

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Balance Sheets As At 30 June 2009

	<-----GROUP----->		<-----COMPANY----->	
	30/06/2009 RM'000	31/12/2008 RM'000	30/06/2009 RM'000	31/12/2008 RM'000
ASSETS				
Cash and short term funds	6,466,690	6,851,602	41,879	34,293
Deposits and placements with banks and other financial institutions	1,800	-	303,600	295,121
Securities held-for-trading	70	403,813	-	-
Securities available-for-sale	6,524,371	5,896,608	-	-
Securities held-to-maturity	550,224	602,665	-	-
Loans, advances and financing	21,299,223	19,927,677	-	-
Statutory deposits with Bank Negara Malaysia	244,096	835,628	-	-
Investment in subsidiaries	-	-	3,807,617	3,807,617
Amount due from subsidiary	-	-	300,000	-
Investment in jointly-controlled entities	105,457	96,030	128,520	120,870
Investment in associate	120,282	113,661	10,597	10,597
Trade debtors	177,034	40,005	-	-
Other assets	483,867	626,772	1,733	4,304
Tax recoverable	50,913	49,765	13,377	13,509
Deferred tax assets	69,480	63,938	-	-
Property and equipment	192,734	203,153	1,025	1,104
Land held for sale	66,571	87,412	-	-
Intangible assets	1,033,133	1,037,702	15	2
TOTAL ASSETS	37,385,945	36,836,431	4,608,363	4,287,417
LIABILITIES AND EQUITY				
Deposits from customers	28,108,014	26,934,976	-	-
Deposits and placements of banks and other financial institutions	3,134,119	3,888,707	-	-
Bills and acceptances payable	124,473	136,243	-	-
Trade creditors	146,868	36,941	-	-
Recourse obligation on loans sold to Cagamas Berhad	150,000	11,088	-	-
Other liabilities	568,196	658,783	9,282	5,676
Amount due to subsidiaries	-	-	839,104	839,122
Provision for taxation	55,430	57,131	-	-
Deferred tax liabilities	975	1,257	191	1,191
Borrowings	500,000	700,000	500,000	200,000
TOTAL LIABILITIES	32,788,075	32,425,126	1,348,577	1,045,989

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	30/06/2009 RM'000	31/12/2008 RM'000	30/06/2009 RM'000	31/12/2008 RM'000
EQUITY				
Share capital	1,494,367	1,494,367	1,494,367	1,494,367
Reserves:-				
Share premium	1,399,970	1,399,970	1,399,970	1,399,970
Statutory reserve	698,181	698,181	-	-
Investment fluctuation reserve	(17,780)	(22,940)	-	-
Retained profits	1,023,132	841,727	365,449	347,091
TOTAL EQUITY	4,597,870	4,411,305	3,259,786	3,241,428
TOTAL LIABILITIES AND EQUITY	37,385,945	36,836,431	4,608,363	4,287,417
COMMITMENTS AND CONTINGENCIES	18,329,817	22,682,166	-	-
CAPITAL ADEQUACY				
<u>Before deducting proposed dividends:</u>				
Core capital ratio	11.60%	11.08%		
Risk-weighted capital ratio	13.84%	13.88%		
<u>After deducting proposed dividends:</u>				
Core capital ratio	11.60%	11.00%		
Risk-weighted capital ratio	13.84%	13.80%		
NET ASSETS PER SHARE (RM)	3.08	2.95		

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008.

AFFIN HOLDINGS BERHAD
 (Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Income Statements For The Financial Period Ended 30 June 2009

<u>Group</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
Revenue	490,606	539,071	989,582	1,086,233
Interest income	354,818	387,397	726,991	776,458
Interest expense	(153,043)	(209,199)	(340,589)	(424,069)
Net interest income	201,775	178,198	386,402	352,389
Islamic banking income	39,790	34,511	77,888	70,542
Other operating income	76,563	81,507	138,961	169,992
Operating income	318,128	294,216	603,251	592,923
Other operating expenses	(151,213)	(146,598)	(296,144)	(297,694)
Operating profit before loan and financing loss and provision	166,915	147,618	307,107	295,229
Allowance for losses on loans, advances and financing	(37,812)	(54,918)	(58,699)	(73,122)
Impairment losses	(2,373)	2,841	(3,277)	(1,254)
Transfer to profit equalisation reserve	(3,621)	-	(3,621)	-
Operating profit	123,109	95,541	241,510	220,853
Finance cost	(4,009)	(2,895)	(6,732)	(6,483)
Share of results of a jointly controlled entity	1,732	(6,462)	1,777	(6,131)
Share of results of associate	2,079	2,875	6,621	5,234
Profit before taxation and zakat	122,911	89,059	243,176	213,473
Taxation	(29,786)	(24,335)	(58,463)	(56,354)
Zakat	(3,308)	(2,359)	(3,308)	(2,359)
Net profit for the financial period	89,817	62,365	181,405	154,760
Basic earnings per share (sen)	6.01	4.18	12.14	10.37
Fully diluted earnings per share (sen)	6.01	4.18	12.14	10.37

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Income Statements For The Financial Period Ended 30 June 2009

<u>Company</u>	<----Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
Revenue	3,350	2,698	34,695	59,293
Interest income	3,347	2,698	5,899	5,578
Interest expense	-	-	-	-
Net interest income	3,347	2,698	5,899	5,578
Islamic banking income	-	-	-	-
Other operating income	3	9	28,796	53,724
Operating income	3,350	2,707	34,695	59,302
Other operating expenses	(1,787)	(1,936)	(3,277)	(3,639)
Impairment loss on investment in subsidiary	-	-	-	-
Operating profit before loan and financing loss and provision	1,563	771	31,418	55,663
Allowance for losses on loans, advances and financing	-	-	-	-
Transfer from profit equalisation reserve	-	-	-	-
Operating profit	1,563	771	31,418	55,663
Finance cost	(4,009)	(2,895)	(6,732)	(6,483)
Profit before taxation and zakat	(2,446)	(2,124)	24,686	49,180
Taxation	413	339	(6,328)	(13,057)
Zakat	-	-	-	-
Net profit for the financial period	(2,033)	(1,785)	18,358	36,123

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008.

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

**Unaudited Condensed Consolidated Statement Of Changes In Equity
For The Financial Period Ended 30 June 2009**

	Issued and fully paid ordinary shares of RM1 each		Non-distributable			Distributable		Total Equity RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Statutory reserves RM'000	Investment fluctuation reserve RM'000	Retained profits RM'000		
At 1 January 2009	1,494,367	1,494,367	1,399,970	698,181	(22,940)	841,727	4,411,305	
Net change in fair value of securities available-for-sale	-	-	-	-	5,798	-	5,798	
Deferred tax on revaluation of securities available-for-sale	-	-	-	-	(638)	-	(638)	
Income and expense recognised directly in equity	-	-	-	-	5,160	-	5,160	
Net profit for the financial period	-	-	-	-	-	181,405	181,405	
Total recognised income and expense for the financial period	-	-	-	-	5,160	181,405	186,565	
At 30 June 2009	1,494,367	1,494,367	1,399,970	698,181	(17,780)	1,023,132	4,597,870	
At 1 January 2008	1,486,981	1,486,981	1,397,183	534,212	17,201	801,401	4,236,978	
Net change in fair value of securities available-for-sale	-	-	-	-	(47,814)	-	(47,814)	
Deferred tax on revaluation of securities available-for-sale	-	-	-	-	11,957	-	11,957	
Income and expense recognised directly in equity	-	-	-	-	(35,857)	-	(35,857)	
Net profit for the financial period	-	-	-	-	-	154,760	154,760	
Total recognised income and expense for the financial period	-	-	-	-	(35,857)	154,760	118,903	
Issue of share capital:-								
- pursuant to the exercise of Employee Share Option Scheme	7,386	7,386	2,787	-	-	-	10,173	
Dividends paid	-	-	-	-	-	(33,175)	(33,175)	
At 30 June 2008	1,494,367	1,494,367	1,399,970	534,212	(18,656)	922,986	4,332,879	

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008.

