

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

**Condensed Consolidated Statement of Financial Position as at 31 December 2010**

	Note	As at December 31, 2010 RM'000 Unaudited	As at June 30, 2009 RM'000 Audited
<b>ASSETS</b>			
Cash and short term funds		2,766,378	8,482,444
Deposits and placements with financial institutions		408,615	90,682
Derivative financial assets	A8	44,326	19,776
Financial assets held-for-trading	A9	2,280,548	294,868
Financial assets held-to-maturity	A10	215,944	162,763
Financial assets available-for-sale	A11	12,938,403	8,635,312
Financing, advances and others	A12	11,860,631	9,661,864
Deferred tax assets		58,329	71,646
Assets held for sale		-	1,471
Other assets		202,666	190,681
Current tax assets		30,321	13,694
Investment in associates		1	149
Statutory deposit with Bank Negara Malaysia		10,000	139,729
Property, plant and equipment		194,635	160,714
Prepaid lease payments		24,939	24,800
General Takaful and Family Takaful assets		4,484,283	3,947,615
<b>Total assets</b>		<b>35,520,019</b>	<b>31,898,208</b>
<b>LIABILITIES, EQUITY &amp; TAKAFUL FUNDS</b>			
<b>Liabilities</b>			
Deposits from customers	A14	26,798,107	24,871,451
Deposits and placements of banks and other financial institutions	A15	378,129	8,078
Bills and acceptances payable		163,191	283,212
Other liabilities		498,072	365,959
Provision for zakat and taxation		42,247	33,188
Derivative financial liabilities	A8	30,926	21,811
General Takaful and Family Takaful liabilities		528,414	495,274
General Takaful and Family Takaful participants' funds		3,955,869	3,452,341
<b>Total liabilities</b>		<b>32,394,955</b>	<b>29,531,314</b>
<b>Equity</b>			
Share capital		1,066,790	1,066,790
Reserves		356,047	205,743
<b>Total equity attributable to shareholders of the Company</b>		<b>1,422,837</b>	<b>1,272,533</b>
Minority interests		1,702,227	1,094,361
<b>Total equity</b>		<b>3,125,064</b>	<b>2,366,894</b>
<b>Total equity and liabilities</b>		<b>35,520,019</b>	<b>31,898,208</b>
<b>COMMITMENTS AND CONTINGENCIES</b>			
Net assets per share attributable to ordinary equity holders of the parent (RM)	A25	<b>1.33</b>	<b>1.19</b>

**BIMB HOLDINGS BERHAD (423858-X)**

(Incorporated in Malaysia)

**Condensed Consolidated Income Statements  
For the Eighteen Months Financial Period Ended 31 December 2010**

		Individual Quarter 3 months ended 31 December 2010 RM'000 Unaudited	Year-to-date 18 months ended 31 December 2010 RM'000 Unaudited
	Note		
Income derived from investment of depositors' fund	A16	358,667	1,835,741
Income derived from investment of shareholders' fund	A17	150,240	747,828
Allowance for impairment on financing, advances and others	A18	(52,369)	(207,702)
Impairment on other assets		(19,493)	(19,727)
Profit equalisation reserve		38,061	46,369
Other expenses directly attributable to the investment of the depositors' and shareholders' funds		(4,071)	(26,885)
<b>Total distributable income</b>		<b>471,035</b>	<b>2,375,624</b>
Income attributable to depositors	A19	(132,008)	(617,175)
<b>Total net income</b>		<b>339,027</b>	<b>1,758,449</b>
Personnel expenses		(106,852)	(574,215)
Other overhead expenses		(98,917)	(518,671)
Depreciation		(13,867)	(72,445)
<b>Profit before zakat and taxation</b>		<b>119,391</b>	<b>593,118</b>
Zakat		(2,496)	(15,440)
Tax expense	B5	14,185	(122,841)
<b>Profit for the period</b>		<b>131,080</b>	<b>454,837</b>
<b>Attributable to:</b>			
Shareholders of the Company		64,303	234,782
Minority Interests		66,777	220,055
<b>Profit for the period</b>		<b>131,080</b>	<b>454,837</b>
<b>Earnings Per Share - basic (sen)</b>	B14	<b>6.03</b>	<b>22.01</b>

**Note:** There are no comparative figures disclosed for the current quarter and the cumulative year-to-date of the preceding quarter/year following the change in the financial year end to 31 December, which was announced to Bursa Securities Malaysia Berhad on 26 October 2009. The financial disclosures made herewith are in accordance with FRS 134 on Interim Financial Reporting.

**BIMB HOLDINGS BERHAD (423858-X)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Comprehensive Income  
For the Eighteen Months Financial Period Ended 31 December 2010**

	Year-to-date	
	18 months ended 31 December 2010 RM'000 <b>Unaudited</b>	12 months ended 30 June 2009 RM'000 <b>Audited</b>
Profit for the period	454,837	207,708
Other comprehensive income :		
Currency translation differences for foreign operations	36,257	(20,775)
Currency translation differences for net investment hedges	-	-
Net change in cash flow hedges	-	-
Net gain on revaluation of available for sale financial assets	93,011	73,446
Net gain on revaluation of property, plant and equipment upon transfer of properties to investment properties	-	-
Net change of defined benefit plan actuarial gains	-	-
Income tax relating to components of other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>584,105</b>	<b>260,379</b>
<b>Attributable to:</b>		
Shareholders of the Company	299,926	140,890
Minority Interests	284,179	119,489
<b>Total comprehensive income for the period</b>	<b>584,105</b>	<b>260,379</b>

**BIMB HOLDINGS BERHAD (423858-X)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity  
For the Eighteen Months Financial Period Ended 31 December 2010**

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	Other Reserves RM'000	Capital Reserve RM'000	Accumulated Losses RM'000			
		← Non-distributable →						Distributable		
<b>Unaudited</b>										
<b>At 1 July 2008</b>		891,390	602,978	367,154	(15,824)	638,370	(1,478,784)	1,005,284	934,035	1,939,319
Total comprehensive income for the period										
- Net profit for the period		-	-	-	-	-	113,659	113,659	94,049	207,708
- Other comprehensive income		-	-	-	27,231	-	-	27,231	25,440	52,671
		-	-	-	27,231	-	113,659	140,890	119,489	260,379
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)
<b>At 30 June 2009</b>		<b>1,066,790</b>	<b>602,978</b>	<b>408,109</b>	<b>11,407</b>	<b>638,370</b>	<b>(1,455,121)</b>	<b>1,272,533</b>	<b>1,094,361</b>	<b>2,366,894</b>
<b>Unaudited</b>										
<b>At 1 July 2009</b>										
- As previously stated		1,066,790	602,978	408,109	11,407	638,370	(1,455,121)	1,272,533	1,094,361	2,366,894
- Effect of adopting FRS 139		-	-	-	(510)	-	(26,624)	(27,134)	(27,826)	(54,960)
		<b>1,066,790</b>	<b>602,978</b>	<b>408,109</b>	<b>10,897</b>	<b>638,370</b>	<b>(1,481,745)</b>	<b>1,245,399</b>	<b>1,066,535</b>	<b>2,311,934</b>
Total comprehensive income for the period										
- Net profit for the period		-	-	-	-	-	234,782	234,782	220,055	454,837
- Other comprehensive income		-	-	-	65,144	-	-	65,144	64,124	129,268
- Net gain/(loss) on hedge of net investment in foreign operation		-	-	-	-	-	-	-	-	-
		-	-	-	65,144	-	234,782	299,926	284,179	584,105
Transfer to statutory reserve		-	-	105,003	-	-	(205,889)	(100,886)	100,886	-
Convertible redeemable non-cumulative preference shares (CRNCPS) issued and converted to ordinary shares		-	-	-	-	-	-	-	264,600	264,600
Subscription of shares by minority interests of a subsidiary		-	-	-	-	-	-	-	526	526
Dividends to minority interests		-	-	-	-	-	-	-	(14,152)	(14,152)
Divestment of shares held by minority interests of a subsidiary		-	-	-	-	-	-	-	(347)	(347)
Dividends to shareholders	A7	-	-	-	-	-	(21,602)	(21,602)	-	(21,602)
<b>At 31 December 2010</b>		<b>1,066,790</b>	<b>602,978</b>	<b>513,112</b>	<b>76,041</b>	<b>638,370</b>	<b>(1,474,454)</b>	<b>1,422,837</b>	<b>1,702,227</b>	<b>3,125,064</b>

