM'000</i>	<i>Proforma IV After Proforma III and Proposed Merger RM'000</i>	<i>Proforma V After Proforma IV And Proposed AICB ESOS RM'000</i>
Net Current Assets/(Liabilities)	253,156	253,156	(5,077)	253,156	401,080	525,715
Deferred Liabilities						
Deferred tax liabilities	(117)	(117)	-	(117)	(117)	(117)
Retirement benefits	-	-	-	-	(176)	(176)
Net Assets	<u>703,027</u>	<u>703,027</u>	<u>51,082</u>	<u>388,902</u>	<u>827,902</u>	<u>952,537</u>
Represented By:						
Issued capital	779,494	779,496	127,551	388,902	830,902	955,537
ICULS	52,224	52,222	52,222	-	-	-
Share premium	152,022	152,022	152,022	-	-	-
Accumulated loss and other reserves	(280,713) *	(280,713) *	(280,713) *	-	(3,000)	(3,000)
Shareholders' equity	<u>703,027</u>	<u>703,027</u>	<u>51,082</u>	<u>388,902</u>	<u>827,902</u>	<u>952,537</u>
Number of ordinary shares in issue	<u>779,494</u>	<u>779,496</u>	<u>127,551</u>	<u>388,902</u>	<u>830,902</u>	<u>955,537</u>
Net assets per ordinary share (RM)	<u>0.90</u>	<u>0.90</u>	<u>0.40</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
Net tangible assets per ordinary share (RM)	<u>0.90</u>	<u>0.90</u>	<u>0.40</u>	<u>1.00</u>	<u>0.72</u>	<u>0.75</u>

* Inclusive of treasury shares amounting to RM786.

Stamped for the purpose of
identification only with our
letterhead dated
02 MAY 2006
Deloitte Kassim Chan
Kuala Lumpur/Petaling Jaya



NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

1. BASIS OF PREPARATION

- (i) The proforma consolidated balance sheets have been prepared for illustrative purpose only based on accounting principles and bases consistent with those normally adopted in the presentation of the audited consolidated financial statements of ACRB. The presentation has not included the effects on the adoption of Financial Reporting Standards, which came into effect in Malaysia for annual periods beginning on or after 1 January 2006.
- (ii) The proforma consolidated balance sheets have also been prepared based on the audited consolidated balance sheets of ACRB as of 31 July 2005 and the ECM Companies as of 31 March 2005.

2. PROFORMA CONSOLIDATED BALANCE SHEETS

The proforma consolidated balance sheets incorporate on a proforma basis the following transactions/proposals as though they were effected as of 31 July 2005.

Proforma I

Proforma I incorporates the effects of the conversion of RM2,000 nominal value of ICULS of the Company subsequent to 31 July 2005 at the conversion price of RM1.00 per ACRB Share by the surrendering of RM1.00 nominal value of ICULS for every one new ACRB Share.

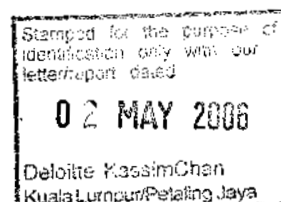
Proforma II

Proforma II incorporates Proforma I and the internal distribution of the following to AICB, a new holding company incorporated to facilitate the Reorganisation, by way of a distribution of assets in specie via a reduction in the share capital of ACRB pursuant to Section 64 of the Act:

- (i) Its entire shareholdings in Pos Malaysia & Services Holdings Berhad comprising 78,545,166 PSH Shares with total carrying book value of RM314,125,000 as of 31 July 2005; and
- (ii) All its shareholdings in its subsidiary companies and associated company which are involved in the provision of financial services, namely Avenue Securities Sdn Bhd, Avenue Invest Berhad (*formerly known as Avenue Unit Trust Management Berhad*), Muamalat Avenue Sdn Bhd (*formerly known as Avenue Asset Management Services Sdn Bhd*), Avenue Options & Futures Services Sdn Bhd and ACRB Capital Sdn Bhd with a total net tangible assets ("NTA") of approximately RM337,819,702 as of 31 July 2005.

("Internal Distribution")

Subsequent to the Internal Distribution, the shares of ACRB shall be consolidated back to their par value of RM1.00.