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

**Unaudited Condensed Statement Of Changes In Equity
For The Financial Period Ended 30 June 2009**

<u>COMPANY</u>	Issued and fully paid ordinary shares of RM1 each		Non-distributable		Distributable Retained profits RM'000	Total Equity RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000			
At 1 January 2008	1,494,367	1,494,367	1,399,970	347,091	3,241,428	
Total recognised income and expense for the financial period	-	-	-	18,358	18,358	
- Net profit for the financial period						
At 30 June 2009	1,494,367	1,494,367	1,399,970	365,449	3,259,786	
At 1 January 2008	1,486,981	1,486,981	1,397,183	343,129	3,227,293	
Total recognised income and expense for the financial period						
- Net profit for the financial period						
Issue of share capital	-	-	-	36,123	36,123	
- pursuant to the exercise of Employee Share Option Scheme	7,386	7,386	2,787	-	10,173	
Dividends paid	-	-	-	(33,175)	(33,175)	
At 30 June 2008	1,494,367	1,494,367	1,399,970	346,077	3,240,414	

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Consolidated Cash Flow Statement
For The Financial Period Ended 30 June 2009

	<-----6 Months Ended----->	
	30/06/2009	30/06/2008
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	243,176	213,473
Adjustment for non-operating and non-cash items	8,742	(2,371)
Operating profit before changes in working capital	<u>251,918</u>	<u>211,102</u>
Net changes in operating assets	(473,231)	(333,342)
Net changes in operating liabilities	539,379	429,331
Payment of tax and zakat	(68,896)	(63,102)
Taxation refund	-	558
Net cash generated from operating activities	<u>249,170</u>	<u>244,547</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from securities	89,227	76,864
Net (purchase)/disposal of:		
- securities	(547,574)	265,358
- property and equipment	(9,009)	(12,805)
- intangible assets	(975)	(3,032)
- leasehold land	-	781
Dividend received from:		
- associate	2,961	-
- securities held-to-maturity/available-for-sale	1,911	1,305
Proceeds from disposal of property and equipment	1,628	-
Proceeds from disposal of leasehold land classified under prepaid lease payments	1,492	-
Proceeds from disposal of land held for sale	15,000	-
Proceeds from disposal of foreclosed properties	282	-
Capital injection into a jointly controlled entity	(7,650)	(2,550)
Net cash generated from investing activities	<u>(452,707)</u>	<u>325,921</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in borrowings	(200,000)	(200,000)
Proceed from issuance of shares	-	10,173
Dividends paid to shareholders	-	(33,175)
Net cash used in financing activities	<u>(200,000)</u>	<u>(223,002)</u>
Net increase in cash and cash equivalents	(403,537)	347,466
Cash and cash equivalents at beginning of the period	6,812,543	8,338,768
Cash and cash equivalents at end of the period	<u>6,409,006</u>	<u>8,686,234</u>
Analysis of cash & cash equivalent		
Cash and short term funds	6,466,690	8,725,978
Adjustment for money held in trust on behalf of clients and remisers	(57,684)	(39,744)
	<u>6,409,006</u>	<u>8,686,234</u>

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008.

Part A - Explanatory Notes pursuant to Financial Reporting Standard ('FRS 134') and Revised Guidelines on Financial Reporting for Licensed Institutions ('BNM/GP8') issued by Bank Negara Malaysia

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 30 June 2009 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values:

- (i) securities held-for-trading,
- (ii) securities available-for-sale,
- (iii) derivative financial instruments, and
- (iv) investment properties.

The unaudited condensed financial statements has been prepared in accordance with FRS134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ('MASB') and Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 31 December 2008. The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the Group since the year ended 31 December 2008.

A2. ACCOUNTING POLICIES AND METHODS OF COMPUTATIONS

The significant accounting policies and methods of computations applied for the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2008.

A3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements for the financial year ended 31 December 2008 was not subjected to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

The operations of the Group are generally not affected by any seasonal or cyclical factors but are in tandem with the country's economic situation.

A5. ITEMS OF UNUSUAL NATURE, SIZE AND INCIDENCE AFFECTING NET ASSETS, EQUITY, NET INCOME OR CASH FLOWS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Company during the financial period ended 30 June 2009.

A6. CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the financial period ended 30 June 2009.

A7. DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, shares, share buy-backs, resale of shares bought back and repayment of debts and equity securities by the Company.

A8. DIVIDENDS PAID

No dividend has been paid during the financial period ended 30 June 2009.

A9. SECURITIES HELD

	Group	
	30/06/2009	31/12/2008
(a) <u>Securities held-for-trading</u>	RM'000	RM'000
At fair value		
Negotiable Instruments of Deposit	-	70,000
Quoted Securities		
- Shares	-	433
- Warrants	70	57
Unquoted Securities		
- Private Debt Securities	-	333,323
Total securities held for trading	70	403,813

A9. SECURITIES HELD (cont.)

	Group	
	30/06/2009	31/12/2008
	RM'000	RM'000
(b) <u>Securities available-for-sale</u>		
At fair value		
Malaysian Government Securities	1,354,827	821,181
Malaysian Government Treasury Bills	164,062	364,774
Malaysian Government Investment Issuance	687,099	211,689
Cagamas Bonds	522,825	461,298
Khazanah Bonds	39,459	24,078
Bankers' Acceptance and Islamic Acceptance Bills	265,182	320,824
Bank Negara Malaysia Notes	196,880	897,736
Negotiable Instruments of Deposit and Islamic Debt Certificate	590,007	639,702
	3,820,341	3,741,282
Quoted Securities		
- Shares	69,600	83,646
- Private Debt Securities	2,949	2,867
- Irredeemable Convertible Unsecured Loan Stock	4,031	4,031
Unquoted Securities		
- Shares	50	50
- Private Debt Securities in Malaysia	2,353,011	1,932,457
- Private Debt Securities outside Malaysia	391,637	265,777
	6,641,619	6,030,110
Allowance for impairment of securities	(117,248)	(133,502)
Total securities available-for-sale	6,524,371	5,896,608
(c) <u>Securities held-to-maturity</u>		
At amortised cost		
Quoted Securities		
- Private Debt Securities	38,123	38,123
Unquoted Securities		
- Private Debt Securities	550,057	615,333
	588,180	653,456
At cost		
Unquoted Securities		
- Shares	57,240	57,240
- Private Debt Securities	16	16
	645,436	710,712
Allowance for impairment of securities	(95,212)	(108,047)
Total securities held-to-maturity	550,224	602,665
Total securities held	7,074,665	6,903,086

A10. LOANS, ADVANCES AND FINANCING

(a) <u>BY TYPE</u>	Group	
	30/06/2009	31/12/2008
	RM'000	RM'000
Overdrafts	2,074,812	2,059,761
Term loans/financing		
- Housing loans/financing	4,719,435	4,620,336
- Syndicated term loans/financing	1,513,041	1,354,582
- Hire purchase receivables	7,195,185	7,253,275
- Other term loans/financing	6,625,028	5,268,884
Bills receivables	42,884	57,879
Trust receipts	283,252	299,477
Claims on customers under acceptance credits	618,021	583,103
Staff loans/financing (of which RM NIL to Directors)	166,825	164,295
Credit/charge cards	97,249	108,273
Revolving credit	2,289,907	2,540,205
Margin financing	32,222	32,728
Factoring	6,349	12,691
	<hr/>	<hr/>
	25,664,210	24,355,489
Less: Unearned interest and income	(3,625,294)	(3,568,311)
	<hr/>	<hr/>
Gross loans, advances and financing	22,038,916	20,787,178
Less: Allowance for bad and doubtful debts and financing		
- General	(324,929)	(306,033)
- Specific	(414,764)	(553,468)
	<hr/>	<hr/>
Total net loans, advances and financing	21,299,223	19,927,677
	<hr/>	<hr/>
(b) <u>BY TYPE OF CUSTOMER</u>		
Domestic banking institutions	2,700	-
Domestic non-banking institutions		
- Stock-broking companies	-	194
- Others	1,294,966	939,819
Domestic business enterprises		
- Small medium enterprises	6,641,669	6,271,165
- Others	4,071,266	3,711,190
Government and statutory bodies	80,669	91,130
Individuals	9,454,362	9,451,464
Other domestic entities	253,801	54,841
Foreign entities	239,483	267,375
	<hr/>	<hr/>
	22,038,916	20,787,178
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A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	30/06/2009 RM'000	31/12/2008 RM'000
(c) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u>		
Fixed rate		
- Housing loans/financing	395,909	451,498
- Hire purchase receivables	6,085,618	6,118,148
- Margin financing	32,222	32,728
- Other fixed rate loans/financing	3,267,880	3,000,371
Variable rate		
- BLR plus	8,838,416	8,328,511
- Cost plus	3,418,871	2,855,922
	22,038,916	20,787,178
(d) <u>BY ECONOMIC PURPOSE</u>		
Construction	439,441	462,359
Purchase of landed property of which		
- Residential	3,437,270	3,381,681
- Non-residential	1,535,023	1,456,315
Purchase of securities	366,510	365,285
Purchase of transport vehicles	6,117,426	6,163,738
Fixed assets other than land and building	227,635	114,429
Personal use	752,226	764,574
Credit card	97,249	108,273
Consumer durable	1,508	1,841
Merger and acquisition	17,028	29,522
Working capital	7,478,483	7,282,135
Others	1,569,117	657,026
	22,038,916	20,787,178
(e) <u>BY SECTOR</u>		
Primary agriculture	676,398	608,588
Mining and quarrying	278,554	170,103
Manufacturing	1,562,758	1,536,451
Electricity, gas and water supply	9,922	10,754
Construction	2,088,062	2,017,580
Real estate	1,295,377	1,161,005
Wholesale and retail trade and restaurants and hotels	1,191,436	1,238,710
Transport, storage and communication	987,321	895,997
Finance, insurance and business services	3,337,894	2,848,131
Education, health and others	682,616	568,687
Household	9,544,363	9,537,023
Others	384,215	194,149
	22,038,916	20,787,178

