

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Income Statement
For the Six Months Period Ended 31 December 2009**

	Note	Individual Quarter 3 months ended		Cumulative Year to date 6 months ended	
		31 December 2009 RM'000 Unaudited	31 December 2008 RM'000 Unaudited	31 December 2009 RM'000 Unaudited	31 December 2008 RM'000 Unaudited
Income derived from investment of depositors' fund	A15	280,105	245,649	558,626	488,940
Income derived from investment of shareholders' fund	A16	132,752	111,922	254,650	253,497
Allowance for losses on financing	A17	(33,978)	(43,524)	(83,929)	(61,818)
Profit equalisation reserve		2,287	(2,298)	8,308	(2,314)
Other expenses directly attributable to the investment of the depositors' and shareholders' funds		(3,908)	(5,256)	(8,800)	(8,478)
Total distributable income		377,258	306,493	728,855	669,827
Income attributable to depositors	A18	(85,225)	(100,685)	(181,935)	(213,143)
Total net income		292,033	205,808	546,920	456,684
Personnel expenses		(86,060)	(88,963)	(162,763)	(171,334)
Other overhead expenses		(92,770)	(72,966)	(159,592)	(138,931)
Depreciation		(11,097)	(9,030)	(22,880)	(18,130)
Profit before zakat and taxation		102,106	34,849	201,685	128,289
Zakat		(4,310)	(2,479)	(6,502)	(4,994)
Tax expense	B5	(21,178)	(19,485)	(48,149)	(22,723)
Profit for the period		76,618	12,885	147,034	100,572
Attributable to:					
Shareholders of the Company		39,398	14,070	77,694	65,141
Minority Interests		37,220	(1,185)	69,340	35,431
Profit for the period		76,618	12,885	147,034	100,572
Earnings Per Share - basic (sen)	B14	3.69	1.58	7.28	7.31

BIMB HOLDINGS BERHAD (423858-X)
(Incorporated in Malaysia)

Condensed Consolidated Balance Sheet as at 31 December 2009

	Note	As at December 31, 2009 RM'000 Unaudited	As at June 30, 2009 RM'000 Audited
ASSETS			
Cash and short term funds		3,932,950	8,482,444
Deposits and placements with financial institutions		176,339	90,682
Securities:			
- Held for trading	A8	608,339	294,868
- Held-to-maturity	A9	155,007	162,763
- Available-for-sale	A10	11,372,145	8,635,312
Financing, advances and others	A11	10,457,998	9,661,864
Deferred tax assets		65,449	71,646
Assets held for sale		1,467	1,471
Other assets		234,638	210,457
Current tax assets		14,312	13,694
Investment in associates		149	149
Statutory deposit with Bank Negara Malaysia		20,000	139,729
Property, plant and equipment		176,835	160,714
Prepaid lease payments		24,756	24,800
General Takaful and Family Takaful assets		4,082,548	3,947,615
Total assets		31,322,932	31,898,208
LIABILITIES, EQUITY & TAKAFUL FUNDS			
Liabilities			
Deposits from customers	A13	23,174,984	24,871,451
Deposits and placements of banks and other financial institutions	A14	329,782	8,078
Bills and acceptances payable		456,066	283,212
Other liabilities		412,640	387,770
Provision for zakat and taxation		49,852	33,188
Deferred tax liabilities		3,139	-
General Takaful and Family Takaful liabilities		492,054	495,274
General Takaful and Family Takaful participants' funds		3,590,494	3,452,341
Total liabilities		28,509,011	29,531,314
Equity			
Share capital		1,066,790	1,066,790
Reserves		296,927	205,743
Total equity attributable to shareholders of the Company		1,363,717	1,272,533
Minority interests		1,450,204	1,094,361
Total equity		2,813,921	2,366,894
Total equity and liabilities		31,322,932	31,898,208
COMMITMENTS AND CONTINGENCIES			
Net assets per share attributable to ordinary equity holders of the parent (RM)	A24	1.28	1.19

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity
For the Six Months Period Ended 31 December 2009**

Group	Note	Attributable to Equity Holders of the Parent							Total RM'000	Minority Interests RM'000	Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Translation Reserve RM'000	Capital Reserve RM'000	Fair Value Reserve RM'000	Accumulated Losses RM'000			
Audited											
At 1 July 2008		891,390	602,978	367,154	24,395	638,370	(40,219)	(1,478,784)	1,005,284	934,035	1,939,319
Net gain not recognised in the income statement:											
- Foreign exchange translation differences		-	-	-	(10,412)	-	-	-	(10,412)	(10,363)	(20,775)
- Unrealised net gain on revaluation of securities available-for-sale		-	-	-	-	-	37,643	-	37,643	35,803	73,446
Net profit for the period		-	-	-	-	-	-	113,659	113,659	94,049	207,708
Transfer to statutory reserve		-	-	40,955	-	-	-	(80,303)	(39,348)	39,348	-
Issue of ordinary shares		175,400	-	-	-	-	-	-	175,400	-	175,400
Subscription of shares held by minority interests of a subsidiary		-	-	-	-	-	-	-	-	1,489	1,489
Dividends to shareholders	A7	-	-	-	-	-	-	(9,693)	(9,693)	-	(9,693)
At 30 June 2009		1,066,790	602,978	408,109	13,983	638,370	(2,576)	(1,455,121)	1,272,533	1,094,361	2,366,894
Unaudited											
At 1 July 2009		1,066,790	602,978	408,109	13,983	638,370	(2,576)	(1,455,121)	1,272,533	1,094,361	2,366,894
Net gain not recognised in the income statement:											
- Foreign exchange translation differences		-	-	-	6,321	-	-	-	6,321	6,073	12,394
- Unrealised net gain on revaluation of securities available-for-sale		-	-	-	-	-	16,770	-	16,770	16,177	32,947
Net profit for the period		-	-	-	-	-	-	77,694	77,694	69,340	147,034
Convertible redeemable non-cumulative preference shares (CRNCPS) issued		-	-	-	-	-	-	-	-	264,600	264,600
Divestment of shares held by minority interests of a subsidiary		-	-	-	-	-	-	-	-	(347)	(347)
Dividends to shareholders	A7	-	-	-	-	-	-	(9,601)	(9,601)	-	(9,601)
At 31 December 2009		1,066,790	602,978	408,109	20,304	638,370	14,194	(1,387,028)	1,363,717	1,450,204	2,813,921

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

Condensed Consolidated Cash Flow Statement, continued For the Six Months Period Ended 31 December 2009

	6 months 31 Dec. 2009 RM'000 Unaudited	6 months 31 Dec. 2008 RM'000 Unaudited
Cash flows from operating activities		
Profit before zakat and taxation	201,685	128,289
Adjustment for non-cash flow items:-		
Depreciation of property, plant and equipment	22,880	18,130
Amortisation of prepaid lease payment	161	441
Reversal for doubtful debts	(120)	(15,123)
Allowance for losses on financing	83,929	61,818
(Reversal)/Allowance for diminution in investments	(148)	74
Dividend income	(8,437)	(4,049)
Net loss/(gain) on sale of securities held-for-trading	105	(2,333)
Net gain on sale of securities available-for- sale	(11,989)	(1,544)
Accretion of discount less amortisation of premium	(37,340)	(32,889)
Operating profit before working capital changes	250,726	152,814
Changes in working capital:		
Other receivables	73,905	34,184
Statutory deposits with Bank Negara Malaysia	119,729	(68,364)
Bills payable	172,854	(334,082)
Other payables	24,870	(12,101)
Financing of customers	(796,134)	(451,144)
Deposits from customers	(1,696,467)	221,584
Deposit and placements of banks and other financial institutions	321,704	(49,684)
Cash used in operation	(1,528,813)	(506,793)
Zakat and income taxes paid	(17,282)	4,027
Net cash used in operating activities	(1,546,095)	(502,766)

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Cash Flow Statement, continued
For the Six Months Period Ended 31 December 2009**

	6 months 31 Dec. 2009 RM'000 <u>Unaudited</u>	6 months 31 Dec. 2008 RM'000 <u>Unaudited</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(39,001)	(30,538)
Dividend paid	(9,601)	(9,693)
Dividend received from available-for-sale	145,511	61,820
Dividend received from held-for-trading	1,307	902
Dividend received from securities held-to-maturity	4,252	465
Net purchase of securities	<u>(3,042,548)</u>	<u>(1,823,706)</u>
Net cash used in investing activities	<u>(2,940,080)</u>	<u>(1,800,750)</u>
Net decrease in cash and cash equivalent	(4,486,175)	(2,303,516)
Foreign exchange differences	22,338	22,462
Cash and cash equivalents at the beginning of period	8,573,126	10,194,221
Cash and cash equivalents at the end of period	<u>4,109,289</u>	<u>7,913,167</u>
Cash and cash equivalents comprise:		
Cash and short term funds	3,932,950	7,822,455
Deposits and placement with financial institutions	176,339	90,712
	<u>4,109,289</u>	<u>7,913,167</u>

EXPLANATORY NOTES OF FRS 134: INTERIM FINANCIAL REPORTING (PARAGRAPH 16) AND REVISED GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (GP8-i)

A1 BASIS OF PREPARATION

BIMB Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements of the Group as at and for the six months period ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates.