**BIMB HOLDINGS BERHAD (423858-X)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows  
For the Eighteen Months Financial Period Ended 31 December 2010**

	Year-to-date	
	18 months ended 31 December 2010 RM'000 Unaudited	12 months ended 30 June 2009 RM'000 Unaudited
<b>Cash flows from operating activities</b>		
Profit before zakat and taxation	593,118	299,132
Adjustment for non-cash flow items:-		
Depreciation of property, plant and equipment	72,445	44,173
Amortisation of prepaid lease payment	510	424
Impairment losses on financial assets available-for-sale	19,727	(100)
Impairment losses on other receivables	-	10,557
(Reversal)/Impairment losses on securities held to maturity	-	5,994
Reversal for doubtful debts	-	(3,293)
Allowance for impairment on financing and advances	207,702	123,291
(Reversal)/Allowance for diminution in investments	148	2,120
Property, plant and equipment written off	-	22,454
Dividend from securities	(8,234)	(6,466)
Net (gain)/loss on disposal of property, plant and equipment	1,536	(835)
Net loss/(gain) on sale of securities held-for-trading	389	(3,096)
Net gain on sale of securities available-for-sale	-	(3,436)
Unrealised gain on securities held-for-trading	-	(5,738)
Unrealised foreign exchange gain	-	(26,178)
Reversal of impairment loss on prepaid lease payment	-	(120)
Net derivative (losses)/gain	6,376	(453)
Accretion of discount less amortisation of premium	-	(62,104)
Operating profit before working capital changes	893,717	396,326
Changes in working capital:		
Other receivables	(912,972)	25,325
Statutory deposits with Bank Negara Malaysia	129,729	222,422
Bills payable	(120,021)	(707,236)
Other payables	655,179	4,557
Financing of customers	(2,198,767)	(730,127)
Deposits from customers	1,926,656	4,335,544
Deposit and placements of banks and other financial institutions	370,051	(50,365)
Cash used in operation	743,572	3,496,446
Zakat and income taxes paid	(12,649)	(35,156)
Tax refund	400	-
Zakat paid	(95,234)	(5,209)
<b>Net cash used in operating activities</b>	<b>636,089</b>	<b>3,456,081</b>

**BIMB HOLDINGS BERHAD (423858-X)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows, continued  
For the Eighteen Months Financial Period Ended 31 December 2010**

	Year-to-date	
	18 months ended 31 December 2010 RM'000 Unaudited	12 months ended 30 June 2009 RM'000 Unaudited
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(106,505)	(57,225)
Proceeds from disposal of investment in associated companies	2,805	20,175
Dividend from securities	8,234	6,466
Net purchase of securities	(6,218,190)	(5,215,340)
<b>Net cash used in investing activities</b>	<b>(6,313,656)</b>	<b>(5,245,924)</b>
<b>Cash flows from financing activities</b>		
Issuance of shares of a subsidiary to minority shareholders	264,779	1,489
Restricted issue of new ordinary shares	-	175,400
Dividend paid to shareholders of the parent	(21,602)	(9,693)
<b>Net cash generated from financing activities</b>	<b>243,177</b>	<b>167,196</b>
<b>Net decrease in cash and cash equivalent</b>	<b>(5,434,390)</b>	<b>(1,622,647)</b>
<b>Foreign exchange differences</b>	<b>36,257</b>	<b>1,552</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>8,573,126</b>	<b>10,194,221</b>
<b>Cash and cash equivalents at the end of period</b>	<b>3,174,993</b>	<b>8,573,126</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	2,766,378	8,482,444
Deposits and placement with financial institutions	408,615	90,682
	<b>3,174,993</b>	<b>8,573,126</b>

## 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 eighteen months period ended 31 December 2010 comprising that of the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates.

The audited 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.

### **(1) 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.

During the current reporting period, the Group adopted the following significant standards and amendments to standards:

#### **(i) FRS 139 Financial Instruments: Recognition and Measurement**

This standard establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting.

#### **(ii) IC Interpretation 9 Reassessment of Embedded Derivatives**

This interpretation clarifies that the reassessment of an embedded derivative after its initial recognition is forbidden unless the instrument's term have changed and this has affected its cash flow significantly. This IC interpretation is not expected to have any material impact on the financial statements of the Group.

#### **(iii) Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financials Instruments : Disclosure and IC of Embedded Derivatives**

These amendments allow for the reclassification of certain non-derivative financial assets classified as held-for-trading to either held-to-maturity, financing advances or available-for-sale, and permit the transfer of certain financial assets from available-for-sale to financing and advances. These amendments are not expected to have any material impact on the financial statements of the Group.

#### **(iv) FRS 7 Financial Instruments: Disclosures**

This standard requires disclosures in financial statements that enable users to evaluate the significance of the financial statements for the entity's financial position and performance, and the nature and extent of the risks arising from financial instruments to which an entity is exposed and how these risks are managed. This standard requires both qualitative disclosures describing managements' objectives, policies and processes for managing those risks, and quantitative disclosures providing information about the extent to which an entity is exposed to risk, based on information provided internally to the entity's key management personnel.

#### **(v) FRS 101 Presentation of Financial Statements**

This standard sets the overall requirements for the presentation of the financial statements, guidelines for their structure and the minimum requirements for their content. The standard separate owner and non-owner changes in equity, whereby the statement in changes in equity will include only details of transaction with owners, and all non-owner changes in equity presented separately. In addition this standard introduces the statement of comprehensive income, which present income and expense items recognised in profit and loss together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The application of this standard is not expected to have any impact on the financial results of the Group and of the Bank as the changes introduced are presentational in nature.

#### **(vi) FRS 8 Operating Segments**

This standard requires disclosures in the financial statements for segment reporting to be on the same basis as is used by management internally for evaluating operating segment performance.