A10. LOANS, ADVANCES AND FINANCING (cont.)

(f) NON-PERFORMING LOANS/FINANCING

	Group	
	30/06/2009 RM'000	31/12/2008 RM'000
(i) <u>Movements in non-performing loans, advances and financing</u>		
Balance at the beginning of financial year	1,200,823	2,691,432
Classified as non-performing during the financial period/year	375,559	690,130
Reclassified as performing during the financial period/year	(201,029)	(478,188)
Amount recovered	(77,688)	(645,324)
Amount written-off	(247,351)	(1,057,227)
Balance at the end of financial period/year	1,050,314	1,200,823
less: Specific allowance	(414,764)	(553,468)
Net non-performing loans, advances and financing	635,550	647,355
Net NPL as a % of gross loans, advances and financing less specific allowance	2.94%	3.20%

(ii) Non-performing loans, advances and financing by economic purpose

Construction	35,540	62,132
Purchase of landed property of which		
- Residential	388,376	405,854
- Non-residential	57,096	73,948
Purchase of securities	6,094	6,377
Purchase of transport vehicles	78,415	82,306
Fixed assets other than land and building	1,317	27,492
Personal use	21,712	24,214
Credit card	1,234	3,804
Consumer durable	39	96
Working capital	283,352	395,006
Others	177,139	119,594
	1,050,314	1,200,823

A10. LOANS, ADVANCES AND FINANCING (cont.)

(f) NON-PERFORMING LOANS/FINANCING (cont.)

	Group	
	30/06/2009	31/12/2008
	RM'000	RM'000
(iii) <u>Non-performing loans, advances and financing by sector</u>		
Primary agriculture	4,617	6,428
Mining and quarrying	3,994	4,753
Manufacturing	140,426	206,992
Electricity, gas and water supply	154	85
Construction	86,412	125,761
Real estate	92,097	93,763
Wholesale and retail trade and restaurants and hotels	41,774	55,447
Transport, storage and communication	7,100	46,539
Finance, insurance and business services	33,459	52,874
Education, health and others	21,254	37,964
Household	507,455	540,930
Others	111,572	29,287
	1,050,314	1,200,823
(iv) <u>Aging of net non-performing loans, advances and financing</u>		
Less than 5 years	549,378	566,104
5 years to 7 years	86,172	81,251
	635,550	647,355
(v) <u>Movement in allowance for bad and doubtful debts and financing</u>		
General allowance		
Balance at the beginning of financial year	306,033	274,585
Allowance made during the financial period/year	18,970	31,738
Amount written-back during the financial period/year	(74)	(290)
Balance at the end of financial period/year	324,929	306,033
As a % of gross loans, advances and financing less specific allowance	1.50%	1.51%
Specific allowance		
Balance at the beginning of financial year	553,468	1,307,371
Allowance made during the financial period/year	124,080	417,019
Amount transferred to allowance for impairment of securities	(10,775)	-
Amount written-off	(226,359)	(1,055,027)
Amount written-back during the financial period/year	(25,650)	(115,895)
Balance at the end of financial period/year	414,764	553,468

A11. OTHER ASSETS

	Group	
	30/06/2009	31/12/2008
	RM'000	RM'000
Clearing accounts	142,604	173,371
Income / interest receivable	60,244	74,173
Prepaid lease payments	16,533	17,347
Foreclosed properties	190,812	187,422
Derivative assets	39,480	60,276
Other debtors, deposits and prepayments	33,439	110,472
Amount due from jointly-controlled entity	755	750
Amount due from associate	-	2,961
	483,867	626,772
	483,867	626,772

A12. OTHER LIABILITIES

	Group	
	30/06/2009	31/12/2008
	RM'000	RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding Programmes	65,399	69,358
Amount due from other shareholders of a subsidiary - Liabilities directly associated with land held for sale	26,365	26,696
Interest payable	129,899	183,315
Margin and collateral deposits	45,512	43,916
Trust accounts for clients and remisiers	57,684	39,059
Defined contribution plan	7,789	9,539
Accrued employee benefits	981	987
Derivative liabilities	72,727	81,393
Other creditors and accruals	148,996	197,231
Profit equalisation reserve	3,621	-
Provision for zakat	9,223	7,289
	568,196	658,783
	568,196	658,783

A13. INTEREST INCOME

	←-----Group-----→			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	260,048	254,530	528,189	507,495
- Recoveries from NPL	14,584	21,427	27,605	42,830
Money at call and deposit with financial institutions	17,724	51,646	42,079	104,351
Securities				
- Held-for-trading	49	4,078	3,755	7,924
- Available-for-sale	42,528	32,909	82,213	65,791
- Held-to-maturity	3,383	6,606	7,014	10,267
Interest rate derivatives	13,082	8,620	27,705	18,718
Others	29	85	17	192
	351,427	379,901	718,577	757,568
Accretion of discount less amortisation of premium	7,326	13,045	18,669	28,743
Interest suspended	(3,935)	(5,549)	(10,255)	(9,853)
	354,818	387,397	726,991	776,458

A14. INTEREST EXPENSE

Deposits and placements of banks and other financial institutions	12,225	23,493	28,281	45,554
Deposits from customers	120,140	166,287	266,850	333,516
Subordinated term loan	-	7,236	5,589	15,027
Loans sold to Cagamas Berhad	1,578	856	1,667	4,204
Interest rate derivatives	16,615	9,673	32,911	22,874
Others	2,485	1,654	5,291	2,894
	153,043	209,199	340,589	424,069

A15. OTHER OPERATING INCOME

	←-----Group-----→			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
<u>Fees income:</u>				
Fees on loans, advances and financing	2,490	33	4,298	393
Brokerage (net)	14,208	11,410	18,975	30,834
Underwriting fees	1,901	378	2,359	1,143
Portfolio management fees	1,549	1,817	2,928	3,331
Corporate advisory fees	455	2,354	1,019	2,738
Commission	2,939	3,586	6,147	7,107
Service charges and fees	12,262	12,374	22,245	24,426
Guarantee fees	7,902	6,687	14,946	13,441
Arrangement fees	500	240	2,820	4,823
Agency fees	150	454	467	461
Other fee income	95	4,992	269	5,164
	44,451	44,325	76,473	93,861
<u>Investment income:</u>				
Gains arising from sales of securities:				
- Held-for-trading	478	226	1,860	1,146
- Available-for-sale	4,206	7,218	4,211	10,418
- Held-to-maturity	1,169	11,956	2,347	12,235
Unrealised gains/(losses) on revaluation of securities held-for-trading	(2,010)	(11,987)	5,603	(10,209)
Gains on revaluation of derivatives:				
- realised	98	162	324	177
- unrealised	8,082	6,846	9,184	7,311
Unrealised gains on revaluation of foreign exchange derivatives	-	1,033	-	1,033
	12,023	15,454	23,529	22,111
<u>Dividend income:</u>				
- Securities available-for-sale	70	-	89	12
- Securities held-to-maturity	1,752	1,173	1,872	1,293
	1,822	1,173	1,961	1,305
<u>Other income:</u>				
Foreign exchange gains/(losses):				
- realised	21,672	29,773	35,461	18,998
- unrealised	(6,916)	(16,611)	(6,226)	21,899
Rental income	317	353	735	756
Gains on disposal of property and equipment	446	1,956	1,323	3,307
Gains on disposal of foreclosed properties	60	732	60	857
Other non-operating income	2,688	4,352	5,645	6,898
	18,267	20,555	36,998	52,715
Total Other Operating Income	76,563	81,507	138,961	169,992