Proforma III

Proforma III incorporates Proforma II and the following proposals to be undertaken pursuant to the Reorganisation:

- (i) Exchange of all the ACRB Shares, ICULS and Warrants with new AICB Shares pursuant to a scheme of arrangement of ACRB under Section 176 of the Act ("Exchange")
- (ii) Distribution of assets in specie comprising all the PSH Shares held by AICB to its shareholders after the Exchange and Internal Distribution via a reduction in share capital of AICB under Section 64 of the Act ("PSH Distribution");
- (iii) Cancellation of goodwill arising from the Exchange pursuant to a reduction of capital of AICB under Section 64 of the Act ("Cancellation");
- (iv) Consolidation of the AICB shares after the PSH Distribution and Cancellation back to its par value of RM1.00 each; and
- (v) Transfer of the listing status of ACRB to AICB, such that ACRB will be delisted and AICB will assume the listing status of ACRB on the Main Board of Bursa Securities Malaysia Berhad.

The bases for the Exchange are as follows:

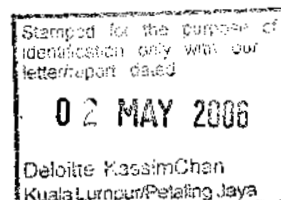
- (a) One (1) AICB Share for every one (1) ACRB Share held;
- (b) One (1) AICB Share for every one (1) ICULS held; and
- (c) One (1) AICB Share for every ten (10) Warrants held.

Based on the above ratios and the number of outstanding ACRB Shares, ICULS and Warrants as of 31 July 2005, a total of 849,128,171 new AICB Shares will be issued at par and credited as fully paid-up under the Exchange:

Underlying securities	As of 31 July 2005	<--Exchange ratio-->		No. of AICB Shares to be issued
	No. of ACRB securities outstanding	ACRB securities	AICB share	
ACRB Shares	779,495,732	1	1	779,495,732
ICULS	52,222,000	1	1	52,222,000
Warrants	174,104,394	10	1	17,410,439
				<u>849,128,171</u>

Proforma IV

Proforma IV incorporates Proforma III and the proposed merger between ACRB and ECM Libra, via the proposed acquisitions by AICB of the entire equity interests in each of the ECM Companies (as set out below) from ECM Libra, in consideration of the allotment and issuance of 442,000,000 new AICB Shares ("Consideration Shares") credited as fully paid-up to ECM Libra ("Proposed Merger").





- (i) The ECM Companies to be acquired are as follows:-

Name of ECM Companies	No. of ordinary shares to be acquired	Effective shareholding %
ECM Libra Capital Sdn Bhd	1,000,000	100
ECM Libra Partners Sdn Bhd	500,000	100
ECM Libra Capital Market Sdn Bhd	2,000,000	100
ECM Libra Holdings Limited	1,316,000	100
ECM Libra Securities Sdn Bhd	101,038,732	100

- (ii) Pursuant to the conditional share sale agreement dated 19 January 2006 entered into between ACRB, AICB and ECM Libra for the purpose of the Proposed Merger ("SSA"), the agreed total NTA of the ECM Companies shall be RM210,000,000 as at the unconditional date of the SSA.

As of 31 March 2005, the underlying NTA of ECM Companies amounted to only approximately RM177,313,000. Compared to the agreed NTA of RM210,000,000, the resulting proforma shortfall of approximately RM32,687,000 is assumed to be set-off against the amounts due by the ECM Companies to ECM Libra.

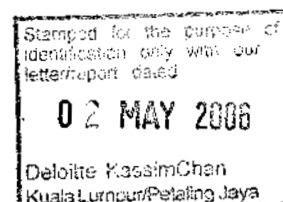
- (iii) Taking into account the Consideration Shares to be issued for the Proposed Merger and the agreed NTA of the ECM Companies, there will be a goodwill arising from consolidation of approximately RM232,000,000.
- (iv) The estimated expenses for the Proposed Merger of RM3,000,000 has been charged to the consolidated income statements.

Proforma V

Proforma V incorporates Proforma IV and the effects of the proposed implementation of an employees' share option scheme for the directors and eligible employees of AICB group ("Proposed AICB ESOS"). The total number of new AICB Shares to be made available under this scheme shall not exceed fifteen percent (15%) of the total issued and paid up ordinary shares of RM1.00 each in AICB.