The consolidated financial statements of the Group as at and for the year ended 30 June 2009 are available upon request from the Company's registered office at Level 18, Menara Yayasan Tun Razak, 200, Jalan Bukit Bintang, 55100 Kuala Lumpur.

These condensed consolidated interim financial statements were approved by the Board of Directors.

(i) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and FRS 134, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2009.

These condensed financial statements have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the MASB but are not yet effective:

FRSs/Interpretations	Effective date
Amendments to FRS 2, Share-based Payment	1 July 2009
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 101, Presentation of Financial Statements (revised);	1 January 2010
Amendment to FRS 1, First-time Adoption of Financial Reporting Standards	1 January 2010
Amendment to FRS 107, Cash Flow Statements	1 January 2010
Amendment to FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendment to FRS 110, Events After the Balance Sheet Date	1 January 2010
Amendment to FRS 116, Property, Plant and Equipment	1 January 2010
Amendment to FRS 117, Leases	1 January 2010
Amendment to FRS 118, Revenue	1 January 2010
Amendments to FRS 132, Financial Instruments: Presentation	1 January 2010
Amendment to FRS 136, Impairment of Assets	1 January 2010
FRS139 Explanatory, Financial Instruments: Recognition and Measurement	1 January 2010
FRS 4, Insurance Contracts	1 January 2010
FRS 123, Borrowing Costs (revised)	1 January 2010
Amendment to FRS 2, Share-based Payment; Vesting Conditions and Cancellations	1 January 2010
Amendment to FRS 119, Employee Benefits	1 January 2010
Amendment to FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
Amendment to FRS 127, Consolidated and Separate Financial Statements	1 January 2010
Amendment to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 128, Investments in Associates	1 January 2010
Amendment to FRS 129, Financial Reporting in Hyperinflationary Economics	1 January 2010
Amendment to FRS 131, Interests in Joint Ventures	1 January 2010
Amendment to FRS 134, Interim Financial Reporting	1 January 2010
Amendment to FRS 140, Investment Property	1 January 2010
Amendments to IC 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11 FRS 2, Group and Treasury Transactions	1 January 2010
IC Interpretation 13, Customer Loyalty Programme	1 January 2010
IC Interpretation 14 FRS 119, The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction	1 January 2010
FRS 1, First-time Adoption of Financial Reporting Standards (revised)	1 July 2010
FRS 3, Business Combinations (revised)	1 July 2010
FRS 127, Consolidated and Separate Financial Statements	1 July 2010
Amendment to FRS 5, Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendment to FRS 8, Operating Segments	1 July 2010
Amendment to FRS 138, Intangible Assets	1 July 2010
IC Interpretation 12, Service Concession Agreements	1 July 2010
IC Interpretation 15, Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16, Hedges of a Net investment in a Foreign Operation	1 July 2010
IC Interpretation 17, Distribution of Non-cash Assets to Owner	1 July 2010

In line with the announcement made on 26 October 2009 to change its accounting year end from 30 June 2010 to 31 December 2010, the Group and the Company plan to apply the other FRSs and Interpretations from the annual period beginning 1 January 2011. For FRSs, amendments to FRSs and Interpretations effective 1 July 2010, the Group and the Company plan to apply them for the annual period beginning 1 January 2012.

The impact of applying FRS 4, FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of the other amendments and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

A1 BASIS OF PREPARATION, continued
(ii) Significant accounting policies

With the exception of a change in accounting policy from FRS 114 Segment Reporting to FRS 8 Operating Segment as noted below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 30 June 2009.

As of 1 July 2009, the Group determines and presents operating segments based on the information that is internally provided to the Group Managing Director/Chief Executive Officer, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 114, Segment Reporting.

Comparative segment information has been represented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per ordinary share.

A2 AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 30 JUNE 2009

The audited report on the financial statements of the preceding year did not contain any qualification.

A3 SEASONALITY AND CYCLICALITY OF OPERATIONS

The operations of the Group were not subject to material seasonal or cyclical effects.

A4 EXCEPTIONAL OR UNUSUAL ITEMS

There were no items of an exceptional or unusual nature that may affect the assets, liabilities, equity, net income or cash flows of the Group.

A5 CHANGES IN ESTIMATES OF AMOUNTS REPORTED PREVIOUSLY

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

A6 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current period.

A7 DIVIDENDS PAID

	Cumulative 6 months ended	
	Unaudited	Audited
	31-Dec-09	30-Jun-09
	RM '000	RM '000
<u>Ordinary</u>		
2009 - 1.20%, (2008 - 1.45%)	9,601	9,693

A8 SECURITIES HELD-FOR-TRADING

	Unaudited	Audited
	31-Dec-09	30-Jun-09
	RM '000	RM '000
At fair value		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Islamic Commercial Papers	53,778	149,737
Malaysian Government Investment Issue	-	137,891
Bank Negara Negotiable Notes	530,769	-
Malaysian Islamic Treasury Bills	14,743	-
	<u>599,290</u>	<u>287,628</u>
<u>Quoted securities</u>		
<i>In Malaysia</i>		
Shares	9,049	7,240
Total securities held-for-trading	<u>608,339</u>	<u>294,868</u>

A9 SECURITIES HELD-TO-MATURITY

	Unaudited	Audited
	31-Dec-09	30-Jun-09
	RM '000	RM '000
At amortised cost		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Islamic Debt Securities	167,294	175,050
Less: Impairment losses	(12,287)	(12,287)
Total securities held-to-maturity	<u>155,007</u>	<u>162,763</u>

A10 SECURITIES AVAILABLE-FOR-SALE

	Unaudited 31-Dec-09 RM '000	Audited 30-Jun-09 RM '000
At fair value		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Malaysian Government Investment Issue	3,793,651	2,651,555
Unquoted shares	27,630	28,720
Promissory notes	5,108	5,604
Accepted bills	35,246	107,997
Negotiable Islamic Debt Certificate	2,759,366	1,437,982
Islamic Commercial Papers	309,698	453,816
Islamic Debt Securities	4,382,047	3,822,367
Malaysian Islamic Treasury Bills	31,829	-
<i>Outside Malaysia</i>		
Islamic Development Bank unit trust	1,923	1,923
Unquoted shares	2,996	3,043
	11,349,494	8,513,007
<u>Quoted securities</u>		
<i>In Malaysia</i>		
Unit trust	15,303	45,254
Shares	-	22,506
<i>Outside Malaysia</i>		
Bond	68,470	70,380
	83,773	138,140
Less:		
Impairment losses	(61,122)	(15,835)
Total securities available-for-sale	11,372,145	8,635,312

A11 FINANCING, ADVANCES AND OTHERS

(i) By type

	Unaudited 31-Dec-09 RM '000	Audited 30-Jun-09 RM '000
Cash line	208,701	164,272
Term financing		
House financing	7,709,652	7,136,157
Syndicated financing	75,732	81,329
Lease receivables	593,313	329,189
Bridging financing	349,996	299,524
Personal financing	2,462,216	2,733,611
Other term financing	4,909,808	3,874,823
Staff financing	296,199	298,368
Credit/charge cards	423,491	393,442
Trust receipt	133,009	151,672
Trade bills discounted	1,485,103	1,539,200
	18,647,220	17,001,587
Less: Unearned income	(7,189,521)	(6,290,584)
	11,457,699	10,711,003
Less: Allowance for bad and doubtful financing:		
General	(170,293)	(170,844)
Specific	(829,408)	(878,295)
Total net financing, advances and others	10,457,998	9,661,864