A16. OTHER OPERATING EXPENSES

	<-----Group----->			
	Individual Quarter Ended 30/06/2009 RM'000	30/06/2008 RM'000	Cumulative Quarter Ended 30/06/2009 RM'000	30/06/2008 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	61,239	61,295	121,707	122,044
Defined contribution plan	9,472	8,770	18,776	17,614
Termination benefits	-	3,000	-	6,000
Other personnel costs	8,409	5,965	16,482	12,619
	<u>79,120</u>	<u>79,030</u>	<u>156,965</u>	<u>158,277</u>
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	880	556	1,419	1,249
Entertainment	385	405	738	854
Travelling and accommodation	935	1,008	1,765	1,933
Dealers' handling fees	5,865	7,309	10,900	15,906
Commission	17	120	40	140
Others	422	486	894	1,003
	<u>8,504</u>	<u>9,884</u>	<u>15,756</u>	<u>21,085</u>
<u>Establishment-related expenses</u>				
Rental of premises	6,525	6,059	12,609	12,110
Equipment rental	295	715	627	1,439
Repair and maintenance	7,803	4,097	14,050	12,615
Depreciation	6,705	6,840	13,305	13,498
Amortisation	5,302	4,423	10,437	8,826
Lease rental - leasehold properties	62	72	123	352
IT consultancy fee	10,876	10,757	21,173	18,826
Dataline rental	2,370	(625)	4,674	1,651
Securities services	2,061	2,010	4,196	4,075
Others	4,514	3,793	9,483	8,457
	<u>46,513</u>	<u>38,141</u>	<u>90,677</u>	<u>81,849</u>
<u>General administrative expenses</u>				
Telecommunication expenses	1,526	1,816	3,267	3,643
Director's Remuneration	238	241	485	749
Auditors' remuneration:				
(i) Statutory audit	345	289	662	584
(ii) Others	84	60	114	125
Professional fees	4,129	4,734	9,405	8,340
Property & equipment written off	73	145	123	180
Intangible asset written off	-	16	-	16
Mail and courier charges	958	1,438	2,262	2,856
Stationery and consumables	2,272	1,903	4,123	3,705
Subscription	391	569	862	1,165
Subsidies and allowance	151	212	363	423
Transaction levy	368	270	525	879
Commissioned dealers representative performance incentive	1,797	658	2,060	1,879
Others	4,744	7,192	8,495	11,939
	<u>17,076</u>	<u>19,543</u>	<u>32,746</u>	<u>36,483</u>
Total other operating expenses	<u>151,213</u>	<u>146,598</u>	<u>296,144</u>	<u>297,694</u>

A17. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

	-----Group----->			
	Individual Quarter Ended 30/06/2009 RM'000	30/06/2008 RM'000	Cumulative Quarter Ended 30/06/2009 RM'000	30/06/2008 RM'000
<u>Allowance for bad and doubtful debts on loans and financing</u>				
Specific allowance				
- Made during the financial period	66,856	142,483	124,080	223,864
- Written back	(11,898)	(58,171)	(25,650)	(91,352)
General allowance (net)	11,122	2,577	18,896	7,574
<u>Bad debts</u>				
- recovered	(32,482)	(34,412)	(65,703)	(69,988)
- written off	4,121	2,654	7,001	3,518
<u>Addition / (Writeback) of allowance for bad and doubtful debt</u>				
- trade debtors	(35)	(433)	(119)	(611)
- other debtors	128	220	194	117
	37,812	54,918	58,699	73,122

A18. IMPAIRMENT LOSSES

Net allowance / (Writeback) for impairment loss on				
- Securities available-for-sale	2,373	345	3,488	4,440
- Securities held-to-maturity	-	(3,186)	(211)	(3,186)
	2,373	(2,841)	3,277	1,254

A19. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 30 June 2009 and 30 June 2008 are as follows:-

<-----Current year's individual quarter ended 30 June 2009----->							
RM '000	Commercial Banking and Hire Purchase	Investment Banking	Stockbroking	Insurance	Others	Eliminations	Group
Segment revenue	432,988	41,129	14,850	-	1,639	-	490,606
Intersegment revenue	1,594	1,579			239	(3,412)	-
Revenue	<u>434,582</u>	<u>42,708</u>	<u>14,850</u>	<u>-</u>	<u>1,878</u>	<u>(3,412)</u>	<u>490,606</u>
Segment results	104,523	13,413	3,520	-	90	3,347	124,893
Unallocated expenses							(5,793)
Share of results of:							
- jointly controlled entity	-	-	-	1,732	-	-	1,732
- associate	-	-	-	2,079	-	-	2,079
Profit before taxation and zakat							<u>122,911</u>
Taxation and zakat							<u>(33,094)</u>
Net profit for the quarter							<u>89,817</u>

<-----Preceding year's individual quarter ended 30 June 2008----->							
RM '000	Commercial Banking and Hire Purchase	Investment Banking	Stockbroking	Insurance	Others	Eliminations	Group
Segment revenue	495,925	30,985	8,248	-	3,913	-	539,071
Intersegment revenue	568	731	6	-	291	(1,596)	-
Revenue	<u>496,493</u>	<u>31,716</u>	<u>8,254</u>	<u>-</u>	<u>4,204</u>	<u>(1,596)</u>	<u>539,071</u>
Segment results	112,315	(18,196)	(665)	-	1,338	2,641	97,433
Unallocated expenses							(4,787)
Share of results of:							
- jointly controlled entity	-	-	-	(6,462)	-	-	(6,462)
- associate	-	-	-	2,875	-	-	2,875
Profit before taxation and zakat							<u>89,059</u>
Taxation and zakat							<u>(26,694)</u>
Net profit for the quarter							<u>62,365</u>

A19. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

<-----Current year's cumulative quarter ended 30 June 2009----->

RM '000	Commercial Banking and Hire Purchase	Investment Banking	Stockbroking	Insurance	Others	Eliminations	Group
Segment revenue	878,139	87,811	20,272	-	3,360	-	989,582
Intersegment revenue	3,710	3,583	-	-	500	(7,793)	-
Revenue	881,849	91,394	20,272	-	3,860	(7,793)	989,582
Segment results	205,054	33,631	(299)	-	492	5,899	244,777
Unallocated expenses							(9,999)
Share of results of:							
- jointly controlled entity	-	-	-	1,777	-	-	1,777
- associate	-	-	-	6,621	-	-	6,621
Profit before taxation and zakat							243,176
Taxation and zakat							(61,771)
Net profit for the cumulative quarter							181,405

<-----Preceding year's cumulative quarter ended 30 June 2008----->

RM '000	Commercial Banking and Hire Purchase	Investment Banking	Stockbroking	Insurance	Others	Eliminations	Group
Segment revenue	981,596	72,262	25,262	-	7,113	-	1,086,233
Intersegment revenue	571	1,289	39	-	611	(2,510)	-
Revenue	982,167	73,551	25,301	-	7,724	(2,510)	1,086,233
Segment results	220,479	(5,528)	2,051	-	1,940	5,426	224,368
Unallocated expenses							(9,998)
Share of results of:							
- jointly controlled entity	-	-	-	(6,131)	-	-	(6,131)
- associate	-	-	-	5,234	-	-	5,234
Profit before taxation and zakat							213,473
Taxation and zakat							(58,713)
Net profit for the cumulative quarter							154,760

A20. VALUATION OF PROPERTY AND EQUIPMENT

The Group's and the Company's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

There were no changes in the valuation of property and equipment that were brought forward from the previous financial year ended 31 December 2008.

A21. SUBSEQUENT MATERIAL EVENT

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements.

A22. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group during the financial period ended 30 June 2009.