A1 BASIS OF PREPARATION, continued  
**(1) Statement of compliance, continued**

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

- (i) **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010**
- FRS 4, Insurance Contracts
  - FRS 123, Borrowing Costs (revised)
  - Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
  - Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
  - Amendments to FRS 7, Financial Instruments: Disclosures
  - Amendments to FRS 101, Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on
  - Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly
  - Improvements to FRSs (2009)
  - IC Interpretation 10, Interim Financial Reporting and Impairment
  - IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions
  - IC Interpretation 13, Customer Loyalty Programmes
  - IC Interpretation 14, FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
- (ii) **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010**
- Amendments to FRS 132, Financial Instruments: Presentation - Classification of Rights Issues
- (iii) **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010**
- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
  - FRS 3, Business Combinations (revised)
  - FRS 127, Consolidated and Separate Financial Statements (revised)
  - Amendments to FRS 2, Share-based Payment
  - Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
  - Amendments to FRS 138, Intangible Assets
  - IC Interpretation 12, Service Concession Agreements
  - IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
  - IC Interpretation 17, Distributions of Non-cash Assets to Owners
  - Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
- (iv) **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011**
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
    - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
    - Additional Exemptions for First-time Adopters
  - Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions
  - Amendments to FRS 7, Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
  - IC Interpretation 4, Determining whether an Arrangement contains a Lease
  - IC Interpretation 18, Transfers of Assets from Customers
  - Improvements to FRSs (2010)
- (v) **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011**
- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
  - Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement
- (vi) **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012**
- FRS 124, Related Party Disclosures (revised)
  - IC Interpretation 15, Agreements for the Construction of Real Estate

The Group plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2010, 1 March 2010, 1 July 2010 and 1 January 2011.

The Group plans to apply the standards, amendments and interpretations from the annual period beginning 1 January 2012, for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying IC Interpretation 12 are not disclosed by virtue of the exemptions given in the Interpretation.

The initial application of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Company.

Except as described above, 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 as at and for the year ended 30 June 2009.



**A1 BASIS OF PREPARATION, continued**

**(2) Significant change in accounting policies**

**(i) FRS 139, Financial Instruments: Recognition and Measurement**

The objective of FRS 139 is to establish principles for recognition, derecognition and measuring of an entity's financial instruments and for hedge accounting. The Group has already applied certain requirements of FRS 139 such as categorisation of financial assets previously. With the full adoption of FRS 139 on 1 July 2009, the following are the material changes in accounting policies:

**Impairment of financing and advances**

The adoption of FRS 139 has resulted in a change in the accounting policy relating to the assessment of impairment, particularly financing and advances. Prior to the adoption of FRS 139, the Group allowances on financing were determined in accordance with BNM's GP3: Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts. Upon the adoption of FRS 139, the Group assesses at each financial position date whether there is objective evidence that a financing or a group of financing is impaired. The financing or group of financing is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of financing (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the financing or group of financing that can be reliably estimated.

The Group first assess individually whether the objective evidence of impairment exists individually for financing which are individually significant, and collectively for financing which are not individually significant. If it is determined that no objective evidence of impairment exist for an individually assessed financing, the financing is included in a group of financing with similar credit risk characteristic and collectively assessed for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financing's carrying amount and the present value of the estimated future cash flows. The carrying amount of the financing is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

In the Amendments to FRS139 listed above, MASB has included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe an alternative basis for collective assessment of impairment by banking institution. This transitional arrangement is prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010, whereby banking institutions are required to maintain a collective assessment impairment allowances of at least 1.5% of total financing, net of individual impairment allowance. As at the date of this Bursa submission, the Group have adopted the transitional provisions under the Amendment to FRS 139 and the collective assessment impairment allowance of the Group have been determined based on the transitional arrangement issued by BNM.

The change in accounting policy above have been accounted for prospectively, in line with the transitional arrangements under para 103AA of FRS 139, with adjustments to the carrying values of financial assets affecting the income statement as at the beginning of the current financial period being adjusted to opening retained profits. As a result of the adoption of the basis of impairment on financing under FRS 139 and the transitional provisions as stated above, the Group have recognised opening collective assessment allowance and individual assessment allowance against opening reserves as at 1 July 2009.

Any further collective assessment allowance and individual assessment allowance charged subsequent to the initial adoption of FRS 139 is recognised as allowance for impairment on financing in the income statement. For collective assessment a model risk approach to the allowances has been incorporated.

**Recognition of financing income**

Prior to the adoption of FRS 139, financing income was recognised in the income statement at contractual profit rate. FRS 139 requires financing income to be recognised on an effective profit rate basis, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financing or, when appropriate, a shorter period to the net carrying amount of the financing.

This change in accounting policy has been accounted for prospectively in accordance with the transitional arrangement under para 103AA of FRS 139, where an adjustment of RM10.4 million was made to the opening retained profits.

Prior to the adoption of FRS 139, financing income accrued and recognised as income prior to date that a financing is classified as non-performing financing is reversed out of income and set-off against the financing income receivables account in the statement of financial position. Thereafter, financing income on the non-performing financing is recognised as income on a cash basis. Upon the adoption of FRS 139, once a financing has been written down as a result of an impairment loss, financing income is thereafter recognised using the profit rate used to discount the future cash flows for the purpose of measuring the impaired loss.

The application of the above new policies has the following effects:

	<b>Retained profits RM '000</b>	<b>Other reserves RM '000</b>	<b>Minority interest RM '000</b>
At 1 July 2009, as previously stated	(1,455,121)	11,407	1,094,361
Adjustment arising from the adoption of FRS 139	<b>(26,624)</b>	<b>(510)</b>	<b>(27,826)</b>
At 1 July 2009, as restated	<b>(1,481,745)</b>	<b>10,897</b>	<b>1,066,535</b>

**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

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
<u>Ordinary</u>		
Final paid		
2010 - 1.20%, (2009 - 1.45%)	9,601	9,693
Interim paid		
2010 - 1.50%	12,001	-
	<u>21,602</u>	<u>9,693</u>

A8 DERIVATIVE FINANCIAL ASSETS

	Principal amount RM '000	Fair value Assets RM '000	Liabilities RM '000
<b>31.12.2010</b>			
Forward Contract	5,208,060	15,496	-
Cross Currency Profit Rate Swap	85,870	91	-
Profit Rate Swap	500,000	970	(3,157)
Structured Deposits	462,995	27,769	(27,769)
	<u>6,256,925</u>	<u>44,326</u>	<u>(30,926)</u>
<b>30.06.2009</b>			
Forward Contract	1,455,651	-	(2,622)
Cross Currency Profit Rate Swap	85,870	168	-
Profit Rate Swap	109,538	1,416	(987)
Structured Deposits	344,800	18,192	(18,202)
	<u>1,995,859</u>	<u>19,776</u>	<u>(21,811)</u>