(ii) By contract

	Unaudited 31-Dec-09 RM '000	Audited 30-Jun-09 RM '000
Bai' Bithaman Ajil (deferred payment sale)	5,902,888	5,719,619
Bai'-Al-Inah	2,104,879	2,274,418
Ijarah (operating lease)	372,275	289,200
Ijarah Muntahia Bittamlik / AITAB (finance lease)	26,336	28,367
Mudharabah (profit sharing)	6,495	8,934
Murabahah (cost-plus)	1,609,195	1,680,071
At-Tawarruq	892,173	167,378
Istisna'	543,458	543,016
	11,457,699	10,711,003

(iii) By type of customer

	Unaudited 31-Dec-09 RM '000	Audited 30-Jun-09 RM '000
Domestic non-bank financial institutions	7,550	12,459
Domestic banking institutions	288	94
Domestic business enterprise	2,240,856	2,093,772
Small medium industries	725,354	867,061
Government and statutory bodies	239,533	156,910
Individuals	7,697,966	7,145,048
Other domestic entities	18,508	17,932
Foreign entities	527,644	417,727
	11,457,699	10,711,003

A11 FINANCING, ADVANCES AND OTHERS, continued
(iv) By profit rate sensitivity

	Unaudited 31-Dec-09 RM '000	Audited 30-Jun-09 RM '000
Fixed rate		
House financing	2,151,016	2,298,214
Others	7,824,594	7,462,649
Floating rate	1,482,089	950,140
	11,457,699	10,711,003

(v) By economic purposes

	Unaudited 31-Dec-09 RM '000	Audited 30-Jun-09 RM '000
Agriculture, hunting, forestry and fishing	89,448	116,701
Mining and quarrying	25,164	30,736
Manufacturing	768,915	828,998
Electricity, gas and water	4,379	80,011
Construction	469,235	520,600
Real estate	46,719	46,879
Purchase of landed property:		
- Residential	3,412,996	3,217,361
- Non-Residential	300,756	318,401
Wholesale and retail trade and restaurants and hotels	392,421	336,912
Transport, storage and communication	128,170	58,734
Finance, insurance and business services	40,531	76,455
Purchase of securities	149,323	153,087
Purchase of transport vehicles	1,514,465	1,452,351
Consumption credit	2,590,120	2,304,782
Community, social and personal services	43,762	42,456
Others	1,481,295	1,126,539
	11,457,699	10,711,003

A12 NON-PERFORMING FINANCING

(i) Movements in the non-performing financing, advances and others
(including income receivable)

	Unaudited 31-Dec-09 RM '000	Audited 30-Jun-09 RM '000
At 1 July	1,360,449	1,949,904
Addition arising from change to 3 months classification	140,641	-
Classified as non-performing	193,843	228,431
Reclassified as performing	(63,800)	(131,580)
Amount recovered	(103,232)	(184,080)
Amount written off	(169,681)	(540,033)
Exchange differences	(8,481)	37,807
At end of period	1,349,739	1,360,449
Less: - specific allowance	(829,408)	(878,295)
Net non-performing financing, advances and others	520,331	482,154
Ratio of net non-performing financing, advances and others to total net financing, advances and others	4.90%	4.90%

(ii) Movements in the allowance for bad and doubtful financing

	Unaudited 31-Dec-09 RM '000	Audited 30-Jun-09 RM '000
General allowance		
At 1 July	170,844	169,382
Exchange differences	(551)	1,462
At end of period	170,293	170,844
As % of gross financing, advances and others less specific allowance	1.60%	1.74%
Specific allowance		
At 1 July	878,295	1,228,131
Allowance made	213,247	303,755
Amount recovered	(83,765)	(133,074)
Amount written off	(169,681)	(540,033)
Exchange differences	(8,688)	19,516
At end of period	829,408	878,295

A12 NON-PERFORMING FINANCING, continued
(iii) Non-performing financing by sector

	Unaudited	Audited
	31-Dec-09	30-Jun-09
	RM '000	RM '000
Agriculture, hunting, forestry and fishing	26,416	39,788
Mining and quarrying	16,426	280
Manufacturing	242,472	288,186
Electricity, gas and water	2,353	77,334
Construction	322,216	367,912
Real estate	1,753	1,745
Purchase of landed property:		
- Residential	272,194	212,426
- Non-Residential	66,831	76,320
Wholesale and retail trade and restaurants and hotels	142,254	95,528
Transport, storage and communication	12,961	12,811
Finance, insurance and business services	1,396	1,449
Purchase of securities	5,309	6,737
Purchase of transport vehicles	72,180	35,928
Consumption credit	77,046	101,561
Community social and personal services	11,553	14,430
Others	76,379	28,014
	1,349,739	1,360,449

A13 DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Unaudited	Audited
	31-Dec-09	30-Jun-09
	RM '000	RM '000
Non-Mudharabah Fund:		
Demand deposits	6,143,141	6,336,054
Savings deposits	2,367,186	2,032,461
Negotiable Islamic Debt Certificate (NIDC)	4,202,452	7,133,790
Others	56,985	62,744
	12,769,764	15,565,049
Mudharabah Fund:		
Savings deposits	820,720	680,589
General investment deposits	2,974,704	2,535,289
Special investment deposits	6,609,561	6,090,289
Others	235	235
	10,405,220	9,306,402
Total deposits from customers	23,174,984	24,871,451

(ii) By type of customer

	Unaudited	Audited
	31-Dec-09	30-Jun-09
	RM '000	RM '000
Government and statutory bodies	3,993,752	5,233,054
Business enterprises	8,298,593	8,619,680
Individuals	8,139,156	6,805,928
Others	2,743,483	4,212,789
	23,174,984	24,871,451

A14 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Unaudited	Audited
	31-Dec-09	30-Jun-09
	RM '000	RM '000
Mudharabah Fund:		
Licensed banks	259,122	8,078
Other financial institutions	70,660	-
	329,782	8,078

A15 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Individual Quarter 3 months ended		Cumulative Year to date 6 months ended	
	Unaudited 31-Dec-09	Unaudited 31-Dec-08	Unaudited 31-Dec-09	Unaudited 31-Dec-08
	RM '000	RM '000	RM '000	RM '000
Income derived from investment of:				
(i) General investment deposits	29,786	34,847	58,497	66,060
(ii) Other deposits	250,319	210,802	500,129	422,880
	280,105	245,649	558,626	488,940

(i) Income derived from investment of general investment deposits

	Individual Quarter 3 months ended		Cumulative Year to date 6 months ended	
	Unaudited 31-Dec-09	Unaudited 31-Dec-08	Unaudited 31-Dec-09	Unaudited 31-Dec-08
	RM '000	RM '000	RM '000	RM '000
Financing income and hibah				
Financing, advances and others	19,009	24,255	36,812	45,413
Held-for-trading	51	73	137	126
Held-to-maturity	99	32	420	62
Available-for-sale	6,108	3,147	11,518	5,516
Money at call and deposit with financial institutions	2,377	4,626	5,402	10,616
	27,644	32,133	54,289	61,733
Amortisation of premium less accretion of discounts	1,451	2,020	2,823	3,290
	29,095	34,153	57,112	65,023
Other dealing income				
Net gain / (loss) from sale of securities held-for-trading	(11)	425	(77)	453
Net gain / (loss) on revaluation of securities held-for-trading	245	232	502	438
	234	657	425	891
Other operating income				
Net gain / (loss) from sale of securities:				
Available-for-sale	457	37	852	146
Gross dividend income from securities:				
Unquoted in Malaysia	-	-	108	-
	457	37	960	146
	29,786	34,847	58,497	66,060

(ii) Income derived from investment of other deposits

	Individual Quarter 3 months ended		Cumulative Year to date 6 months ended	
	Unaudited 31-Dec-09	Unaudited 31-Dec-08	Unaudited 31-Dec-09	Unaudited 31-Dec-08
	RM '000	RM '000	RM '000	RM '000
Financing income and hibah				
Financing, advances and others	159,678	147,225	314,115	290,548
Held-for-trading	427	414	1,170	776
Held-to-maturity	834	200	3,832	403
Available-for-sale	51,359	19,046	98,355	35,250
Money at call and deposit with financial institutions	20,016	27,746	46,576	68,553
	232,314	194,631	464,048	395,530
Amortisation of premium less accretion of discounts	12,177	12,379	24,074	21,126
	244,491	207,010	488,122	416,656
Other dealing income				
Net gain / (loss) from sale of securities held-for-trading	(101)	2,116	(691)	2,313
Net gain / (loss) on revaluation of securities held-for-trading	2,055	1,424	4,291	2,886
	1,954	3,540	3,600	5,199
Other operating income				
Net gain / (loss) from sale of securities:				
Available-for-sale	3,874	252	7,505	1,025
Gross dividend income from securities:				
Unquoted in Malaysia	-	-	902	-
	3,874	252	8,407	1,025
	250,319	210,802	500,129	422,880