A23. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

GROUP	Current financial period ended 30/06/2009			Previous financial year ended 31/12/2008		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk- Weighted Amount* RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk- Weighted Amount* RM'000
Direct credit substitutes	492,424	492,424	465,803	658,062	658,062	609,474
Transaction-related contingent items	2,578,168	1,289,084	1,119,282	2,785,699	1,392,849	1,115,835
Short-term self-liquidating trade-related contingencies	1,683,437	336,687	152,070	2,379,763	475,952	202,368
Obligations under underwriting agreements	52,127	26,064	21,471	60,214	30,107	20,622
Foreign exchange related contracts						
- Less than one year	2,697,110	52,181	19,811	1,925,805	60,174	23,038
- One year to less than five years	303,646	25,665	12,027	354,390	27,420	15,025
Interest rate related contracts						
- Less than one year	102,000	155	40	277,000	790	280
- One year to less than five years	749,361	12,402	3,568	750,024	14,197	3,986
- Five years and above	506,475	44,991	9,698	507,100	63,522	13,449
Irrevocable commitments to extend credit:						
- Maturity exceeding 1 year	3,631,698	-	-	3,808,203	1,904,102	1,703,168
- Maturity not exceeding 1 year	5,009,173	-	-	8,669,397	1,715,466	820,105
Unutilised credit card lines	524,198	104,840	78,561	506,509	101,302	75,946
	18,329,817	2,384,493	1,882,331	22,682,166	6,443,943	4,603,296

* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines.

A24. INTEREST / PROFIT RATE RISK

GROUP	Non-trading Book						Total	Weighted average interest rate (%)
	Up to 1 month	1-3 months	> 3-12 months	> 1-5 years	Over 5 years	Non-interest bearing		
As at 30 June 2009	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS								
Cash & short-term funds	6,327,810	-	-	-	-	138,880	6,466,690	1.97
Deposits & placements with banks and other financial institutions	-	-	1,800	-	-	-	1,800	2.48
Securities held for trading	-	-	-	-	-	-	70	-
Securities available-for-sale	864,819	552,361	1,714,376	2,099,861	1,251,362	41,592	6,524,371	3.86
Securities held-to-maturity	238,613	15,130	-	105,567	16	190,898	550,224	4.74
Loans, advances & financing:								
- Performing	12,149,738	1,472,442	1,610,832	4,314,781	1,440,809	(324,929)	20,663,673	4.86
- Non-performing	-	-	-	-	-	635,550	635,550	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	244,096	244,096	-
Other assets	173,648	-	-	-	-	2,059,252	2,232,900	-
Land held for sale	-	-	-	-	-	66,571	66,571	-
TOTAL ASSETS	19,754,628	2,039,933	3,327,008	6,520,209	2,692,187	3,051,910	37,385,945	
LIABILITIES, INSURANCE RESERVES AND EQUITY								
Deposits from customers	13,920,974	6,343,972	5,779,796	138,054	-	1,925,218	28,108,014	2.29
Deposits & placements of banks and other financial institutions	2,099,923	779,988	254,208	-	-	-	3,134,119	1.98
Bills and acceptance payable	-	-	-	-	-	124,473	124,473	-
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	150,000	-	-	150,000	5.05
Other liabilities	-	-	-	-	-	771,469	771,469	-
Borrowings	200,000	-	-	300,000	-	-	500,000	3.49
TOTAL LIABILITIES	16,220,897	7,123,960	6,034,004	588,054	-	2,821,160	32,788,075	

A24. INTEREST / PROFIT RATE RISK (cont.)

GROUP	Non-trading Book					Non-interest bearing	Trading Book	Total	Weighted average interest rate (%)
	Up to 1 month	1-3 months	> 3-12 months	> 1-5 years	Over 5 years				
As at 30 June 2009	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
EQUITY									
Shareholders' Funds	-	-	-	-	-	4,597,870	-	4,597,870	
Total liabilities and shareholders' funds	16,220,897	7,123,960	6,034,004	588,054	-	7,419,030	-	37,385,945	
On balance sheet- interest sensitivity gap	3,533,731	(5,084,027)	(2,706,996)	5,932,155	2,692,187	(4,367,120)	70	-	
Off balance sheet- interest sensitivity gap	574,160	110,747	(41,460)	(584,312)	(59,135)	-	-	-	
Total interest sensitivity gap	4,107,891	(4,973,280)	(2,748,456)	5,347,843	2,633,052	(4,367,120)	70	-	

A24. INTEREST / PROFIT RATE RISK (cont.)

GROUP	Non-trading Book						Total	Weighted average interest rate (%)
	Up to 1 month	1-3 months	> 3-12 months	> 1-5 years	Over 5 years	Non-interest bearing		
As at 31 December 2008	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS								
Cash and short-term funds	6,695,731	-	2,829	-	-	153,042	6,851,602	3.25
Securities held for trading	-	-	-	-	-	433	403,380	5.75
Securities available-for-sale	798,999	1,565,703	1,441,547	1,399,684	653,155	37,520	5,896,608	4.21
Securities held-to-maturity	27,938	-	15,564	111,087	214,407	233,669	602,665	4.72
Loans, advances & financing:								
- performing	10,500,418	1,601,685	1,698,820	4,312,181	1,473,251	(306,033)	19,280,322	5.54
- non-performing	-	-	-	-	-	647,355	647,355	
Statutory deposits with								
Bank Negara Malaysia	-	-	-	-	-	835,628	835,628	
Other assets	-	-	-	-	-	2,202,810	2,231,026	
Land held for sale	-	-	-	-	-	87,412	87,412	
Total assets	18,023,086	3,167,388	3,158,760	5,822,952	2,340,813	3,891,836	36,836,431	
LIABILITIES								
Deposits from customers	11,343,132	8,188,700	5,224,468	139,217	-	2,039,459	26,934,976	3.01
Deposits & placements of banks and other financial institutions	2,878,968	1,004,994	4,745	-	-	-	3,888,707	3.01
Bills and acceptance payable	-	-	-	-	-	136,243	136,243	
Recourse obligation on loans sold to Cagamas Berhad	-	11,088	-	-	-	-	11,088	4.82
Other liabilities	-	-	-	-	-	696,012	754,112	
Borrowings	-	-	200,000	500,000	-	-	700,000	5.63
Total liabilities	14,222,100	9,204,782	5,429,213	639,217	-	2,871,714	32,425,126	

A24. INTEREST / PROFIT RATE RISK (cont.)

GROUP	Non-trading Book					Trading Book	Total	Weighted average interest rate (%)
	Up to 1 month RM'000	1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000			
<u>As at 31 December 2008</u>								
EQUITY								
Shareholders' Funds	-	-	-	-	-	-	4,411,305	4,411,305
Total liabilities and shareholders' funds	14,222,100	9,204,782	5,429,213	639,217	-	58,100	7,283,019	36,836,431
On balance sheet- interest sensitivity gap	3,800,986	(6,037,394)	(2,270,453)	5,183,735	2,340,813	373,496	(3,391,183)	-
Off balance sheet- interest sensitivity gap	597,179	101,855	43,402	(648,461)	(93,975)	-	-	-
Total interest sensitivity gap	4,398,165	(5,935,539)	(2,227,051)	4,535,274	2,246,838	373,496	(3,391,183)	-

A25. CAPITAL ADEQUACY

The components of the Group's Tier I and Tier II capital are that of the banking subsidiaries, namely AFFIN Bank Berhad, AFFIN Islamic Bank Berhad and AFFIN Investment Bank Berhad as follows:-

	30/06/2009 RM'000	31/12/2008 RM'000
<u>Tier 1 Capital</u>		
Share capital	1,661,531	1,661,531
Share premium	550,659	550,659
Retained profits	248,119	269,709
Statutory reserve	749,330	749,330
	<u>3,209,639</u>	<u>3,231,229</u>
Less:-		
Goodwill	(190,384)	(190,384)
Deferred tax assets/(liabilities)	(54,434)	(55,896)
Total Tier 1 capital (a)	<u>2,964,821</u>	<u>2,984,949</u>
<u>Tier 2 Capital</u>		
Subordinated loans	300,000	500,000
General allowance for bad and doubtful debts and financing	324,929	305,853
Total Tier 2 capital (b)	<u>624,929</u>	<u>805,853</u>
Total capital (a) + (b)	3,589,750	3,790,802
Less:-		
Investment in subsidiaries	(53,229)	(53,229)
Capital base	<u>3,536,521</u>	<u>3,737,573</u>

The risk-weighted assets of the Group are derived by aggregating the risk-weighted assets of the banking subsidiaries. The breakdown of risk-weighted assets of the Group in the various categories of risk-weights are as follows:-

	30/06/2009 RM'000	31/12/2008 RM'000
Credit risk	23,371,621	24,545,176
Market risk	49,741	320,843
Operational risk	2,125,701	2,060,483
Total risk-weighted assets	<u>25,547,063</u>	<u>26,926,502</u>

The capital adequacy ratios of the Group are as follows:-

Before deducting proposed dividends:-

Core capital ratio	11.60%	11.08%
Risk capital weighted ratio	<u>13.84%</u>	<u>13.88%</u>

After deducting proposed dividends:-

Core capital ratio	11.60%	11.00%
Risk capital weighted ratio	<u>13.84%</u>	<u>13.80%</u>

Pursuant to Bank Negara Malaysia's circular, 'Recognition of Deferred Tax Asset ("DTA") and Treatment of DTA for RWCR Purposes' dated 8 August 2003, deferred tax income/(expenses) is excluded from the calculation of Tier I capital and DTA is excluded from the calculation of risk - weighted assets.