For the purpose of the presentation in the Proforma Consolidated Balance Sheets, it is assumed that an amount equivalent to 15% of the total issued and paid up share capital of AICB was granted to and exercised by the directors and eligible employees of AICB group at the subscription price of RM1.00 per AICB Share.

The proceeds from the proposed implementation of Proposed AICB ESOS of approximately RM124,635,292 will be retained in the cash and bank balances account for future working capital purposes.





3. SHARE CAPITAL

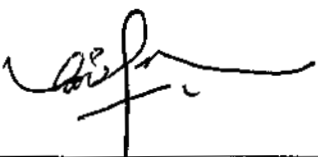
(i) The movements in the issued and paid-up share capital of ACRB are as follows:

	RM'000
As of 31 July 2005	779,494
Conversion of RM2,000 nominal value of ICULS	<u>2</u>
As shown in Proforma I	779,496
Internal Distribution by way of a distribution of assets in specie via a reduction in share capital pursuant to Section 64 of the Act	<u>(651,945)</u>
As shown in Proforma II	<u>127,551</u>

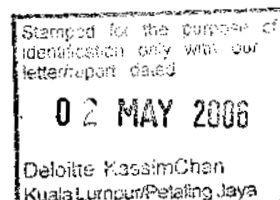
(ii) The movements in the issued and paid-up share capital of AICB are as follows:

	RM'000
After the Exchange through AICB	849,128
PSH Distribution comprising the distribution of 78,545,166 PSH Shares to its shareholders by way of a distribution of assets in specie via a reduction in the share capital of AICB pursuant to Section 64 of the Act	<u>(314,125)</u>
Cancellation of goodwill arising from the Exchange pursuant to Section 64 of the Act	<u>(146,101)</u>
As shown in Proforma III	388,902
Proposed Merger between ACRB and ECM Libra, via the proposed acquisitions by AICB of the entire equity interests in each of the ECM Companies from ECM Libra, in consideration of the allotment and issuance of 442,000,000 new Consideration Shares to ECM Libra	<u>442,000</u>
As shown in Proforma IV	830,902
Proposed implementation of an employees' share option scheme for the directors and eligible employees of AICB group not exceeding fifteen percent (15%) of the total issued and paid up ordinary shares of RM1.00 each in AICB	<u>124,635</u>
As shown in Proforma V	<u>955,537</u>

Yours faithfully
For and on behalf of
AVENUE CAPITAL RESOURCES BERHAD



GOOI HOE SOON
Executive Deputy Chairman



DIRECTORS' REPORT ON THE ECM COMPANIES
(Prepared for inclusion in this Circular)



8A Floor | Wisma Genting | Jalan Sultan Ismail
50250 Kuala Lumpur | Malaysia
T| +603 2162 6820 | +603 2715 2213
F| +603 2161 8818

03 MAY 2006

Registered Office
8A Floor, Wisma Genting
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

To: The Shareholders of Avenue Capital Resources Berhad

On behalf of the Directors of ECM Libra Capital Sdn Bhd ("ECMLC"), I wish to report that after making due enquiries during the period between 31 March 2005, being the date to which the last audited financial statements of ECMLC have been made up, to the date hereof, being a date not earlier than fourteen (14) days before the issuance of this Circular:

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

Yours faithfully
For and on behalf of the Board of Directors of
ECM LIBRA CAPITAL SDN BHD

A handwritten signature in black ink, appearing to read "Lim Boon Soon".

Lim Boon Soon
Director

03 MAY 2006

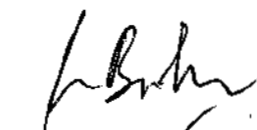
Registered Office
8A Floor, Wisma Genting
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

To: The Shareholders of Avenue Capital Resources Berhad

On behalf of the Directors of ECM Libra Partners Sdn Bhd ("ECMLP"), I wish to report that after making due enquiries during the period between 31 March 2005, being the date to which the last audited financial statements of ECMLP have been made up, to the date hereof, being a date not earlier than fourteen (14) days before the issuance of this Circular:

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

Yours faithfully
For and on behalf of the Board of Directors of
ECM LIBRA PARTNERS SDN BHD