A16 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Individual Quarter 3 months ended		Cumulative Year to date 6 months ended	
	Unaudited 31-Dec-09	Unaudited 31-Dec-08	Unaudited 31-Dec-09	Unaudited 31-Dec-08
	RM '000	RM '000	RM '000	RM '000
Financing income and hibah				
Financing, advances and others	873	854	1,739	1,631
Available-for-sale	20,192	10,478	35,638	21,054
Money at call and deposit with financial institutions	307	22,294	1,176	49,938
	21,372	33,626	38,553	72,623
Amortisation of premium less accretion of discounts	4,363	5,505	10,443	8,473
	25,735	39,131	48,996	81,096
Other dealing income				
Net gain / (loss) from foreign exchange transactions	9,656	4,770	16,342	11,529
Net gain / (loss) from sale of securities held-for-trading	233	(150)	663	(433)
Net gain / (loss) on revaluation of securities held-for-trading	-	11	-	11
	9,889	4,631	17,005	11,107
Other operating income				
Net gain / (loss) from sale of securities:				
Available-for-sale	2,638	373	3,632	373
Unrealised forex gain/(loss) on cash balance	-	-	-	150
Profit on sale of foreign currencies	567	992	1,048	1,089
Reversal/(allowance) for diminution in value of investment	(210)	(39)	148	(74)
Reversal of allowance for doubtful debts	54	60	120	15,123
Profit from general takaful and family takaful funds attributable to the Group	43,418	40,294	86,033	71,770
Gross dividend income from securities:				
Quoted in Malaysia	279	51	559	222
Unit trust in Malaysia	416	18	1,064	138
Unit trust outside Malaysia	48	-	48	63
Unquoted in Malaysia	3,089	-	5,756	3,626
	50,299	41,749	98,408	92,480
Fees and commission				
ATM fees	3,221	2,408	7,158	5,602
Financing fees	5,516	3,549	9,008	14,028
Cheque issued & return, closing account and other fees	2,199	184	3,471	364
Takaful service fees and commission	2,287	704	4,353	1,522
Credit card fees and commission	8,734	4,375	14,156	8,014
Processing fees	286	47	324	103
Commitment fees	40	201	40	201
Commission on MEPS	1,033	953	2,168	1,983
Management fee	12	325	323	645
Corporate advisory fees	2,249	531	5,312	769
Investment income	1,635	4	4,236	19
Wakalah fees	17,117	5,218	32,860	15,205
Other service charges fees	2,577	-	6,573	3,188
	46,906	18,499	89,982	51,643
Other income				
Net gain/(loss) on disposal of property, plant & equipment	(471)	234	(464)	734
Others	394	7,678	723	16,437
	(77)	7,912	259	17,171
	132,752	111,922	254,650	253,497

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A17 ALLOWANCE FOR LOSSES ON FINANCING

	Individual Quarter 3 months ended		Cumulative Year to date 6 months ended	
	Unaudited 31-Dec-09	Unaudited 31-Dec-08	Unaudited 31-Dec-09	Unaudited 31-Dec-08
	RM '000	RM '000	RM '000	RM '000
Allowance for bad and doubtful financing:				
- Specific allowance				
- Made in the financial year	122,487	84,671	213,247	134,848
- Written back	(57,142)	(30,076)	(83,765)	(55,442)
- Bad debts and financing:				
- Recovered	(31,367)	(8,645)	(45,553)	(15,162)
- Recoverable from Danaharta	-	(2,426)	-	(2,426)
	33,978	43,524	83,929	61,818

A18 INCOME ATTRIBUTABLE TO DEPOSITORS

	Individual Quarter 3 months ended		Cumulative Year to date 6 months ended	
	Unaudited 31-Dec-09	Unaudited 31-Dec-08	Unaudited 31-Dec-09	Unaudited 31-Dec-08
	RM '000	RM '000	RM '000	RM '000
Deposits from customers:				
- Mudharabah fund	45,260	37,867	93,681	85,890
- Non-Mudharabah fund	36,566	58,229	81,899	121,873
Deposits and placements of banks and other financial institutions:				
- Mudharabah fund	3,399	4,589	6,355	5,380
	85,225	100,685	181,935	213,143

A19 CAPITAL ADEQUACY

The risk-weighted capital adequacy ratios of a subsidiary, Bank Islam Malaysia Berhad and its subsidiaries are as follows:

	Unaudited	Audited
	31-Dec-09 RM '000	30-Jun-09 RM '000
Tier-I capital:		
Paid-up share capital	1,725,490	1,725,490
Paid-up Convertible Redeemable Non-Cumulative Preference Shares (CRNCPS)	540,000	-
Share premium	500,020	500,020
Accumulated losses	(1,193,127)	(1,309,362)
Other reserves	589,124	589,124
Less: Deferred tax assets	(59,609)	(61,660)
Total Tier-I capital	2,101,898	1,443,612
Tier-II capital:		
Redeemable subordinated mudharabah	-	20,000
General allowance for bad and doubtful financing	170,293	170,844
Total Tier-II capital	170,293	190,844
Total capital base	2,272,191	1,634,456
Core capital ratio	16.17%	12.25%
Risk-weighted capital ratio	17.48%	13.87%
Core capital ratio net of proposed dividends	16.17%	12.25%
Risk-weighted capital ratio net of proposed dividend	17.48%	13.87%

A20 OPERATING SEGMENT INFORMATION

The Group comprises the following main operating segments:

Banking operations	Islamic banking and provision of related services.
Takaful operations	Underwriting of family and general Islamic insurance (Takaful).
Others	Investment holding, currency trading, ijarah financing, stockbroking, unit trust and venture capital.

(i) Information about reportable segments

	6 months ended				Total 31-Dec-09 RM'000
	Banking 31-Dec-09 RM'000	Takaful 31-Dec-09 RM'000	Others 31-Dec-09 RM'000	Elimination RM'000	
Current Year-to-Date					
Revenue from external customers	682,223	128,499	2,554	-	813,276
Inter-segment revenue	13	656	25,032	(25,701)	-
Total revenue	682,236	129,155	27,586	(25,701)	813,276
Net income from operations (before allowance for losses on financing and advances)	498,088	129,155	27,586	(23,980)	630,849
Operating overhead	(256,065)	(83,563)	(6,853)	1,246	(345,235)
Operating profit	242,023	45,592	20,733	(22,734)	285,614
Allowance for losses on financing and advances	(83,929)	-	-	-	(83,929)
Profit before zakat and taxation	158,094	45,592	20,733	(22,734)	201,685
Segment assets	26,714,682	4,554,582	1,829,296	(1,775,628)	31,322,932

	6 months ended				Total 31-Dec-08 RM'000
	Banking 31-Dec-08 RM'000	Takaful 31-Dec-08 RM'000	Others 31-Dec-08 RM'000	Elimination RM'000	
Previous Comparative Year-to-Date					
Banking operations:					
Revenue from external customers	632,161	94,448	15,828	-	742,437
Inter-segment revenue	22	664	22,542	(23,228)	-
Total revenue	632,183	95,112	38,370	(23,228)	742,437
Net income from operations (before allowance for losses on financing and advances)	408,248	95,112	38,370	(23,228)	518,502
Operating overhead	(237,213)	(83,933)	(10,779)	3,530	(328,395)
Operating profit	171,035	11,179	27,591	(19,698)	190,107
Allowance for losses on financing and advances	(61,818)	-	-	-	(61,818)
Profit before zakat and taxation	109,217	11,179	27,591	(19,698)	128,289
Segment assets	23,526,431	4,328,349	1,673,766	(1,657,381)	27,871,165

Performance is now measured based on segment profit/(loss) before zakat and taxation, as included in the internal management reports that are reviewed by the Group Managing Director/Chief Executive Officer. Segment profit/(loss) before zakat and taxation is used to measure performance as management believes that such information is the most relevant in evaluating segmental results relative to other entities that operate within these industries. In the preceding annual financial statements, performance was measured based on segmental results from operating activities and included items directly attributable to a segment as well as those that could be allocated on a reasonable basis.