The Group implemented the Basel II – Risk Weighted Assets Computation under the BNM's Risk Weighted Capital Adequacy Framework with effect from 1 January 2008. The Group has adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operational risk computation.

A26. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current year's presentation.

A27. OPERATIONS OF ISLAMIC BANKING

(i) Unaudited Islamic Balance Sheet

	Group	
	30/06/2009 RM'000	31/12/2008 RM'000
ASSETS		
Cash and short term funds	2,678,645	2,358,150
Securities available-for-sale	869,408	1,071,326
Securities held-to-maturity	575	575
Loans, advances and financing	2,651,501	2,449,939
Statutory deposit with Bank Negara Malaysia	27,200	106,400
Investment in jointly-controlled entity	500	500
Amount due from jointly-controlled entity	755	750
Other assets	32,125	52,585
Tax recoverable	1,761	5,187
Deferred tax assets	9,304	4,552
Property and equipment	2,951	3,247
Land held for sale	-	15,000
Intangible assets	1,123	1,392
TOTAL ASSETS	6,275,848	6,069,603
LIABILITIES, ISLAMIC BANKING FUNDS		
Deposits from customers	4,517,210	4,252,119
Deposits and placements of banks and other financial institutions	1,171,487	1,261,205
Other liabilities	229,950	293,608
Bills and acceptances payable	37,201	
Total Liabilities	5,955,848	5,806,932
SHAREHOLDERS' EQUITY		
Share capital	200,000	160,000
Reserves	120,000	102,671
Total Equity	320,000	262,671
TOTAL LIABILITIES & EQUITY	6,275,848	6,069,603
COMMITMENTS AND CONTINGENCIES	2,172,985	6,994,462

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

(ii) Unaudited Islamic Income Statement

	←-----Group-----→			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/06/2009	30/06/2008	30/06/2009	30/06/2008
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	59,248	70,983	123,135	140,141
Allowance for losses on financing	(3,160)	(3,854)	(5,335)	(9,580)
Transfer from/(to) profit equalisation reserve	(3,621)	-	(3,621)	-
	<u>52,467</u>	<u>67,129</u>	<u>114,179</u>	<u>130,561</u>
Income attributable to depositors	(24,705)	(41,993)	(56,397)	(80,913)
	<u>27,762</u>	<u>25,136</u>	<u>57,782</u>	<u>49,648</u>
Income attributable to shareholders				
Income derived from investment of Shareholders' funds	3,352	2,882	6,195	5,839
	<u>31,114</u>	<u>28,018</u>	<u>63,977</u>	<u>55,487</u>
Other operating expenses	(18,810)	(16,923)	(37,553)	(33,025)
	<u>12,304</u>	<u>11,095</u>	<u>26,424</u>	<u>22,462</u>
Profit before tax and zakat	(2,773)	(2,898)	(6,076)	(5,965)
Taxation	(3,308)	(2,359)	(3,308)	(2,359)
Zakat				
Net profit for the financial period	<u>6,223</u>	<u>5,838</u>	<u>17,040</u>	<u>14,138</u>

(iii) Financing

	Group	
	30/06/2009	31/12/2008
	RM'000	RM'000
By type		
Cash line	229,154	193,632
Term financing		
- Housing financing	2,218,544	2,121,908
- Syndicated term financing	897,127	896,342
- Hire purchase receivables	938,195	874,759
- Other term financing	698,208	606,786
Bills financing	6,176	6,275
Trust receipts	74,947	83,763
Interest-free accepted bills	117,156	88,092
Staff financing	12,890	11,780
Revolving credit	97,072	99,486
	<u>5,289,469</u>	<u>4,982,823</u>
less: Unearned income	(2,591,825)	(2,488,795)
	<u>2,697,644</u>	<u>2,494,028</u>
less: Allowance for bad and doubtful debts and financing		
- General	(40,379)	(37,309)
- Specific	(5,764)	(6,780)
Total net financing	<u>2,651,501</u>	<u>2,449,939</u>

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

(iv) Non-performing financing (NPF)

	Group	
	30/06/2009	31/12/2008
	RM'000	RM'000
<u>Movements in non-performing financing (including income receivables):</u>		
Balance at the beginning of financial year	40,102	37,779
Classified as non-performing during the financial period/year	39,887	61,712
Reclassified as performing during the financial period/year	(20,793)	(38,442)
Amount written-off	(3,295)	(16,697)
Amount written back in respect of recoveries	(12,445)	(4,250)
Balance at the end of financial period/year	43,456	40,102
less: Specific allowance	(5,764)	(6,780)
Net non-performing loans, advances and financing	37,692	33,322
As a % of gross loans, advances and financing less specific allowance	1.40%	1.34%

Movements in allowance for bad and doubtful financing:

General allowance

Balance at the beginning of financial year	37,309	26,485
Allowance made during the financial period/year	3,070	10,824
Balance at the end of financial period/year	40,379	37,309

As a % of gross loans, advances and financing less specific allowance

1.50%	1.50%
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Specific allowance

Balance at the beginning of financial year	6,780	7,170
Allowance made during the financial period/year	2,866	17,562
Amount written off	(3,295)	(1,379)
Amount written back in respect of recoveries	(587)	(16,573)
Balance at the end of financial period/year	5,764	6,780

(v) Deposits from customers

	Group	
	30/06/2009	31/12/2008
	RM'000	RM'000
<u>By type of deposits</u>		
Non-Mudharabah Funds		
Demand deposits	1,483,043	1,333,821
Savings deposits	222,714	190,415
Negotiable Instruments of Deposits	239,299	222,268
	1,945,056	1,746,504
Mudharabah Funds		
Savings deposits	6,996	6,677
General investment deposits	1,449,851	1,095,288
Special investment deposits	1,115,307	1,403,650
	2,572,154	2,505,615
Total deposits from customers	4,517,210	4,252,119

Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

The Group recorded a higher pretax profit of RM122.9 million for the current financial quarter as compared to RM89.1 million for the preceding year's corresponding quarter. For the half-year ended 30 June 2009, the group also registered a higher pretax profit of RM243.2 million as compared to RM213.5 million for the corresponding half-year ended 30 June 2008, mainly due to the increase in both net interest income and Islamic banking income totalling RM41.4 million and the drop in loan loss provision of RM14.4 million. However, the other operating income was lower by RM31.0 million for the period under review.

AFFIN Bank Berhad ("ABB") group recorded a lower pretax profit of RM104.5 million for the current financial quarter as compared to RM112.3 million for the preceding year's corresponding quarter. For the half-year ended 30 June 2009, the ABB group also reported a lower pretax profit of RM205.1 million as compared to RM220.5 million achieved last year. This was mainly due to the reduction in other operating income of RM37.8 million, higher loan loss provision of RM12.1 million and the transfer of RM3.6 million to profit equalisation reserve. For the period under review, the net interest income and Islamic banking income were higher by RM25.3 million and RM7.3 million respectively, while the impairment loss on securities was lower by RM7.7 million.

AFFIN Investment Bank Berhad ("AIBB") group reported a pretax profit of RM16.9 million for the current financial quarter as compared to a pretax loss of RM18.8 million for the preceding year's corresponding quarter. As at year-to-date, the AIBB group recorded a total pretax profit of RM33.3 million as compared to the pretax loss of RM3.4 million registered in the previous year. The improved performance was mainly due to lower loan loss provision of RM26.4 million, higher other operating income and net interest income of RM10.4 million and RM8.6 million respectively, net of the allowance for impairment loss on securities of RM2.2 million as compared to a writeback of RM7.6 million for the same period last year. Overall, the stockbroking division suffered a pretax loss of RM0.3 million for the six months ended 30 June 2009 as compared to the pretax profit of RM2.1 million achieved last year. As for AFFIN Fund Management Berhad, the company reported a lower pretax profit of RM0.5 million as compared to RM4.7 million for the same period last year.