Lim Boon Soon
Director

03 MAR 2006

Registered Office
8A Floor, Wisma Genting
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

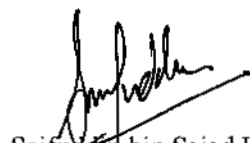
To: The Shareholders of Avenue Capital Resources Berhad

On behalf of the Directors of ECM Libra Capital Market Sdn Bhd ("ECMLCM"), I wish to report that after making due enquiries during the period between 31 March 2005, being the date to which the last audited financial statements of ECMLCM have been made up, to the date hereof, being a date not earlier than fourteen (14) days before the issuance of this Circular:

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

Yours faithfully

For and on behalf of the Board of Directors of
ECM LIBRA CAPITAL MARKETS SDN BHD



Saifuddin bin Sajad Hussein
Director

03 MAY 2006

Registered Office

Unit Level 13(E), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Wilayah Persekutuan Labuan
Malaysia


To: The Shareholders of Avenue Capital Resources Berhad

On behalf of the Directors of ECM Libra Holdings Limited ("ECMLH"), I wish to report that after making due enquiries during the period between 31 March 2005, being the date to which the last audited financial statements of ECMLH and its subsidiaries ("ECMLH Group") have been made up, to the date hereof, being a date not earlier than fourteen (14) days before the issuance of this Circular:

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

Yours faithfully

For and on behalf of the Board of Directors of
ECM LIBRA HOLDINGS LIMITED



Lim Boon Soon
Director

03 MAY 2006

Registered Office
8A Floor, Wisma Genting
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

Principal Office:
1st, 2nd & 3rd Floor | Wisma Genting
Jalan Sultan Ismail | 50250 Kuala Lumpur | Malaysia
P.O. Box 10584 | 50718 Kuala Lumpur | Malaysia
GL | +603 2178 1888 F | +603 2032 5035
Dealing T | +603 2020 5933 F | +603 2034 1004/1005

Penang Branch:
7th Floor | Menara PSCI | 39 Jalan Sultan Ahmad Shah
10050 Penang | Malaysia
GL | +604 228 3355 F | +604 229 7457

To: The Shareholders of Avenue Capital Resources Berhad

On behalf of the Directors of ECM Libra Securities Sdn Bhd ("ECMLS"), I wish to report that after making due enquiries during the period between 31 March 2005, being the date to which the last audited financial statements of ECMLS and its subsidiaries ("ECMLS Group") have been made up, to the date hereof, being a date not earlier than fourteen (14) days before the issuance of this Circular:

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

Yours faithfully
For and on behalf of the Board of Directors of
ECM LIBRA SECURITIES SDN BHD



Lim Ah Lay
Executive Director Operations

FURTHER INFORMATION**1. RESPONSIBILITY STATEMENT**

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

The information on ECM Libra and the ECM Companies has been extracted from information provided by the management of ECM Libra. The responsibility of the Board of ACRB is therefore restricted to the accurate reproduction of the relevant information on ECM Libra and the ECM Companies as included in this Circular.

2. WRITTEN CONSENT

Avenue has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and manner in which they appear in this document.

Kenanga has given and has not subsequently withdrawn its written consent to the inclusion of its name, and all references thereto in the form and manner in which they appear in this document.

Messrs Deloitte KassimChan has given and has not subsequently withdrawn its written consent to the inclusion of its name, the Accountants' letter on the proforma consolidated balance sheets of ACRB/AICB as at 31 July 2005 and all references thereto in the form and manner in which they appear in this document.

Messrs Ernst & Young has given and has not subsequently withdrawn its written consent to the inclusion of its name, the Accountants' Report on the ECM Companies and all references thereto in the form and manner in which they appear in this document.