A21 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. There was no valuation carried out during the period.

A22 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

Save as disclosed in Note B8, there were no material events subsequent to the end of the interim period.

A23 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current period.

A24 CHANGES IN CONTINGENT LIABILITIES SINCE THE LAST ANNUAL BALANCE SHEET DATE

In the normal course of business, a subsidiary, Bank Islam Malaysia Berhad makes various commitments and incurs certain contingent liabilities with legal recourse to their customers.

Risk Weighted Exposures arising from the commitments and contingencies of this subsidiary as at 31 December 2009 are as follow:

	Unaudited 31 December 2009			Audited 30 June 2009		
	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	572,759	572,759	477,102	615,699	615,699	417,935
Transaction-related contingent items	776,480	388,240	351,790	702,411	351,206	339,589
Short-term self-liquidating trade related contingencies	304,658	60,932	30,730	390,819	78,164	26,367
Assets sold with recourse	242	242	242	6,220	6,220	6,220
Other commitments, such as formal standby facilities and credit line, with an original maturity	2,348,431	250,687	193,831	1,984,592	203,261	166,421
Obligations under underwriting agreements	65,000	32,500	32,500	50,000	25,000	25,000
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively for automatic cancellation due to deterioration in a borrower's creditworthiness	5,341,727	193,586	145,190	3,943,637	181,719	136,289
Total	9,409,297	1,498,946	1,231,385	7,693,378	1,461,269	1,117,821

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A25 PROFIT RATE RISK

Unaudited
31-Dec-09

	←-----Non-trading book-----→					Non profit Sensitive RM '000	Trading Book RM '000	Total RM '000	Effective Profit 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				
	Assets								
Cash and short-term funds	3,279,290	-	-	-	-	653,660	-	3,932,950	2.05%
Deposits and placements with financial institutions	60,311	43,221	67,887	4,920	-	-	-	176,339	2.20%
Securities Held-for-trading	-	-	-	-	-	-	608,339	608,339	0.54%
Securities Held-to-maturity	-	-	85,092	69,915	-	-	-	155,007	6.77%
Securities Available-for-sale	481,322	2,292,834	1,066,528	5,355,670	2,175,791	-	-	11,372,145	3.50%
Financing, advances & others:									
- Performing	811,941	723,667	470,035	2,379,607	5,552,417	-	-	9,937,667	7.27%
- Non-performing	-	-	-	-	-	520,331	-	520,331	
Other assets	-	-	-	-	-	4,620,154	-	4,620,154	
Total assets	4,632,864	3,059,722	1,689,542	7,810,112	7,728,208	5,794,145	608,339	31,322,932	
Liabilities									
Deposits from customers	10,896,866	535,233	1,727,199	614,615	9,401,071	-	-	23,174,984	1.88%
Deposits and placements of banks and other financial institutions	323,084	-	-	-	6,698	-	-	329,782	2.08%
Bills and acceptance payable	456,066	-	-	-	-	-	-	456,066	2.40%
Other liabilities	-	-	-	-	-	957,685	-	957,685	
Total liabilities	11,676,016	535,233	1,727,199	614,615	9,407,769	957,685	-	24,918,517	
Shareholders' equity	-	-	-	-	-	1,363,717	-	1,363,717	
Takaful funds	-	-	-	-	-	3,590,494	-	3,590,494	
Minority interests	-	-	-	-	-	1,450,204	-	1,450,204	
Total liabilities & shareholders' equity	11,676,016	535,233	1,727,199	614,615	9,407,769	7,362,100	-	31,322,932	
On-balance sheet profit sensitivity gap	(7,043,152)	2,524,489	(37,657)	7,195,497	(1,679,561)				
Off-balance sheet profit sensitivity gap	-	-	-	-	-				
Net maturity mismatch	(7,043,152)	2,524,489	(37,657)	7,195,497	(1,679,561)				

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A25 PROFIT RATE RISK, Continued

Audited
30-Jun-09

	-----Non-trading book----->						Trading Book RM '000	Total RM '000	Effective Profit 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	Non profit Sensitive RM '000			
Assets									
Cash and short-term funds and Deposits and placements with financial institutions	7,832,332	41,393	45,125	4,164	-	650,112	-	8,573,126	2.74%
Securities Held-for-trading	-	-	-	-	-	-	294,868	294,868	2.09%
Securities Held-to-maturity	-	7,760	-	155,003	-	-	-	162,763	2.39%
Securities Available-for-sale	344,491	1,080,040	1,145,863	3,322,879	2,656,633	85,406	-	8,635,312	3.92%
Financing, advances & others:									
- Performing	711,659	868,035	544,284	2,116,720	4,939,012	-	-	9,179,710	7.73%
- Non-performing	-	-	-	-	-	482,154	-	482,154	
Other assets	-	-	-	-	-	4,570,275	-	4,570,275	
Total assets	8,888,482	1,997,228	1,735,272	5,598,766	7,595,645	5,787,947	294,868	31,898,208	
Liabilities									
Deposits from customers	9,424,893	2,797,708	2,015,425	1,511,812	-	9,121,613	-	24,871,451	2.12%
Deposits and placements of banks and other financial institutions	8,078	-	-	-	-	-	-	8,078	3.76%
Bills and acceptance payable	283,212	-	-	-	-	-	-	283,212	3.20%
Other liabilities	-	-	-	-	-	916,232	-	916,232	
Total liabilities	9,716,183	2,797,708	2,015,425	1,511,812	-	10,037,845	-	26,078,973	
Shareholders' equity	-	-	-	-	-	1,272,533	-	1,272,533	
Takaful funds	-	-	-	-	-	3,452,341	-	3,452,341	
Minority interests	-	-	-	-	-	1,094,361	-	1,094,361	
Total liabilities & shareholders' equity	9,716,183	2,797,708	2,015,425	1,511,812	-	15,857,080	-	31,898,208	
On-balance sheet profit sensitivity gap	(827,701)	(800,480)	(280,153)	4,086,954	7,595,645				
Off-balance sheet profit sensitivity gap	-	-	-	-	-				
Net maturity mismatch	(827,701)	(800,480)	(280,153)	4,086,954	7,595,645				

EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS
PART A OF APPENDIX 9B

B1 REVIEW OF PERFORMANCE

Six Months Performance to 31 December 2009

The Group's financial results have further strengthened, with a six months profit before zakat and taxation ("PBZT") of RM201.7 million as at December 2009, an increase of 57% as compared to the last corresponding period. This was achieved on the back of net financing growth at Bank Islam of 8.2% or RM796.1 million to RM10.5 billion for the same period. At the same time, the Board wishes to highlight that all Bank Islam's financing assets are now on a 3-months Non Performing Financing ("NPF") classification. The Bank's net NPF ratio stood at 4.9% as at 31 December 2009, as compared to 6.7% (based on 3-months NPF classification) as at end of June 2009. The Group continues to improve its operational efficiency with its Cost to Net Income ratio improving from 59.3% as at the end of June 2009, to 54.3% as at the end of December 2009.

In addition, the Group also recorded a higher surplus transfer from Family and General Takaful revenue accounts of RM14.3 million. This is mainly due to better results arising from higher realized gain on disposal of investments and write back of allowance for diminution in value of investments. Takaful Malaysia also recorded higher Wakalah fees of RM32.9 million as compared to RM15.2 million for the same corresponding period.

For the period under review, the Group achieved a Return on Equity ("ROE") of 9.8%. The Group's Return on Assets ("ROA") improved from 1.0% in June 2009 to 1.2% in December 2009. The risk weighted capital ratio of Bank Islam had further strengthened from 13.9% six months ago to 17.5% in December 2009 arising from the injection of RM540 million Islamic Convertible Redeemable Non-Cumulative Preference Shares ("ICRNCPS") and upon capitalization of Profit After Zakat and Taxation of RM116.2 million for the six months period ended 31 December 2009.

B2 COMPARISON WITH THE PRECEDING QUARTER'S RESULTS

For the three months performance (Second Quarter 2010 vs First Quarter 2010)

The Group's profit before zakat and taxation ("PBZT") recorded an increase of 3% or RM2.5 million to RM102.1 million for the three (3) months ended 31 December 2009.