A9 FINANCIAL ASSETS HELD-FOR-TRADING

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
<b>At fair value</b>		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Malaysian Government Investment Issue	50,573	149,737
Bank Negara Negotiable Notes	2,202,117	-
Islamic Debt Securities	26,757	-
Islamic Commercial Papers	-	137,891
Malaysian Islamic Treasury Bills	-	-
	<u>2,279,447</u>	<u>287,628</u>
<u>Quoted securities</u>		
<i>In Malaysia</i>		
Shares	1,101	7,240
<b>Total financial assets held-for-trading</b>	<u>2,280,548</u>	<u>294,868</u>

A10 FINANCIAL ASSETS HELD-TO-MATURITY

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
<b>At amortised cost</b>		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Islamic Debt Securities	177,361	175,050
<u>Quoted securities</u>		
<i>Outside Malaysia</i>		
Bond	61,650	-
	<u>239,011</u>	<u>175,050</u>
Less: Impairment losses	(23,067)	(12,287)
<b>Total financial investments held-to-maturity</b>	<u>215,944</u>	<u>162,763</u>

A11 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
<b>At fair value</b>		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Malaysian Government Investment Issue	4,444,171	2,651,555
Bank Negara Negotiable Notes	149,364	-
Unquoted shares	22,061	28,720
Promissory notes	5,108	5,604
Accepted bills	384,155	107,997
Negotiable Islamic Debt Certificate	2,277,443	1,437,982
Islamic Commercial Papers	872,867	453,816
Islamic Debt Securities	4,778,036	3,792,033
Malaysian Islamic Treasury Bills	-	29,819
<i>Outside Malaysia</i>		
Islamic Development Bank unit trust	1,923	1,923
Unquoted shares	1,688	2,996
	<b>12,936,816</b>	<b>8,512,445</b>
<u>Quoted securities</u>		
<i>In Malaysia</i>		
Unit trust	15,458	45,816
Shares	-	22,506
<i>Outside Malaysia</i>		
Bond	-	70,380
	<b>15,458</b>	<b>138,702</b>
Less:		
Impairment losses	(13,871)	(15,835)
<b>Total financial investments available-for-sale</b>	<b>12,938,403</b>	<b>8,635,312</b>

A12 FINANCING, ADVANCES AND OTHERS

(i) By type

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
Cash line	520,835	164,272
Term financing		
House financing	9,461,194	7,136,157
Syndicated financing	356,238	81,329
Lease receivables	632,741	329,189
Bridging financing	361,215	299,524
Personal financing	5,127,450	2,733,611
Other term financing	3,636,239	3,874,823
Staff financing	298,667	298,368
Credit/charge cards	450,542	393,442
Trust receipt	60,969	151,672
Trade bills discounted	1,067,736	1,539,200
Pawn broking	13,897	-
	<b>21,987,723</b>	<b>17,001,587</b>
Less: Unearned income	(9,702,990)	(6,290,584)
	<b>12,284,733</b>	<b>10,711,003</b>
Less: Allowance for impaired financing, advances and others:		
Collective assessment allowance	(345,041)	-
Individual assessment allowance	(79,061)	-
General allowance	-	(170,844)
Specific allowance	-	(878,295)
<b>Total net financing, advances and others</b>	<b>11,860,631</b>	<b>9,661,864</b>

(ii) By contract

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
Bai' Bithaman Ajil (deferred payment sale)	6,209,417	5,719,619
Bai'-Al-Inah	1,662,823	2,274,418
Ijarah (operating lease)	334,106	289,200
Ijarah Muntahia Bittamlik / AITAB (finance lease)	11,657	28,367
Mudharabah (profit sharing)	6,000	8,934
Murabahah (cost-plus)	1,120,380	1,680,071
At-Tawarruq	2,573,328	167,378
Istisna'	353,125	543,016
Ar-Rahn	13,897	-
	<b>12,284,733</b>	<b>10,711,003</b>

(iii) By type of customer

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
Domestic non-bank financial institutions	1,218	12,459
Domestic business enterprise	1,934,656	2,093,866
Small medium industries	401,119	867,061
Government and statutory bodies	151,526	156,910
Individuals	9,324,459	7,145,048
Other domestic entities	57,741	17,932
Foreign entities	414,014	417,727
	<b>12,284,733</b>	<b>10,711,003</b>

**A12 FINANCING, ADVANCES AND OTHERS, continued**  
**(iv) By profit rate sensitivity**

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
Fixed rate		
House financing	2,198,946	2,298,214
Others	8,005,296	7,462,649
Floating rate	2,080,491	950,140
	<b>12,284,733</b>	<b>10,711,003</b>

**(v) By sector**

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
Primary agriculture	182,111	342,277
Mining and quarrying	897	18,835
Manufacturing (including agro-based)	791,995	962,784
Electricity, gas and water	150,860	105,367
Construction	508,293	750,994
Real estate	187,445	124,565
Household sector	9,321,823	7,077,728
Wholesale and retail trade and restaurants and hotels	479,868	546,741
Transport, storage and communication	408,349	360,304
Finance, insurance and business activities	154,408	280,621
Education, health and others	85,375	67,815
Other sectors	13,309	72,972
	<b>12,284,733</b>	<b>10,711,003</b>

**A13 IMPAIRED FINANCING, ADVANCES AND OTHERS**

**(i) Movements in impaired financing, advances and others**  
**(including income receivable)**

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
<b>At 1 July</b>		
As previously stated	1,360,449	1,949,904
Effect of adopting FRS 139	675,069	-
<b>As restated as at 1 July</b>	2,035,518	1,949,904
Classified as impaired during the period/year	315,241	228,431
Reclassified as not impaired during the period/year	(362,279)	(131,580)
Amount recovered	(311,447)	(184,080)
Amount written off	(1,079,122)	(540,033)
Exchange differences	(45,690)	37,807
<b>At end of period</b>	552,221	1,360,449
<b>Gross impaired financing, advances and others as a percentage of gross financing, advances and others</b>	4.50%	12.70%

**(ii) Movements in the allowance for impaired/non-performing financing, advances and others**

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
<b><u>Collective Assessment Allowance</u></b>		
<b>At 1 July</b>		
As previously stated	-	-
Effect of adopting FRS 139	504,927	-
<b>As restated as at 1 July</b>	504,927	-
Allowance made during the period/ year	538,979	-
Amount recovered	(111,808)	-
Amount written off	(555,129)	-
Exchange differences	(31,928)	-
<b>At end of period/ year</b>	345,041	-
<b><u>Individual Assessment Allowance</u></b>		
<b>At 1 July</b>		
As previously stated	-	-
Effect of adopting FRS 139	859,374	-
<b>As restated as at 1 July</b>	859,374	-
Allowance made during the period/ year	124,827	-
Amount recovered	(163,025)	-
Amount written off	(740,797)	-
Exchange differences	(1,318)	-
<b>At end of period/ year</b>	79,061	-
<b><u>General allowance</u></b>		
<b>At 1 July</b>		
As previously stated	170,844	169,382
Effect of adopting FRS 139	(170,844)	-
<b>As restated as at 1 July</b>	-	169,382
Allowance made	-	-
Exchange differences	-	1,462
<b>At end of period</b>	-	170,844