3. MATERIAL CONTRACTS**3.1 ACRB**

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

- (a) Sale and Purchase Agreement dated 8 September 2004 between Avenue and Tongkah Holdings Sdn Bhd (formerly known as Tongkah Holdings Berhad), for the acquisition by Avenue, of a freehold land held under Geran 26884, Lot No. 8931 in the Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan measuring in area 4,218.31 square metres together with a 3½ storey building with lower ground floor and 3 levels of basement car parks erected thereon (then known as 'THB Satu') and bearing the postal address of 8, Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur for a cash consideration of RM32,400,000;

- (b) Sale and Purchase Agreement dated 29 November 2004 between ACRB and Chan Ai Chin for the disposal of 1 unit of office premises known as A9-3A located at the office block known as Block A, Megan AAB Avenue 1, 189 Jalan Tun Razak, 50400 Kuala Lumpur to Chan Ai Chin for a cash consideration of RM1,244,390;
- (c) Memorandum of Understanding dated 28 April 2005 between ACRB and Bank Muamalat Malaysia Berhad ("BMMB") in relation to the equity participation of BMMB in Avenue Asset Management Services Sdn Bhd (now known as Muamalat Avenue Sdn Bhd) ("MASB"), then a wholly-owned subsidiary of ACRB ("Equity Participation"). The Equity Participation involved the disposal by ACRB of its 60% equity interest in the enlarged share capital of MASB to BMMB for a cash consideration of RM6,300,000. The Share Sale Agreement between ACRB and BMMB was signed on 2 September 2005 and the Equity Participation was completed on 12 January 2006; and
- (d) Share Sale Agreement dated 19 January 2006 entered into between ACRB, AICB and ECM Libra for the purpose of the Proposed Merger.

3.2 ECM Companies

There are no material contracts (not being contracts entered into in the ordinary course of business) entered into by the ECM Companies, or any of their subsidiaries within the 2 years immediately preceding the date of this Circular.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

4.1 ACRB

Save as disclosed below, as at the date of this Circular, ACRB and its subsidiaries are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors of ACRB do not have any knowledge of any proceedings, pending or threatened against ACRB and its subsidiaries or of any facts likely to give rise to any proceedings which might adversely and materially affect the position or business of ACRB and its subsidiaries:

- (a) Avenue Invest Berhad ("AvIB") is the representative holder of RM10,000,000 worth of Al-bai Bithaman Ajil bonds ("ABBA Bonds") issued by Pesaka Astana Sdn Bhd ("Pesaka") held in certain unit trust funds managed by AvIB. On 15 December 2005, AvIB together with 9 other holders of the ABBA Bonds (as plaintiffs) filed a civil suit at the High Court of Malaya at Kuala Lumpur against Pesaka and 12 other defendants including the trustee and the Directors of Pesaka for inter-alia, breach of contract by Pesaka, breach of trust on the part of the trustee and claiming for inter-alia, judgment sum of RM157,815,000 plus interest and damages. A Mareva Injunction has been granted against the defendants on 16 December 2005. Since AvIB is involved in this litigation merely as the manager of the unit trust fund and the registered holder, the Board of ACRB is of the opinion that the litigation will not have any material financial impact on the ACRB Group.
- (b) Claims have been made by Avenue and Kestrel Securities Sdn Bhd ("KSSB"), in the ordinary course of their stockbroking businesses, against various parties for the recovery of amounts owing by its clients in respect of purchases and contra losses incurred. These losses were incurred before Avenue and KSSB became subsidiaries of ACRB and the amounts have been fully provided in the financial statements of the respective companies prior to the completion of the acquisition of the respective companies by ACRB. As at 14 April 2006, legal actions against 88 cases representing approximately, RM54,595,000 in value are still in progress, the material claims (being an amount individually exceeding RM5,000,000) of which are against the following parties:

	RM'000
Challenger Citi (M) Sdn Bhd (the defendant had also counter-claimed for the same amount plus certain damages)	10,982
Nadi Puspa (M) Sdn Bhd and Abrar Group International Sdn Bhd	9,481
Koh Tiew King	8,781
Chia Kung Hooi	7,975
Ch'ng Ping Teong, as guarantor	6,463
Goh Chee Boon	5,029
	<u>48,711</u>

4.2 ECM Companies

Save as disclosed below, as at the date of this Circular, the ECM Companies and their subsidiaries are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors of ECM Libra do not have any knowledge of any proceedings, pending or threatened against the ECM Companies and their subsidiaries or of any facts likely to give rise to any proceedings which might adversely and materially affect the position or business of the ECM Companies and their subsidiaries:

- (a) Claims have been made by ECMLS, in the ordinary course of its stockbroking business, against various parties for the recovery of amounts owing by its clients in respect of purchases and contra losses incurred. As at 14 April 2006, 39 legal actions or cases representing approximately RM181,749,406 in value are still in progress, the material claims (being individual claims exceeding RM10.8 million each) of which are against the following parties:

	RM'000
Joseph Lee Yoke Min @ Ambrose	143,285
Dato' Wong Yeon Chai, Nuroli a/l Shahodebu Naiko, Che Wan Mohamed Khadri and Tay Leong Kooi	21,520
	<u>164,805</u>

The abovementioned amounts, however, have been provided for in the books of ECMLS.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of ACRB Shares on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:

	High (RM)	Low (RM)
2005		
April	0.645	0.540
May	0.605	0.490
June	0.650	0.525
July	0.635	0.570
August	0.670	0.585
September	0.710	0.580
October	0.690	0.615
November	0.685	0.620
December	0.720	0.640
2006		
January	0.795	0.670
February	0.810	0.715
2006		
March	0.775	0.690

Last transacted price on 17 January 2006

RM0.705

	High (RM)	Low (RM)
<i>(being the last trading date prior to the announcement of the Proposals on 19 January 2006)</i>		
Last transacted price on 28 April 2006 <i>(being the latest practicable date prior to the printing of this Circular)</i>		RM0.800
<i>(Source: Bloomberg)</i>		

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal office hours (except public holidays) at the Registered Office of ACRB at Level 1, Bangunan Avenue, 8, Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur from the date of the Circular up to and including, the date of the EGM:

- (a) Memoranda and Articles of Association of ACRB and each of the ECM Companies;
- (b) Letters of consent referred to in Paragraph 2 above;
- (c) Material contracts referred to in Paragraph 3 above;
- (d) Cause paper for the material litigation referred to in Paragraph 4 above;
- (e) Audited consolidated financial statements of ACRB Group for the 2 FYE 31 January 2005, for the six (6) months period ended 31 July 2005 and the announcement of the unaudited consolidated financial statements of ACRB Group for FYE 31 January 2006;
- (f) Audited financial statements of each of the ECM Companies for the 2 FYE 31 March 2005 and the unaudited financial statements of each of the ECM Companies for the 9 months period ended 31 December 2005;
- (g) Accountants' Report in relation to the ECM Companies, as set out in Appendix III of this Circular;
- (h) Proforma consolidated balance sheets of ACRB/AICB as at 31 July 2005 together with the notes and Accountants' letter, as set out in Appendix IV of this Circular; and
- (i) Directors Report for the ECM Companies, as set out in Appendix V of this Circular.



AVENUE CAPITAL RESOURCES BERHAD (478-A)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Avenue Capital Resources Berhad ("ACRB" or "Company") will be held at Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 18 May 2006 at 3.00 p.m. or any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED MERGER BETWEEN ACRB AND ECM LIBRA BERHAD ("ECM LIBRA"), VIA THE PROPOSED ACQUISITIONS BY AVENUE INTERNATIONAL CAPITAL BERHAD ("AICB") OF THE OPERATING SUBSIDIARIES OF ECM LIBRA, IN CONSIDERATION OF THE ALLOTMENT AND ISSUANCE OF 442,000,000 NEW ORDINARY SHARES OF RM1.00 EACH IN AICB TO BE CREDITED AS FULLY PAID UP TO ECM LIBRA ("PROPOSED MERGER")

"**THAT**, subject to the passing of Ordinary Resolution 2 and contingent upon the fulfillment of all conditions precedent under the conditional share sale agreement dated 19 January 2006 entered into between ACRB, AICB and ECM Libra ("SSA") for the purpose of the Proposed Merger, approval be and is hereby given for the Company to acquire the entire equity interests in ECM Libra Capital Sdn Bhd, ECM Libra Partners Sdn Bhd, ECM Libra Holdings Limited, ECM Libra Capital Markets Sdn Bhd and ECM Libra Securities Sdn Bhd from ECM Libra, to be satisfied via the allotment and issuance of 442,000,000 new ordinary shares of RM1.00 each in AICB ("Consideration Shares") to be credited as fully paid-up to ECM Libra, upon the terms and conditions of the SSA;