Bank Islam's financial performance for the second quarter ended 31 December 2009 saw an improvement over the previous quarter ended 30 September 2009, whereby the Bank's PBZT increased by RM8.3 million or 11.1% to RM83.2 million. This was achieved despite an increase in Specific Allowances arising from the change to a 3-months NPF classification. The net NPF ratio improved to 4.9% as at 31 December 2009 as compared to 6.1% as at 30 September 2009 (based on 3-months NPF classification).

The improved quarter on quarter results was mainly due to Bank Islam's net financing growth of 3% or RM306 million to RM10.5 billion, as well as non-fund based income growth of 19.8% or RM7.7 million to RM46.7 million

Takaful Malaysia recorded a lower PBZT of RM20.7 million as compared to RM24.8 million in the preceding quarter, mainly due to higher operating expenses.

B3 PROSPECTS

Outlook on the economy

Backed by the government's fiscal stimulus, accommodative monetary policy and the expected recovery in major developed economies, the Malaysian economy is expected to further improve in 2010 as seen in the recent months business and consumer sentiments. The banking and financial sector is expected to remain healthy, despite the continued intense competition amongst the existing players. Potential new entrants will also present new competitive threat as the government advocates a more liberal market environment. Domestic and foreign banks are expected to build their capacity and capability to compete, differentiate their business strategies and focus on value added products and services.

Islamic Banking

In line with its growth plan, Bank Islam will continue in its efforts to offer innovative products, such as the launch of the Al Awfar deposit product, with the objective of garnering more low cost deposits. The Bank will continue to pursue competitive pricing strategies, seek strategic collaboration with business partners, strengthen and build new customer relationships, manage the asset quality and further improve customer service. Going forward, the Bank will be focusing on revenue growth in fee-based income. New revenue lines will be in the areas of wealth management products, Banca Takaful and electronic banking services. In terms of financing, the Bank's retail portfolio will continue to be the key driver. Focus will be on home financing, personal financing and credit cards. As for corporate financing, new customer penetration will be on selected industries. Going forward, the Bank will continue to enhance its infrastructure including processes and systems in order to ensure higher operational efficiency.

Takaful

Takaful Malaysia is gearing for growth in the current financial year with the introduction of new products and new retail distribution network. It will continue to improve in its operational efficiency and customer service. However, Takaful Malaysia will remain prudent in its investment strategy considering the uncertainty in the pace of the economic recovery.

B4 VARIANCE FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group neither made any profit forecast nor issued any profit guarantee.

B5 TAXATION

	Individual Quarter		Cumulative Year to date	
	3 months ended		6 months ended	
	Unaudited	Unaudited	Unaudited	Unaudited
	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08
	RM'000	RM'000	RM'000	RM'000
Current tax expense	21,178	19,485	48,149	22,723

With effect from year of assessment 2009, corporate tax rate is at 25%.

B6 PROFIT ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no material gain or loss on sales of unquoted investments and properties of the Group during the quarter.

B7 PURCHASE AND SALE OF QUOTED SECURITIES

This note does not apply to the Group.

B8 CORPORATE PROPOSALS

There are no corporate proposals outstanding as at the date of this submission.

B9 DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS AND DEBT SECURITIES

	Group	
	Unaudited	Audited
	31-Dec-09	30-Jun-09
	RM '000	RM '000
Deposits from customers		
Mudharabah accounts deposits and negotiable instruments of deposits		
One year or less (short-term)	4,591,986	14,928,380
More than one year (medium/long-term)	10,015,686	1,511,812
	14,607,672	16,440,192
Current accounts	6,143,141	6,336,054
Savings accounts	2,367,186	2,032,461
Others	56,985	62,744
Total deposits	23,174,984	24,871,451
Deposits and placements of banks and other financial institutions		
One year or less (short-term)	329,782	8,078
	329,782	8,078

B10 OFF BALANCE SHEET FINANCIAL INSTRUMENTS BY VALUE OF CONTRACTS CLASSIFIED BY REMAINING PERIOD TO MATURITY/NEXT REPRICING DATE (WHICHEVER EARLIER)

GROUP (RM '000)

Items	Unaudited 31-Dec-09	up to 1 mth	>1-3 mths	>3-6 mths	>6-12 mths	Margin Requirement
	Principal Amount					
Foreign exchange related contracts						
- forwards	891,609	105,827	79,263	706,083	436	NA
- swaps	505,159	299,001	197,618	8,540	-	NA
- option	144,710	144,710	-	-	-	NA
Total	1,541,478	549,538	276,881	714,623	436	NA

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 transactions may be reduced through offsetting on and off-balance sheet positions. As at 31 December 2009, the amount of contracts which were not hedged and, hence, exposed to market risk was RM206.6 million. (30 June 2009: RM313.4 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 Bank has a gain position. This amount will increase or decrease over the life of the contracts, maturity dates and rates or prices. As at 31 December 2009, the credit risk measured in terms of the cost to replace the profitable contracts was RM48.8 million (30 June 2009: RM36.4 million).

Related accounting policies

Foreign exchange contracts are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates.

B11 ECONOMIC PROFIT STATEMENT

	Individual Quarter		Cumulative Year to date	
	3 months ended		6 months ended	
	Unaudited 31-Dec-09	Unaudited 31-Dec-08	Unaudited 31-Dec-09	Unaudited 31-Dec-08
	RM'000	RM'000	RM'000	RM'000
Net Operating profit after zakat & tax (NOPAT)				
Profit before zakat and taxation (PBZT)	102,106	34,849	201,685	128,289
Zakat & Taxation	(25,488)	(21,964)	(54,651)	(27,717)
NOPAT	76,618	12,885	147,034	100,572
Economic charge computation:				
Average invested capital	2,043,347	1,574,586	1,958,901	1,521,600
(includes minority interest less gain on disposal of interest in subsidiary)				
Weighted Average Cost of Capital (WACC) at 7.9% per annum	7.90%	8.50%	7.90%	8.50%
(WACC as at 31 December 2008: 8.5% per annum)				
Economic charge	40,688	33,735	78,013	65,199
Economic profit	35,930	(20,850)	69,021	35,373

B12 MATERIAL LITIGATION

Save as disclosed below, there were no changes in material litigation, including the status of pending material litigations since the last annual balance sheet date of 30 June 2009.

- (a) On 10 August 1998, Bank Islam together with syndication members led by AmInvestment Bank Berhad (formerly known as AmMerchant Bank Berhad) (collectively "the Plaintiffs") filed a civil suit claim against Silver Concept Sdn. Bhd. ("the Defendant") to recover the outstanding financing facilities amounting to RM196,289,470.96 (the sum owing to Bank Islam is RM59,364,621.68). The financing facilities were secured by 34 properties. An order for sale in respect of 17 of the properties held under Registry Title was granted on 30 June 2006. However, the Defendant had entered into Sale and Purchase Agreement dated 12 June 2007 with a third party for the sale of the said 17 properties and on 9 May 2008, the balance purchase price was distributed among the Plaintiffs where Bank Islam received RM12,744,868.98. Consequentially, the Plaintiffs agreed to withdraw the foreclosure action against the Defendant.

The Plaintiffs are proceeding with a civil action against the Defendant to recover the shortfall. The Court has allowed the Plaintiffs' claim and the Defendant has filed an appeal against such ruling. The Court has yet to fix a date for the appeal. Bank Islam's solicitors are of the view that Bank Islam will prevail in this matter.

- (b) On 9 September 1998, Bank Islam together with syndication members filed a civil suit against M.K. Associates Sdn Bhd ("the First Defendant") and Sateras Resources (Malaysia) Berhad ("the Guarantor") to recover the outstanding financing facilities amounting to RM29,228,765.00. A summary judgment against the First Defendant and the Guarantor was obtained on 5 January 1999. Bank Islam filed the proof of debt at the Insolvency Department in July 2006 but it was rejected in view of the First Defendant's appeal on a winding up order granted to Lembaga Hasil Dalam Negeri in a separate action. This matter has been held in abeyance pending the appeal.

Bank Islam together with syndication members commenced two (2) separate foreclosure proceedings against the First Defendant and M.K. Golf Sdn Bhd ("the Third Party Chargor"). An order for sale over the First Defendant's properties was granted on 7 September 1999. No subsequent auction has been carried out since the first auction in February 2001, as many of the apartment units built on the First Defendant's properties have been sold and redeemed and also due to the difficulties in identifying other assets of the First Defendant.