A13 IMPAIRED FINANCING, ADVANCES AND OTHERS, continued

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
<b>Specific allowance</b>		
<b>At 1 July</b>		
As previously stated	878,295	1,228,131
Effect of adopting FRS 139	(878,295)	-
<b>As restated as at 1 July</b>	-	1,228,131
Allowance made	-	303,755
Amount recovered	-	(133,074)
Amount written off	-	(540,033)
Exchange differences	-	19,516
<b>At end of period</b>	<b>-</b>	<b>878,295</b>

(iii) Impaired financing, advances and others by sector

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
Primary agriculture	10,947	64,900
Mining and quarrying	851	2,130
Manufacturing (including agro-based)	83,810	290,385
Electricity, gas and water	-	75,046
Construction	130,925	403,423
Real estate	1,263	8,700
Household sector	270,847	338,344
Wholesale and retail trade and restaurants and hotels	42,729	94,821
Transport, storage and communication	1,538	13,476
Finance, insurance and business activities	-	51,598
Education, health and others	6,112	10,553
Other sectors	3,199	7,073
	<b>552,221</b>	<b>1,360,449</b>

A14 DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
<b>Non-Mudharabah Fund:</b>		
Demand deposits	7,090,732	6,336,054
Savings deposits	2,576,870	2,032,461
Negotiable Islamic Debt Certificate (NIDC)	5,819,875	7,133,790
Others	80,336	62,744
	<b>15,567,813</b>	<b>15,565,049</b>
<b>Mudharabah Fund:</b>		
Savings deposits	987,346	680,589
General investment deposits	2,449,607	2,535,289
Special investment deposits	7,793,341	6,090,289
Others	-	235
	<b>11,230,294</b>	<b>9,306,402</b>
<b>Total deposits from customers</b>	<b>26,798,107</b>	<b>24,871,451</b>

(ii) By type of customer

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
Government and statutory bodies	6,795,607	5,934,355
Business enterprises	8,536,877	10,153,734
Individuals	4,511,477	3,795,843
Others	6,954,146	4,987,519
	<b>26,798,107</b>	<b>24,871,451</b>

A15 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Unaudited 31-Dec-10 RM '000	Audited 30-Jun-09 RM '000
<b>Mudharabah Fund:</b>		
Licensed banks	307,984	8,078
Other financial institutions	70,145	-
	<b>378,129</b>	<b>8,078</b>

A16 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Individual Quarter 3 months ended Unaudited 31-Dec-10 RM '000	Year-to-date 18 months ended Unaudited 31-Dec-10 RM '000
Income derived from investment of:		
(i) General investment deposits	38,257	200,173
(ii) Other deposits	320,410	1,635,568
	<b>358,667</b>	<b>1,835,741</b>

(i) Income derived from investment of general investment deposits

	Individual Quarter 3 months ended Unaudited 31-Dec-10 RM '000	Year-to-date 18 months ended Unaudited 31-Dec-10 RM '000
<b>Financing income and hibah</b>		
Financing, advances and others	24,879	129,293
Held-for-trading	107	513
Held-to-maturity	119	903
Available-for-sale	9,656	48,777
Money at call and deposit with financial institutions	2,279	15,294
	<b>37,040</b>	<b>194,780</b>
<i>Of which financing income earned on impaired financing</i>	<i>1,365</i>	<i>11,539</i>
<b>Other dealing income</b>		
Net gain / (loss) from sale of financial assets held-for-trading	(31)	(34)
Net gain / (loss) on revaluation of financial assets held-for-trading	1,248	3,846
	<b>1,217</b>	<b>3,812</b>
<b>Other operating income</b>		
Net gain / (loss) from sale of financial assets:		
Available-for-sale	-	1,580
	-	<b>1,580</b>
<b>Other income</b>		
Gain on disposal of leased assets	-	1
	-	<b>1</b>
	<b>38,257</b>	<b>200,173</b>

(ii) Income derived from investment of other deposits

	Individual Quarter 3 months ended Unaudited 31-Dec-10 RM '000	Year-to-date 18 months ended Unaudited 31-Dec-10 RM '000
<b>Financing income and hibah</b>		
Financing, advances and others	208,144	1,054,871
Held-for-trading	868	4,154
Held-to-maturity	996	7,754
Available-for-sale	80,915	398,789
Money at call and deposit with financial institutions	19,187	125,631
	<b>310,110</b>	<b>1,591,199</b>
<i>Of which financing income earned on impaired financing</i>	<i>11,057</i>	<i>96,498</i>
<b>Other dealing income</b>		
Net gain / (loss) from sale of financial assets held-for-trading	(300)	(373)
Net gain / (loss) on revaluation of financial assets held-for-trading	10,599	31,390
	<b>10,299</b>	<b>31,017</b>
<b>Other operating income</b>		
Net gain / (loss) from sale of financial assets :		
Available-for-sale	-	13,341
	-	<b>13,341</b>
<b>Other income</b>		
Gain on disposal of leased assets	1	11
	<b>1</b>	<b>11</b>
	<b>320,410</b>	<b>1,635,568</b>

**A17 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS**

	Individual Quarter 3 months ended Unaudited 31-Dec-10 RM '000	Year-to-date 18 months ended Unaudited 31-Dec-10 RM '000
<b>Financing income and hibah</b>		
Financing, advances and others	1,282	5,973
Available-for-sale	22,652	137,866
Money at call and deposit with financial institutions	3,394	14,245
	<b>27,328</b>	<b>158,084</b>
<b>Other dealing income</b>		
Net gain / (loss) from foreign exchange transactions	6,804	24,387
Net gain / (loss) from sale of financial assets held-for-trading	(827)	(725)
Net gain / (loss) on revaluation of financial assets held-for-trading	8,297	-
Net derivatives (losses)/gain	(7,162)	(7,162)
	<b>7,112</b>	<b>16,500</b>
<b>Other operating income</b>		
Net gain / (loss) from sale of financial assets :		
Available-for-sale	488	7,692
Profit on sale of foreign currencies	548	4,776
Reversal/(allowance) for diminution in value of investment	(1,134)	-
Reversal of allowance for doubtful debts	219	519
Profit from general takaful and family takaful funds attributable to the Group	31,791	223,802
Gross dividend income from securities		
Quoted in Malaysia	25	907
Unit trust in Malaysia	574	3,777
Unit trust outside Malaysia	-	130
Unquoted in Malaysia	38	8,966
	<b>32,549</b>	<b>250,569</b>
<b>Fees and commission</b>		
ATM fees	3,703	23,230
Financing fees	3,504	17,379
Cheque issued & return, closing account and other fees	2,880	12,194
Takaful service fees and commission	2,358	14,123
Credit card fees and commission	9,757	52,527
Processing fees	552	1,212
Commitment fees	93	331
Commission on MEPS	1,405	7,195
Unit trust management fees	616	2,674
Corporate advisory fees	3,230	10,650
Commission on structured products	8	3,362
Ta'widh charges	1,093	3,526
Investment income	15,003	25,168
Wakalah fees	36,683	132,162
Other service charges fees	1,199	16,369
	<b>82,084</b>	<b>322,102</b>
<b>Other income</b>		
Net gain/(loss) on disposal of property, plant & equipment	(655)	(1,527)
Rental income	2	2
Others	1,820	2,098
	<b>1,167</b>	<b>573</b>
	<b>150,240</b>	<b>747,828</b>