AND THAT the execution by ACRB of and the performance of its obligation under the SSA be and are hereby approved;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements, as may be necessary or expedient in the best interest of ACRB, in order to give full effect to the Proposed Merger;

AND THAT the Consideration Shares shall be issued to ECM Libra on terms that they rank pari passu in all respects with the ordinary shares of RM1.00 each in AICB in issue at the date of allotment, save that ECM Libra shall not be entitled to any dividends, rights, allotment and/or distributions as permitted under the SSA, the entitlement date of which is prior to the date of allotment of the Consideration Shares, and that for the avoidance of doubt, the Consideration Shares shall not be entitled to participate in the reorganisation exercise of ACRB which was approved by the Securities Commission on 29 September 2005 and the stockholders of ACRB on 1 December 2005;

AND FURTHER THAT the Directors of the Company be and is hereby authorised to give effect to the Proposed Merger with full power to assent to any variations, modifications and/or amendments as may be required or imposed or permitted by the relevant authorities, and to take all such steps and to do all acts or things in any manner as it may deem necessary in order to implement, finalise and give full effect to the Proposed Merger."

ORDINARY RESOLUTION 2

PROPOSED EXEMPTION PURSUANT TO PRACTICE NOTE 2.9.1 OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 1998 ("CODE") TO ECM LIBRA AND PARTIES DEEMED ACTING IN CONCERT FROM THE OBLIGATION TO UNDERTAKE A MANDATORY OFFER FOR ALL THE REMAINING AICB SHARES NOT ALREADY OWNED BY THEM UPON COMPLETION OF THE PROPOSED MERGER ("PROPOSED EXEMPTION")

"THAT, subject to the passing of Ordinary Resolution 1 and the approval of the relevant authorities under Practice Note 2.9.1 of the Code, and subject to the approval of the shareholders of ACRB by way of a poll, exemption be and is hereby given to ECM Libra and the PACs (as defined in the Circular to the shareholders of ACRB dated 3 May 2006) from having to undertake a mandatory offer for all the remaining AICB Shares not already held by them upon completion of the Proposed Merger;

AND THAT the Directors of the Company be and is hereby authorised to give effect to the Proposed Exemption with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required and/or agreed by the relevant authorities and to deal with all matters relating thereto and to take all steps and do all acts and things as in such manner as they may deem fit and expedient to give effect to the Proposed Exemption."

By Order of the Board
AVENUE CAPITAL RESOURCES BERHAD

WONG WEI FONG (MAICSA 7006751)

KUAN HUI FANG (MIA 16876)

Company Secretaries

Kuala Lumpur
3 May 2006

Notes:

1. *A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his stead and the holder shall specify the proportion of his shareholding to be represented by each proxy; a proxy need not be a member and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
2. *Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of an officer or its attorney duly authorised.*
3. *The instrument appointing a proxy must be deposited at the registered office of the Company at Level 1, Bangunan Avenue, 8, Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding this extraordinary general meeting.*



AVENUE CAPITAL RESOURCES BERHAD (478-A)

FORM OF PROXY

I/We, _____
(Please state name in block letters)

NRIC No. _____

of _____
(Please state address)

being a member(s) of AVENUE CAPITAL RESOURCES BERHAD ("ACRB" or "Company"), hereby
appoint _____
(Please state name in block letters)

of _____
(Please state address)

or failing him/her, _____
(Please state name in block letters)

of _____
(Please state address)

as my/our proxy(ies) to vote for me/us on my/our behalf, at the Extraordinary General Meeting of the Company to be held at Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 18 May 2006 at 3.00 p.m. or any adjournment thereof.

My/our proxy(ies) is/are to vote as indicated below:

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1 : Proposed Merger		
Ordinary Resolution 2 : Proposed Exemption		

The proxy is to vote in the manner indicated above, with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Dated thisday of..... 2006

No. of shares held

.....
Signature/Common Seal of Shareholder

Notes:

- A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his stead and the holder shall specify the proportion of his shareholding to be represented by each proxy; a proxy need not be a member and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
- Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of an officer or its attorney duly authorised.*
- The instrument appointing a proxy must be deposited at the registered office of the Company at Level 1, Bangunan Avenue, 8, Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding this extraordinary general meeting.*