AFFIN Moneybrokers Sdn Bhd posted a lower pretax profit of RM32,000 for the current financial quarter as compared to RM0.7 million for the same quarter last year. The company also registered a lower pretax profit of RM0.3 million for the half-year ended 30 June 2009 as compared to RM1.3 million achieved last year, mainly due to lower net brokerage income net of lower overheads.

AXA-AFFIN Life Insurance Berhad reported a pretax profit of RM3.4 million for the current financial quarter as compared to a pretax loss of RM12.5 million for the preceding year's corresponding quarter. For the half-year ended 30 June 2009, the Company registered a total pretax profit of RM3.5 million as compared to a pretax loss of RM12.0 million for the same period last year. The pretax profit for the current period was mainly attributed to the unrealised gain on investment securities of RM3.0 million while the pretax loss for the preceding year's corresponding period was mainly due to the early recognition of the year-to-date deficit of the Life Fund Revenue Accounts of RM12.4 million at Group level.

AXA-AFFIN General Insurance Berhad recorded a lower pretax profit of RM6.9 million for the current financial quarter as compared to RM9.7 million for the preceding year's corresponding quarter. The Company's pretax profit for the half-year ended 30 June 2009 declined by RM1.8 million to RM15.9 million as compared to RM17.7 million achieved last year, mainly due to the increase in net claim, net commission and overhead expenses of RM10.1 million, RM3.1 million and RM4.2 million respectively. For the period under review, the earned premium increased by RM24.8 million while both the gain on the sale of investments and investment income were lower by RM7.8 million and RM1.6 million.

B2. COMMENTS ON CURRENT FINANCIAL PERFORMANCE AGAINST THE PRECEDING QUARTER'S RESULTS

The Group recorded a higher pretax profit of RM122.9 million for the current financial quarter as compared to RM120.3 million for the preceding quarter ended 31 March 2009. The improved performance was attributable to higher net interest income and other operating income of RM17.2 million and RM14.2 million respectively, net of the increase in both loan loss provision and overhead expenses of RM16.9 million and RM6.3 million as well as the transfer of RM3.6 million to profit equalisation reserve.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

Barring any unforeseen circumstances, the Group is expected to perform well and achieve satisfactory results for the financial year ending 31 December 2009.

Based on the current performance, the Board of Directors is of the view that the Group is on track to achieve following announced headline Key Performance Indicators (KPIs) for the financial year 2009:-

<u>Headline KPIs</u>	<u>As announced for financial Year 2009</u>	<u>Actual achieved for 6 months ended 30-6-09</u>
(i) After Tax Returns on Equity (ROE)	7.5%	4.0%
(ii) After Tax Returns on Assets (ROA)	0.9%	0.5%
(iii) Net NPL Ratio	2.3%	2.9%
(iv) Earnings Per Share (EPS)	<u>22.70 sen</u>	<u>12.14 sen</u>

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

B5. TAXATION

	-----Group----->			
	Individual Quarter Ended 30/06/2009 RM'000	30/06/2008 RM'000	Cumulative Quarter Ended	
			30/06/2009 RM'000	30/06/2008 RM'000
Malaysian Taxation:				
- Income tax based on profit for the financial period	33,007	26,367	64,806	66,943
Deferred tax:				
- Relating to originating temporary differences	(3,338)	(2,032)	(6,465)	(10,584)
- Relating to changes in tax rate	-	-	-	(30)
Under provision in previous year:				
- Current taxation	117	-	122	25
	<u>29,786</u>	<u>24,335</u>	<u>58,463</u>	<u>56,354</u>

The Group's effective tax rate was slightly lower than the prevailing statutory tax rate mainly due to certain income not subject to tax or subject to lower tax rate, net of certain expenses not deductible for tax purposes.

B6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no material gains or losses on disposal of investments or properties other than in the ordinary course of business of the Group.

B7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the financial period other than in the ordinary course of business of the Group.

B8. STATUS OF CORPORATE PROPOSALS

a) Proposed acquisition by Boustead Holdings Berhad (Boustead) of The London Assurance's shareholdings in BH Insurance Berhad ("BHI") and proposed rationalisation of Boustead's interest in BHI and AXA AFFIN General Insurance Berhad

On 25 July 2005, the Board of Directors of AFFIN Holdings Berhad ("AHB") announced that Bank Negara Malaysia ("BNM") had vide its letter dated 21 July 2005 stated that it had no objection in principle for Boustead (a company related to AHB by virtue of LTAT being a common major shareholder in AHB and Boustead) to commence negotiations to acquire the entire 45.0% equity interest held by The London Assurance in BHI. It is Boustead's intention to rationalise its shareholdings in BHI and consolidate its interests in BHI into AXA AFFIN General Insurance Berhad ("AAGI"), a 40.0% associated company of AHB thereafter.

On 5 December 2007, the Board of Directors of Boustead announced that BNM had vide its letter dated 4 December 2007 stated that it had no objection in principle for Boustead to commence preliminary negotiations with the shareholders of AAGI on the proposed rationalisation of Boustead's interest in BHI and AAGI. The approval in principle from BNM for commencement of the negotiations is not an approval for the proposed rationalisation.

On 3 March 2009, the Board of Directors of AHB announced that BNM had vide its letter dated 27 February 2009 stated that it had no objection in principle for AHB and AXA Asia Pacific General Insurance to commence preliminary negotiations with Felda Holdings Bhd or any other designated entity within its Group of Companies ("Felda") on the proposed acquisition of Felda's equity interest in BHI. The approval in principle from BNM for commencement of the negotiations is not an approval for the acquisition of equity interest in BHI.

Further announcement on the development will be made to Bursa Malaysia at the appropriate time.

b) Proposed formation of AFFIN Banking Group

On 28 January 2008, AFFIN Investment Bank Berhad ("AFFIN Investment") had on behalf of the Board of Directors of AHB announced that Bank Negara Malaysia ("BNM") had vide its letter dated 25 January 2008 informed that BNM had obtained the approval from Minister of Finance for the following :-

- (i) Pursuant to Section 45(1)(a) and (b) of the Banking and Financial Institutions Act 1989 ("BAFIA") for AFFIN Capital Sdn Bhd (formerly known as AFFIN Capital Holdings Sdn Bhd) ("ACSB"), a wholly-owned subsidiary of AHB, to acquire the entire equity interest in AFFIN Bank Berhad ("AFFIN Bank") and AFFIN Investment;
- (ii) Pursuant to Section 45(3) of the BAFIA for AHB to subscribe to the issuance of new ordinary shares of RM1.00 each in AFFIN Bank and AFFIN Investment;
- (iii) Pursuant to Section 46 of BAFIA for ACSB to hold shares in AFFIN Bank and AFFIN Investment in excess of the maximum permissible limit;
- (iv) Pursuant to Section 49 of the BAFIA for AHB and ACSB to enter into an agreement or arrangement which would result in the change in the control of AFFIN Bank and AFFIN Investment, after (i) above ; and
- (v) Pursuant to Section 22 of the Islamic Banking Act 1983 for ACSB and AFFIN Bank to enter into an arrangement or agreement for ACSB to acquire from AFFIN Bank the entire equity interest in AFFIN Islamic Bank Berhad ("AFFIN Islamic"), which would result in a change in the control or management of AFFIN Islamic.

B8. STATUS OF CORPORATE PROPOSALS(cont.)

b) Proposed formation of AFFIN Banking Group (cont.)

Further, BNM informed that following the above internal restructuring exercise, in addition to AHB, ACSB would be designated as a Financial Holding Company in view of its holding of the licensed institutions comprising AFFIN Bank, AFFIN Investment and AFFIN Islamic (collectively the "Banking Subsidiaries"). In this regard, ACSB would be subjected to the following conditions :-

- (i) its investment should be confined to the financial sector and prior approval of BNM is to be obtained for any new investments; and
- (ii) compliance with the Guidelines on Corporate Governance for Licensed Institutions (Revised BNM/GP1).

Further announcement on the development will be made to Bursa Malaysia Securities Berhad at the appropriate time.