An order for sale over the properties of the Third Party Chargor was obtained on 17 May 1999. Five (5) attempts to sell the property i.e. a golf course have been unsuccessful. In January 2009, Bank Islam had identified a potential buyer to buy the golf course. Bank Islam plans to sell the golf course via auction procedure at a reserve price of RM28.0 million. An auction date was fixed by the Court in respect for the golf course on 25 November 2009. However, the auction was unsuccessful as the identified potential bidder has withdrawn their interest a few days before the auction date. Currently, Bank Islam is in the midst of identifying a new potential buyer.

- (c) On 29 April 2002, Ariffin Dato' Hussein ("the Plaintiff") filed a civil suit against Bank Islam to claim for general damages amounting to RM18.2 million for libel arising from a publication of a proclamation of sale made after the Plaintiff had settled his outstanding financing facility. Bank Islam has named its documentation solicitors ("the Third Party") as a party to such civil suit on the basis of their indemnity for negligence. On 3 March 2009, the Court held that Bank Islam was liable for the libel but the general damages was limited to the amount of RM10,000.00, which such amount together with the costs were to be paid by the Third Party. The matter is considered resolved.

- (d) On 17 May 2003, Tahan Steel Corporation Sdn Bhd ("the Plaintiff") filed a civil suit against Bank Islam to claim for damages amounting to USD12,275,000.00 for breach of contract and RM109,776,000.00 for general damages for failure to disburse the balance of a financing facility granted by Bank Islam to the Plaintiff. Bank Islam had filed a counterclaim to recover the amount of RM143,590,488.09 from the Plaintiff being the outstanding financing facility amount. After reading the submission submitted by Bank Islam's solicitors, it appears that the Court held that the Istisna' transaction entered into between Bank Islam and the Plaintiff as the underlying transaction for the said financing facility is void. However, Bank Islam's solicitors informed that such decision was only a draft, inadvertently given by the secretary of the judge presiding over the civil suit. The Court had directed the parties to file written submissions by 22 March 2010 and hearing has been fixed on 5 April 2010.

- (e) On 27 January 2004, Bank Islam filed a civil suit against ECT Industries Sdn Bhd ("the Defendant") and its guarantors to recover the outstanding financing facilities amounting to RM14,143,306.75. All the guarantors were declared bankrupt on 16 March 2006 and Bank Islam's solicitors had filed the proof of debt on 19 April 2006. The Defendant has been wound up by another party and the Court had granted Bank Islam an order to intervene on 11 November 2007.

The auction held in respect of the two (2) pieces of land charged under the financing facility on 12 March 2009 was successful. In respect of the third piece of land, Order for Sale was granted on 17 July 2009 and the property had been successfully auctioned on 30th November 2009 at a discounted bid price of RM2.80 million. Bank Islam will proceed to recover the shortfall amount from the Defendant.

- (f) On 30 January 2004, Bank Islam commenced a foreclosure proceeding to recover the amount of USD2,689,985 against the security pledged by Datuk Dr. Abdul Aziz bin Muhammad as the third party chargor in respect of financing facilities granted to Quantum Holdings (L) Ltd. On 10 September 2009, an Order for Sale was granted in favour of Bank Islam. The Chargor has filed an appeal at the Appeal Court in respect of the Order for Sale decision granted by the High Court. Pending the Appeal Court's decision, Bank Islam has to put on hold all the foreclosure proceeding against the property.

- (g) On 9 February 2004, Bank Islam filed a civil suit against PC Auto Blast Sdn Bhd, Jaya Raj a/l A. Mariadas and Johnson a/l Mariadas (collectively "the Defendants") and a foreclosure action to recover the outstanding financing facilities amounting to RM13,125,946.46. However, the Defendants have filed a counterclaim seeking declarations and damages. Amongst others, the Defendants are seeking for declarations that the agreements executed pursuant to the financing facilities are null and void for non-compliance with the Shariah principles and damages amounting to RM656,326.29. This counterclaim action has been fixed for mention on 5 April 2010.

In view of the Defendant's counterclaim, the Court had granted the Defendant with an order for stay of proceedings on Bank Islam's application for order for sale as regards to properties charged under the financing facilities. Bank Islam's solicitors are of the view that Bank Islam will prevail in this matter.

B12 MATERIAL LITIGATION, continued

- (h) On 17 February 2004, Bank Islam filed a civil suit against Enten Oil Industries Sdn Bhd (formerly known as KLLT Oil Industries Sdn Bhd), Ariffin Rahmat and Eng Weng Long ("First Defendant", "Second Defendant" and "Third Defendant" respectively, and collectively "the Defendants") to recover the outstanding financing facilities amounting to RM27,056,183.66. A Judgment in default was obtained against the Defendants on 11 June 2004.
- An order for sale for the two (2) properties charged to Bank Islam was obtained in January 2005. Nevertheless, the Court granted stay of proceeding in relation to one (1) of the properties whilst the application for stay of proceeding in respect of the second property is fixed for hearing on 26 March 2010 whilst continuing to accept rental proceeds.
- As at February 2010, Bank Islam is negotiating the settlement arrangement with the chargor. Meanwhile, Bank Islam continues to collect rental proceeds from the property. Bank Islam's solicitors are of the view that Bank Islam will prevail in this matter.
- (i) On 14 June 2004, Kopeks Holdings Sdn Bhd ("the Plaintiff") filed a civil suit against Bank Islam for the withdrawal and cancellation of financing facilities offered by Bank Islam to the Plaintiff, claiming inter-alia, special damages amounting to RM5,491,849.55 and general damages amounting to RM7,559,675.00, together with interests. The court dismissed the Plaintiff's claim with costs on 23 June 2009. The Plaintiff filed an appeal but the court is yet to fix a date for the appeal.
- (j) In March 2005, Bank Islam filed a civil suit against Zeron Sdn Bhd ("the Defendant") and its guarantors for the balance of the outstanding sale price under the Asset Sale Agreement amounting to RM21,359,584.87 and the amount released to Pengurusan Danaharta Nasional Berhad pursuant to the Guarantee Agreement amounting to RM10,500,000.00. Bank Islam has obtained an order for sale of the two (2) properties charged to Bank Islam. Bank Islam has successfully auctioned the said properties for the amount of RM18 million. As at February 2010, the proof of debt has been filed against the Defendant.
- (k) On 7 March 2005, Bank Islam filed a civil suit against Commerce Resources Inc., Dato' Kamaruddin @ Kamaluddin bin Awang and Datuk Hiew Ming Yong ("First Defendant", "Second Defendant" and "Third Defendant" respectively, and collectively "the Defendants") to claim the outstanding financing facilities amounting to USD2,720,036.00. A judgment in default has been obtained against the Defendants. However, further action against the First and Second Defendants were discontinued on the grounds that (a) there was no evidence of assets in the First Defendant and (b) the Second Defendant was successful in setting aside the Judgment In Default against him on technical grounds. Bank Islam is proceeding with the execution against the Third Defendant and at the same time is exploring other recovery strategies against the other two Defendants.
- (l) On 12 May 2005, Bank Islam filed a civil suit against Cartel Vista Sdn Bhd, Razmi Alias, Charles Clement Kilroy Augustin, Rafidah Mahayuddin and Rohaizan Ghazali ("First Defendant", "Second Defendant", "Third Defendant", "Fourth Defendant" and "Fifth Defendant" respectively, and collectively "the Defendants") to recover the outstanding financing facilities amounting to RM15,555,808.54. A judgment in default against the First Defendant and the Fifth defendant was obtained on 21 September 2005. The Court granted a summary judgment against the Second Defendant, the Third Defendant and the Fourth Defendant in June 2007. In September 2009, Bank Islam has instructed the solicitor to proceed with winding up petition and bankruptcy action against the Defendants.
- Meanwhile, a piece of land charged pursuant to the financing facilities has been sold during an auction for a sale price of RM12,430,000.00. Bank Islam has received the auction proceeds.
- (m) On 24 May 2007, Bank Islam filed a civil suit against Tan Sri Abdul Khalid Ibrahim ("the Defendant") to recover the outstanding financing facilities amounting to USD18,251,806.13. On 21 August 2009 the Court allowed Bank Islam's summary judgment application under Order 14 of the High Court Rule. The Defendant filed an appeal and stay of execution. The Judge on 29 October 2009 has granted a stay of execution of the Summary Judgment in favour of the Defendant. The final case management is fixed on 2 March 2010 and the trial dates have been fixed on 15 to 18 March 2010 and 6 to 7 April 2010.
- (n) On 3 March 2006, Ngiu Kee Sdn Bhd, Ngiu Kee (Bintulu) Sdn Bhd, Ngiu Kee (Sarikei) Sdn Bhd, Ngiu Kee (Kemena) Sdn Bhd, Ngiu Kee (Miri) Sdn Bhd and Ngiu Kee Corporation (M) Bhd (collectively "the Plaintiffs") filed a civil suit against Bank Islam claiming damages amounting to RM25.0 million. The Plaintiffs also sought declarations, among others, that Bank Islam has breached the terms of the financing facility by freezing their accounts. On 11 August 2009, both parties agreed to record a consent judgment with settlement arrangement in which the plaintiffs are liable to pay the whole outstanding of RM25.0 million should they failed to pay RM18.0 million by June 2010.
- (o) On 18 August 2006, Bank Islam filed a civil suit against Linear Profile Sdn Bhd ("the Defendant") and OCB Berhad ("the Guarantor") claiming the sum of RM12,033,773.75. The Guarantor has filed a counterclaim for declarations and damages. Amongst others, the Guarantor is seeking declarations that the facilities given to the Defendant and the corporate guarantee were invalid and unenforceable and damages amounting to RM1,092,790.41. Bank Islam entered into an agreement with the Guarantor for a full and final settlement of RM3.5 million via staggered payments. At the same time, Bank Islam is continuing the civil action and foreclosure action against the Defendant. Bank Islam's solicitors are of the view that Bank Islam will prevail in this matter.
- (p) On 22 December 2006, Omegco Sdn Bhd ("the Plaintiff") filed a civil suit against Bank Islam claiming, among others, loss of profit of RM43.2 million and fixed deposit of RM250,000.00 not released by Bank Islam. In October 2007, the application for summary judgment by the Plaintiff was struck out by the Court with costs. The Plaintiff had appealed against the said decision and the Court has yet to fix any new date. Bank Islam's solicitors are of the view that Bank Islam has a fair chance to succeed in defending this matter.
- (q) On 16 August 2007, Teck Guan Sdn Bhd ("the Plaintiff") filed a civil suit against Bank Islam claiming the sum of RM11,385,600.00. The court has yet to fix a decision for summary judgment. Currently, Bank Islam is negotiating settlement arrangement with the Plaintiff. Bank Islam's solicitors are of the view that Bank Islam will prevail in this matter.