**A18 ALLOWANCE FOR IMPAIRMENT ON FINANCING, ADVANCES AND OTHERS**

	<b>Individual Quarter 3 months ended Unaudited 31-Dec-10 RM '000</b>	<b>Year-to-date 18 months ended Unaudited 31-Dec-10 RM '000</b>
Allowance for impaired financing, advances and others:		
- Collective assessment allowance	538,979	538,979
- Individual assessment allowance	124,827	124,827
- General allowance	(7,761)	-
- Specific allowance	(465,606)	-
Impaired financing, advances and others recovered	(103,199)	(274,833)
Bad debts and financing recovered	(34,871)	(181,271)
Bad debts recovered from Danaharta	-	-
	<b>52,369</b>	<b>207,702</b>

**A19 INCOME ATTRIBUTABLE TO DEPOSITORS**

	<b>Individual Quarter 3 months ended Unaudited 31-Dec-10 RM '000</b>	<b>Year-to-date 18 months ended Unaudited 31-Dec-10 RM '000</b>
Deposits from customers:		
- Mudharabah fund	75,032	347,238
- Non-Mudharabah fund	53,311	248,315
Deposits and placements of banks and other financial institutions:		
- Mudharabah fund	3,665	21,622
	<b>132,008</b>	<b>617,175</b>

**A20 CAPITAL ADEQUACY**

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

	<b>Audited 31-Dec-10 RM '000</b>	<b>Audited 30-Jun-09 RM '000</b>
<b>Tier-I capital:</b>		
Paid-up share capital	2,265,490	1,725,490
Share premium	500,020	500,020
Accumulated losses	(1,185,132)	(1,309,362)
Other reserves	795,013	589,124
Less: Deferred tax assets	(44,224)	(61,660)
<b>Total Tier-I capital</b>	<b>2,331,167</b>	<b>1,443,612</b>
<b>Tier-II capital:</b>		
Redeemable subordinated mudharabah	-	20,000
General allowance for bad and doubtful financing	-	170,844
Collective assessment allowance #	182,452	-
<b>Total Tier-II capital</b>	<b>182,452</b>	<b>190,844</b>
<b>Total capital base</b>	<b>2,513,619</b>	<b>1,634,456</b>
Core capital ratio	15.75%	12.25%
Risk-weighted capital ratio	16.99%	13.87%
Core capital ratio net of proposed dividends	15.21%	12.25%
Risk-weighted capital ratio net of proposed dividend	16.44%	13.87%

# Excludes collective assessment allowance restricted from Tier II capital by BNM amounting RM162,590,000.



**A21 OPERATING SEGMENT INFORMATION**

The Group comprises the following main operating segments:

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

**(i) Information about reportable segments**

	18 months ended			Elimination	Total
	Banking	Takaful	Others		
<u>Current Year-to-Date</u>	31-Dec-10	31-Dec-10	31-Dec-10	RM'000	31-Dec-10
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	2,174,058	391,117	18,394	-	2,583,569
Inter-segment revenue	11,016	-	30,966	(41,982)	-
<b>Total revenue</b>	<b>2,185,074</b>	<b>391,117</b>	<b>49,360</b>	<b>(41,982)</b>	<b>2,583,569</b>
Net income from operations (before allowance for impairment on financing and advances)	1,562,494	391,117	49,360	(36,820)	1,966,151
Operating overhead	(853,305)	(293,204)	(20,648)	1,826	(1,165,331)
Operating profit	709,189	97,913	28,712	(34,994)	800,820
Allowance for impairment on financing and advances	(207,702)	-	-	-	(207,702)
<b>Profit before zakat and taxation</b>	<b>501,487</b>	<b>97,913</b>	<b>28,712</b>	<b>(34,994)</b>	<b>593,118</b>
Segment assets	30,350,270	4,971,885	1,902,908	(1,705,044)	35,520,019

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.

**A22 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.

**A23 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.

**A24 CHANGES IN COMPOSITION OF THE GROUP**

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

**A25 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 2010 are as follow:

	Audited 31 December 2010			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
<b><u>Credit-related exposures</u></b>						
Direct credit substitutes	459,840	459,840	439,315	615,699	615,699	417,935
Assets sold with recourse	242	242	242	6,220	6,220	6,220
Transaction-related contingent items	846,719	423,360	396,877	702,411	351,206	339,589
Short-term self-liquidating trade related contingencies	312,745	62,549	61,078	390,819	78,164	26,367
Other commitments, such as formal standby facilities and credit line, with an original maturity of:						
- not exceeding one year	1,003	201	224	238	48	71
- exceeding one year	618,138	309,069	251,715	333,712	166,856	155,622
Unutilized credit card lines	768,840	153,768	115,326	908,596	181,719	136,289
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	4,118,965	-	-	3,035,041	-	-
	7,126,492	1,409,029	1,264,777	5,992,736	1,399,912	1,082,093
<b><u>Derivative financial instruments</u></b>						
Foreign exchange related contracts						
- less than one year	5,208,060	93,866	26,161	1,455,651	15,753	6,607
- one year to less than five years	-	-	-	-	-	-
Profit rate related contracts						
- less than one year	-	-	-	9,538	25	5
- one year to less than five years	671,740	27,304	7,007	185,453	20,579	4,116
	5,879,800	121,170	33,168	1,650,642	36,357	10,728
<b><u>Other treasury related exposures</u></b>						
Obligations under an on-going underwriting agreements	75,000	37,500	37,500	50,000	25,000	25,000
	75,000	37,500	37,500	50,000	25,000	25,000
<b>Total</b>	<b>13,081,292</b>	<b>1,567,699</b>	<b>1,335,445</b>	<b>7,693,378</b>	<b>1,461,269</b>	<b>1,117,821</b>