B9. GROUP BORROWINGS AND DEBT SECURITIES

(i) Deposits from Customers

	Group	
	30/06/2009 RM'000	31/12/2008 RM'000
<u>By Type of Deposits:-</u>		
Money Market Deposits	855,197	1,654,643
Demand Deposits	3,761,409	3,714,185
Savings Deposits	1,258,328	990,251
Fixed Deposits	17,026,049	16,521,716
Negotiable Instruments of Deposits ('NIDs')	4,091,724	2,650,531
Special Investment Deposits	1,115,307	1,403,650
	28,108,014	26,934,976

Maturity structure of fixed deposits and NIDs are as follows:

Due within six months	18,037,475	16,566,570
Six months to one year	2,892,250	2,412,991
One year to three years	187,017	191,240
Three years to five years	1,031	1,446
	21,117,773	19,172,247

By Type of Customers:-

Government and statutory bodies	5,843,158	5,087,629
Business enterprises	10,187,649	10,274,853
Individuals	3,649,780	3,467,846
Others	8,427,427	8,104,648
	28,108,014	26,934,976

(ii) Deposits and Placements of Banks and Other Financial Institutions

By Type of Institutions:-

Licensed banks	1,351,685	1,062,942
Licensed investment banks	175,000	339,350
Bank Negara Malaysia	5,335	65,353
Other financial institutions	1,602,099	2,421,062
	3,134,119	3,888,707

By Maturity Structure:-

Due within six months	3,124,911	3,883,962
Six months to one year	9,208	4,745
	3,134,119	3,888,707

(iii) Borrowings

Unsecured

- One year or less (short-term)	200,000	200,000
- More than one year (medium/long-term)	300,000	500,000
	500,000	700,000

B10. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The value of derivative contracts classified by remaining period to maturity/repricing date (whichever is earlier) as at reporting date are as follows:-

RM'000

Items	Principal Amount	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	> 5 years	Margin requirement
Foreign Exchange	3,000,756	2,392,007	254,027	51,076	303,646	-	-
- Forwards	917,238	616,890	135,836	51,076	113,436	-	-
- Swaps	2,045,091	1,736,690	118,191	-	190,210	-	-
- Options	38,427	38,427	-	-	-	-	-
Interest Rate related	1,357,836	50,000	17,000	35,000	749,361	506,475	-
- Forwards	-	-	-	-	-	-	-
- Futures	-	-	-	-	-	-	-
- Swaps	1,357,836	50,000	17,000	35,000	749,361	506,475	-
Total	4,358,592	2,442,007	271,027	86,076	1,053,007	506,475	-

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

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at end of the financial year, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM3.3 million (FYE 31/12/2008: RM1.3 million), while the notional amount of interest rate contract was RM792.2 million (FYE 31/12/2008: RM868.5 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the commercial bank has a gain position. As at the reporting date, the amounts of foreign exchange and interest rate credit risk, measured in terms of the cost to replace the profitable contracts, was RM77.85 million (FYE 31/12/2008: RM87.6 million) and RM57.55 million (FYE 31/12/2008: RM78.51 million) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

B10. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK (cont.)

Related accounting policies

i. Derivative financial instruments

Derivatives are initially recognised at fair values at inception and are subsequently remeasured at their fair values. Fair values are obtained from quoted market price in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

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

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method used is amortised to income statement over the period to maturity. The adjustments to the carrying amount of a hedged equity security remain in retained earnings until the disposal of the equity securities.

b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect income statement (for example, when the projected hedged transaction crystallised). When a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

c) Derivatives that do not qualify for hedge accounting

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

ii. Forward exchange related contracts

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

B11. MATERIAL LITIGATION

- a) There are various other legal suits against AFFIN Bank Berhad ("ABB") in respect of claims and counter claims of approximately RM98.0 million (31 December 2008: RM103.8 million). Based on legal advice, the Directors of the Bank are of the opinion that no provision for damages need to be made in the financial statements, as the probability of adverse adjudication against ABB is remote.
- b) As part of a merger of banking businesses, by an Agreement dated 30 August 2000 ("the Acquisition Agreement") between AFFIN Holdings Berhad ("AHB"), AFFIN Bank Berhad ("ABB" or "the Bank"), BSN Commercial Bank (Malaysia) Berhad ("BSNC") and Bank Simpanan Nasional Berhad ("BSN"), it was agreed that all banking assets and liabilities of BSNC would be sold to ABB in consideration of a purchase price of RM338,560,000 to be paid partly in cash and partly in AHB shares ("the Purchase Price"). Pursuant to clause 2.1.5 of the Acquisition Agreement, BSNC and BSN undertook to ABB that debts other than those reflected as bad or doubtful debts in the audited financial statements of BSNC will be recoverable in the ordinary course of business. For the debts not recoverable, BSNC undertook to pay ABB within 30 days from the date of receipt of the Bank's letter of demand, the amounts claimed subject to a limit of 30% of the Purchase Price amounting to RM101,568,000.

Subsequent to the merger, an audit was conducted and it was found that there had been significant under provisioning of bad and doubtful debts by BSNC. AHB, ABB and BSN agreed that the purchase price payable to BSNC would be reduced to compensate for this under provisioning ("the Settlement Agreement"). In return, it was agreed that ABB would assign the bad and doubtful debts to BSNC under clause 2.1.5 of the Acquisition Agreement, subject to approval being given to both parties by regulatory authorities for the reassignment. However, the accounts to be reassign to BSNC were not identified then.

Dispute arose when ABB subsequently did not agree with BSNC on the assignment of 106 non performing accounts with gross amount of RM988,000,000 or net amount of RM578,000,000 which have been identified unilaterally by BSNC. In 2005, BSNC issued an Originating Summons against AHB and ABB seeking an order for ABB to reassign the 106 accounts to BSNC.

On 6 February 2009, the High Court has given its decision on the Originating Summons. The High Court concluded that there were numerous disputes of fact which had to be resolved before any final conclusion could be reached and has ordered to proceed to a full trial. No date has been fixed for the trial.

The Directors are of the opinion that the probable outcome of the legal case is still uncertain at this junction and it is too preliminary to quantify the financial impact to both ABB and the Group.

B12. PROPOSED DIVIDENDS

No dividend has been proposed for the current financial quarter ended 30 June 2009.

B13. EARNINGS PER SHARE

	-----Group----->			
	Individual Quarter Ended 30/06/2009	30/06/2008	Cumulative Quarter Ended 30/06/2009	30/06/2008
Net profit attributable to equity holders of the parent (RM'000)	89,817	62,365	181,405	154,760
Weighted average number of ordinary share in issue	1,494,366,667	1,492,338,430	1,494,366,667	1,492,338,430
Basic earning per share (sen)	6.01	4.18	12.14	10.37
Diluted earnings per share (sen)	6.01	4.18	12.14	10.37

The basic and diluted earnings per share of the Group for the current financial quarter ended 30 June 2009 have been calculated based on the net profit attributable to the equity holders of the parent of RM89,817,000 (30 June 2008: RM62,365,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,494,366,667 (30 June 2008: 1,492,338,430).

The basic earnings per share of the Group for the cumulative quarter ended 30 June 2009 has been calculated based on the net profit attributable to the equity holders of the parent of RM181,405,000 (30 June 2008: RM154,760,000) divided by the weighted average number of ordinary shares in issue during the financial period under review of 1,493,862,378 (30 June 2008: 1,492,338,430).

The Group has only one category of potential ordinary shares, that is Warrants 2000/2010. The conversion of the said warrants is considered dilutive when it would result in the issue of new ordinary shares for less than market value of the shares. As the current exercise price of the Warrants 2000/2010 is higher than the market value of the ordinary shares, there is no impact of dilution to the earnings per share. Hence, the said warrants are not included in the computation of diluted earnings per share.

B14. ECONOMIC PROFIT

	-----Group----->			
	Individual Quarter Ended 30/06/2009 RM'000	30/06/2008 RM'000	Cumulative Quarter Ended 30/06/2009 RM'000	30/06/2008 RM'000
Net profit for the financial period	89,817	62,365	181,405	154,760
Less: Economic charge	(118,518)	(122,993)	(234,401)	(243,119)
Economic loss for the financial period	(28,701)	(60,628)	(52,996)	(88,359)

Formula for calculation of economic charge:

- (i) Economic charge = Cost of equity x Average total equity for the financial period
- (ii) Cost of equity = Beta x Market risk premium + Risk-free rate

Beta = 5-year adjusted Bloomberg Beta

Market risk premium = the market return in excess of the return earned on risk-free assets.

Risk-free rate = the rate of return of a 10-year Malaysian Government Securities at the closing of the reporting period