B12 MATERIAL LITIGATION, continued

- (r) On 27 September 2007, Barter Fortune Sdn Bhd ("the Plaintiff") filed a civil suit against Bank Islam for recalling a Bai' Bithaman Ajil facility and cancelling an Istisna' facility granted to the Plaintiff. The Plaintiff is claiming for special damages of RM5,558,559.17, punitive damages of RM100,000,000.00 and exemplary damages of RM100,000,000.00 together with cost. The Court has fixed a date for mention on 28 March 2010. Bank Islam's solicitors are of the view that Bank Islam has a fair chance to succeed in defending this matter.
- (s) On 25 June 2007, Datuk Zamzuri Abdul Ghafar ("the Plaintiff") filed a civil suit against Bank Islam Trust Company (Labuan) Ltd (formerly known as BIMB Trust Ltd), Dr. Aimi Zulhazmi Abd. Rashid and Khariman Abdul Jalil ("First Defendant", "Second Defendant" and "Third Defendant" respectively, and collectively "the Defendants") claiming the sum of RM1,660,400.00 and cost being payment to Buckingham Consultant League Sdn Bhd ("BCLSB"). The Plaintiff alleged that the Defendants had induced him into paying the same to BCLSB for the procurement of an offshore loan amounting to USD10 million based on fraudulent or misrepresentation made by the Second Defendant and the Third Defendant who were the employees of the First Defendant. The Court has fixed the date for decision on 22 March 2010.
- (t) On 10 October 2007, Tegas Baiduri Sdn Bhd ("the Plaintiff") filed a civil suit against Bank Islam Trust Company (Labuan) Ltd (formerly known as BIMB Trust Ltd), Dr. Aimi Zulhazmi Abd. Rashid and Khariman Abdul Jalil ("First Defendant", "Second Defendant" and "Third Defendant" respectively, and collectively "the Defendants") claiming the sum of RM164,900.00 and cost being payment of RM144,000.00 to Buckingham Consultant League Sdn Bhd ("BCLSB") and RM20,900.00 to the First Defendant. The Plaintiff alleged that the Defendants had induced him into paying the same to BCLSB for the procurement of an offshore loan of USD28,887,511.00 based on fraudulent or misrepresentation made by the Second Defendant and the Third Defendant who were the employees of the First Defendant. The Court has fixed the dates for decision on 22 March 2010.
- (u) On 27 August 2007, Bank Islam filed a civil suit against four (4) senior management staff of the then Bank Islam Labuan Ltd ("BILL") ("the Defendants") claiming an amount of USD8,586,483.00 being the outstanding financing facilities granted by BILL to certain customers whose accounts have been in default, namely Faaris Investment Holding Plc, Profound Heritage Sdn Bhd, Commerce Resources Inc., Commerce Trading Inc., Crest Group, Crestek Inc. and Trident Timber Co. Ltd.

Bank Islam is claiming that the Defendants have acted contrary to the interest of BILL and was in breach of their statutory duties, common law duty of care and skill and express and/or implied contractual duties. The matter has been fixed for Case Management on 24 February 2010. The first and the second defendants are no longer in Bank Islam's employment. Bank Islam has commenced internal disciplinary proceedings against the third and the fourth defendants and pursuant thereto Bank Islam has terminated their employment.

- (v) On 12 May 2009, Swiber Marine (Malaysia) Sdn Bhd ("the Defendant") had served Section 218 Notice of the Companies Act 1965 against Bank Islam pursuant to a Bank Guarantee of RM16.0 million issued by Bank Islam in which Bank Islam had refused to pay due to some technicality. Subsequently, on 27 May 2009, Bank Islam filed an action against the Defendant applying an injunction to restrain the Defendant from presenting the Winding-Up Petition to Bank Islam ("Injunction"). On 10 August 2009, the Court had granted the injunction in favour of Bank Islam. On 17 November 2009, Bank Islam withdrew the action against the Defendant based on the Defendant's undertaking not to issue Section 218 Notice against Bank Islam. The matter is to be resolved through arbitration.

B13 CONTINGENT LIABILITIES

Prior to the amendments of Section 60AA of the Income Tax Act 1967 (Section 60AA), our subsidiary, Takaful Malaysia reported that capital allowances had been claimed by way of deduction from tax adjusted income in both General and Family Takaful Funds whilst the Shareholders' Funds is not entitled to claim capital allowances. The amended Section 60AA stipulates that the tax adjusted income of the Shareholders' Fund shall be ascertained by taking into account the amount of income distributed or credited from Family and General Takaful Funds and as a result both General and Family Takaful Funds would have nil tax adjusted income. As such, capital allowances claimable for the years of assessment from 1997 to 2009 would be carried forward indefinitely as the operator's share of profits from the Family and General Fund will be taxed in the Shareholders' Fund.

Takaful Malaysia has presented the issue on non-deductibility of capital allowances to the Ministry of Finance (MOF) on 30 March 2009. The MOF has agreed to review the tax issue and thereafter, will advise Takaful Malaysia accordingly. No provision has been made by Takaful Malaysia for the potential tax liabilities on non deductibility of the capital allowances for the previous and current years pending the outcome of the said discussion and future appeals. The potential tax exposure to Takaful Malaysia assuming that the deduction of capital allowances in Shareholders' Fund is rejected by the MOF is approximately RM24.4 million.

B14 EARNINGS PER SHARE

Basic earnings per share attributable to equity holders of the parent ("Basic EPS")

Basic EPS is calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the number of ordinary shares in issue during the period.

	Individual Quarter 3 months ended		Cumulative Year to date 6 months ended	
	Unaudited 31-Dec-09 RM '000	Unaudited 31-Dec-08 RM '000	Unaudited 31-Dec-09 RM '000	Unaudited 31-Dec-08 RM '000
Net profit/(loss) for the quarter attributable to equity holders of the parent	39,398	14,070	77,694	65,141
Number of ordinary shares	1,066,790	891,390	1,066,790	891,390
Number of average ordinary shares	1,066,790	891,390	1,066,790	891,390
Basic earnings per share attributable to equity holders of the parent (sen)	3.69	1.58	7.28	7.31

By Order of the Board

MARIA MAT SAID (LS 09400)

Company Secretary
February 25, 2010