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

**A26 PROFIT RATE RISK**

Unaudited  
31-Dec-10

	←-----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			
<b>Assets</b>									
Cash and short-term funds	1,843,225	-	100,000	-	-	823,153	-	2,766,378	2.18%
Deposits and placements with financial institutions	408,615	-	-	-	-	-	-	408,615	2.18%
Derivative financial assets	-	-	44,235	91	-	-	-	44,326	0.71%
Financial assets held-for-trading	-	-	-	-	-	-	2,280,548	2,280,548	2.54%
Financial assets held-to-maturity	-	-	-	146,742	69,202	-	-	215,944	3.43%
Financial assets available-for-sale	1,252,964	1,942,259	1,497,191	6,016,553	2,229,436	-	-	12,938,403	3.66%
Financing, advances & others:									
- Performing	1,102,445	773,502	626,960	2,740,830	6,488,775	-	-	11,732,512	7.39%
- Non-performing	-	-	-	-	-	128,119	-	128,119	
Other assets	-	-	-	-	-	5,005,174	-	5,005,174	
<b>Total assets</b>	<b>4,607,249</b>	<b>2,715,761</b>	<b>2,268,386</b>	<b>8,904,216</b>	<b>8,787,413</b>	<b>5,956,446</b>	<b>2,280,548</b>	<b>35,520,019</b>	
<b>Liabilities</b>									
Deposits from customers	13,675,481	1,031,074	1,210,525	138,195	-	10,742,832	-	26,798,107	1.87%
Deposits and placements of banks and other financial institutions	371,431	-	-	6,698	-	-	-	378,129	3.24%
Bills and acceptance payable	163,191	-	-	-	-	-	-	163,191	2.23%
Derivative financial liabilities	-	-	30,926	-	-	-	-	30,926	0.49%
Other liabilities	-	-	-	-	-	1,068,733	-	1,068,733	
<b>Total liabilities</b>	<b>14,210,103</b>	<b>1,031,074</b>	<b>1,241,451</b>	<b>144,893</b>	<b>-</b>	<b>11,811,565</b>	<b>-</b>	<b>28,439,086</b>	
Shareholders' equity	-	-	-	-	-	1,422,837	-	1,422,837	
<b>Takaful funds</b>	-	-	-	-	-	3,955,869	-	3,955,869	
<b>Minority interests</b>	-	-	-	-	-	1,702,227	-	1,702,227	
<b>Total liabilities &amp; shareholders' equity</b>	<b>14,210,103</b>	<b>1,031,074</b>	<b>1,241,451</b>	<b>144,893</b>	<b>-</b>	<b>18,892,498</b>	<b>-</b>	<b>35,520,019</b>	
On-balance sheet profit sensitivity gap	(9,602,854)	1,684,687	1,026,935	8,759,323	8,787,413				
Off-balance sheet profit sensitivity gap	-	-	-	-	-				
<b>Net maturity mismatch</b>	<b>(9,602,854)</b>	<b>1,684,687</b>	<b>1,026,935</b>	<b>8,759,323</b>	<b>8,787,413</b>				

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

**A26 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			
<b>Assets</b>									
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%
Derivative financial assets	-	-	-	19,776	-	-	-	19,776	0.99%
Financial assets held-for-trading	-	-	-	-	-	-	294,868	294,868	2.09%
Financial assets 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	-	-	-	-	-	4,550,499	-	4,550,499	
<b>Total assets</b>	<b>8,888,482</b>	<b>1,997,228</b>	<b>1,735,272</b>	<b>5,618,542</b>	<b>7,595,645</b>	<b>5,768,171</b>	<b>294,868</b>	<b>31,898,208</b>	
<b>Liabilities</b>									
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%
Derivative financial liabilities	-	-	-	21,811	-	-	-	21,811	1.09%
Other liabilities	-	-	-	-	-	894,421	-	894,421	
<b>Total liabilities</b>	<b>9,716,183</b>	<b>2,797,708</b>	<b>2,015,425</b>	<b>1,533,623</b>	<b>-</b>	<b>10,016,034</b>	<b>-</b>	<b>26,078,973</b>	
Shareholders' equity	-	-	-	-	-	1,272,533	-	1,272,533	
<b>Takaful funds</b>	-	-	-	-	-	3,452,341	-	3,452,341	
<b>Minority interests</b>	-	-	-	-	-	1,094,361	-	1,094,361	
<b>Total liabilities &amp; shareholders' equity</b>	<b>9,716,183</b>	<b>2,797,708</b>	<b>2,015,425</b>	<b>1,533,623</b>	<b>-</b>	<b>15,835,269</b>	<b>-</b>	<b>31,898,208</b>	
On-balance sheet profit sensitivity gap	(827,701)	(800,480)	(280,153)	4,084,919	7,595,645				
Off-balance sheet profit sensitivity gap	-	-	-	-	-				
<b>Net maturity mismatch</b>	<b>(827,701)</b>	<b>(800,480)</b>	<b>(280,153)</b>	<b>4,084,919</b>	<b>7,595,645</b>				

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

**B1 REVIEW OF PERFORMANCE**

**Eighteen Months Performance to 31 December 2010**

The Group registered a Profit before Zakat and Taxation ("PBZT") of RM593.1 million for the 18 (eighteen) months financial period ended 31 December 2010, with Bank Islam Group ("the Bank") and Syarikat Takaful Malaysia Berhad Group ("STMB") achieving a PBZT of RM501.5 million and RM102.6 million respectively. The net profit attributable to shareholders of the Company ("Net profit") stood at RM234.8 million for the period under review.

For the financial year ended 30 June 2009, the Group recorded a PBZT of RM299.1 million and a Net profit of RM113.7 million.

The improved profitability is achieved on the back of sustainable revenue growth, enhanced capital adequacy and improved asset quality. Cost to net income ratio at Group level of 58.5% for the period under review is also better compared to 59.3% recorded for 2009.

**Islamic Banking**

For the 18 (eighteen) months financial period ended (FYE) 31 December 2010, Bank Islam achieved a PBZT of RM503.4 million. This translates to an annualised growth of 44%.

With the strong performance, the Bank's annualised Return on Equity increased to 16.54% for FYE 31 December 2010 compared with 16.48% in FYE 30 June 2009. This is despite the increase in equity from the Islamic Convertible Redeemable Non Cumulative Preference Shares (ICRNCPs) of RM540 million injected during the financial period. The ICRNCPs were subsequently converted to Ordinary Shares on 29 September 2010.

As for the Bank's total assets, it grew from RM27.5 billion as at 30 June 2009 to RM30.4 billion as at 31 December 2010, a growth of 10.5% or RM 2.9 billion. The Return on Assets increased from 0.9% as at June 2009 to 1.2% as at 31 December 2010, arising from the reshaping of the balance sheet with better product mix that maximises returns. For the 18 (eighteen) months period, net financing grew by RM2.2 billion or 22.7% (which translates to an annualised growth of 15.1%) to reach RM11.9 billion as at 31 December 2010. The Bank's financing activities continued to be focused on Consumer financing which contributed to the bulk of the growth.

Despite the expansion in the financing volume, the Bank's asset quality also improved significantly. The Bank has early adopted FRS 139 during the period under review. The Bank's net impaired financing was RM128 million as at 31 December 2010 compared to RM 663 million as at 30 June 2009, an improvement of 80.7% or RM535 million. Consequently, the net impaired financing ratio also improved significantly from 6.7% in 30 June 2009 to 1.1% as at 31 December 2010.

Total customer deposits increased by RM 1.7 billion or 6.7% to RM26.9 billion as at end of December 2010. The core customer deposits of the Bank continued to register healthy growth, with lower cost current and savings deposits accounting for 95.6% or RM1.6 billion of the total growth. Current and savings deposits accounted for 39.7% of the Bank's total deposits.

Following the injection of the ICRNCPs and with the strong financial results, the Bank's Risk Weighted Capital Ratio strengthened from 13.61% as at 30 June 2009 to 16.78% as at 31 December 2010.

**Takaful**

For the 6th quarter ended 31 December 2010, the Group generated Operating Revenue of RM357.6 million comprising RM327.9 million in gross contribution and RM29.7 million in investment income. During the financial period ended 31 December 2010, the Group recorded Operating Revenue of RM1,725.1 million mainly attributable to contribution particularly from Family Takaful group business, motor and fire class of business.

The surplus transfer in the quarter under review from Family Takaful revenue account was at RM18.8 million. During the financial period ended 31 December 2010, the group recorded surplus transfer of RM106.2 million mainly attributable to underwriting results, investment income and realized gains on disposal of investment.

The surplus transfer in the quarter under review from General Takaful revenue account was at RM13.0 million. During the financial period ended 31 December 2010, the group recorded surplus transfer of RM117.6 million mainly attributable to underwriting results, write back of allowance for diminution in value of investments and realized gains on disposal of investments.

For the quarter under review, the group recorded profit before zakat and taxation of RM23.7 million. During the financial period ended 31 December 2010, the group recorded profit before zakat and taxation of RM102.6 million mainly contributed by the surplus from Family Takaful and General Takaful and wakalah fee income.

**B2 COMPARISON WITH THE PRECEDING QUARTER'S RESULTS**

**For the three months performance (Sixth Quarter 2010 vs Fifth Quarter 2010)**

The Group's PBZT for the financial quarter ended 31 December 2010 of RM119.4 million registered an increase of RM23.3 million or 24.2% compared to the preceding quarter ended 30 September 2010 of RM96.1 million. The net profit attributable to equity holders had also improved significantly (more than 86.4%) or RM29.8 million Quarter-on-Quarter ("QoQ"). The improved profitability was mainly attributable to higher PBZT from banking operations (by RM16.1 million or 18.4%), coupled with improved asset quality as gross impaired financing and advances ratio dropped to 4.5%. Cost to net income ratio also improved from 61.6% in the preceding quarter to 57.5% in the quarter under review. Takaful operations also registered higher income (by RM2.5 million or 8.6%), Wakalah fees (by RM11.0 million or 43.1%) and investment income (by RM13.5 million or more than 100%).

Bank Islam recorded a PBZT of RM103.2 million for the financial quarter ended 31 December 2010, resulting in an improvement of 18.4% or RM16.1 million compared to the PBZT for the preceding financial quarter ended 30 September 2010 of RM87.1 million. The strong performance was achieved from a healthy quarter-on-quarter growth in revenue of RM35.8 million or 9.2%.

For the quarter ended 31 December 2010, the Bank's net financing grew RM300.1 million or 2.6% to RM11.9 billion whilst net impaired financing ratio declined to 1.1% from 2.6% as at 30 September 2010.

For the quarter under review, STMB Group recorded a PBZT of RM23.7 million which was higher than the preceding quarter of RM11.9 million. The increase was mainly attributable to higher surplus transfer from Family Takaful and Wakalah fee income.

**B3 PROSPECTS**

**Outlook on the economy**

The Malaysian Institute of Economic Research ("MIER") in its economic briefing on the Malaysian Economic Outlook, 4th Quarter 2010, reported that growth of the Malaysian economy is expected to moderate to 5.2% in 2011 (6.8% in 2010). The overall outlook on the Malaysian economy is forecasted not to outperform that of 2010, in view of developed economies not expected to see stronger growth which in turn will have an impact on emerging economies such as Malaysia. MIER also forecasts that interest rates are expected to be stable for 2011 with Overnight Policy Rate ("OPR") to be higher from 2.75% (current level) to 3.00% by the end of 2011. MIER expects Consumer Price Index ("CPI") to be around 2.8% for 2011 as compared to 1.7% in 2010 due to rising food prices and transport costs towards the second-half of 2011. Ringgit is expected to strengthen to RM3.05-RM3.08/USD by the end of 2011 due to the second round quantitative easing by US Federal Reserve ("The Fed").

The banking industry in Malaysia is expected to remain robust, as competition will intensify due to high liquidity in the banking system and the more liberal operating environment for the incumbent foreign controlled banks.

**Islamic Banking**

2011 marks the second year of the Bank's Sustainable Growth Plan, a new strategic blueprint designed to achieve above-par organic growth while strengthening its domestic anchorage via a robust financing growth and a bigger share of customers' wallet.

In terms of assets, the Bank's focus is on high-yielding assets with calculated risks. While Consumer banking will remain the Bank's key growth driver, the long-term goal is to have an adequately balanced business composition between retail and non-retail components with increasing focus on secured financing portfolio. Commercial Banking will focus on Business Premise Financing and Small and Medium Enterprise (SME) to penetrate new markets.

The Bank's Corporate Investment Banking is reputed in the domestic and international capital markets as a pioneer and innovator of trend-setting Shariah-based financing structures and instruments. Being the sole Islamic bank and the only non-investment bank approved by the Securities Commission to act as Principal Advisor for specific corporate proposals, it will continue to innovate and provide a wide range of products and services to cater the various financial needs of corporate clients.

In line with its Sustainable Growth Plan, the Bank will continue to diversify its income stream, especially its fee based income with innovative product launches, such as TAP (Transact AT Palm), mobile banking and Visa Debit Card.

The Bank will continue to focus on improving its delivery channels and quality customer services as well as launch innovative and value-added shariah products and services. During the 18 (eighteen) months period, the Bank increased its network of branches by 12 (twelve) to 113 (one hundred and thirteen). Plans are in the pipeline to further increase the branch network by another 7 (seven) branches to reach 120 (one hundred and twenty) branches by the end of 2011. The Bank has also ventured into the Ar-Rahnu or Islamic pawn-broking services to diversify its Islamic products. There are plans to increase the pawn-broking outlets from the current 2 (two) outlets to seven (7) by the end of 2011.

**Takaful**

The Group and Company are gearing for growth in the current financial year with the introduction of new products and new retail distribution network. The Company will continue to remain prudent in its investment strategy and improve its operational efficiency and customer service.

**B4 VARIANCE FROM PROFIT FORECAST AND PROFIT GUARANTEE**

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

**B5 TAXATION**

	<b>Individual Quarter</b>	<b>Year-to-date</b>
	<b>3 months ended</b>	<b>18 months ended</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>31-Dec-10</b>	<b>31-Dec-10</b>
	<b>RM'000</b>	<b>RM'000</b>
Current tax expense	(14,185)	122,841

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-10 RM '000	30-Jun-09 RM '000
<b>Deposits from customers</b>		
Mudharabah accounts deposits and negotiable instruments of deposits		
One year or less (short-term)	15,830,945	14,928,380
More than one year (medium/long-term)	1,219,224	1,511,812
	17,050,169	16,440,192
Current accounts	7,090,732	6,336,054
Savings accounts	2,576,870	2,032,461
Others	80,336	62,744
<b>Total deposits</b>	<b>26,798,107</b>	<b>24,871,451</b>
<b>Deposits and placements of banks and other financial institutions</b>		
One year or less (short-term)	378,129	8,078
	<b>378,129</b>	<b>8,078</b>

**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-10	up to 1 mth	>1-3 mths	>3-6 mths	>6-12 mths	Margin Requirement
	Principal Amount					
<b>Foreign exchange related contracts</b>						
- forwards	572,640	244,588	225,109	101,045	1,898	NA
- swaps	4,547,481	2,029,472	291,773	2,066,669	159,567	NA
- option	87,939	87,939	-	-	-	NA
<b>Total</b>	<b>5,208,060</b>	<b>2,361,999</b>	<b>516,882</b>	<b>2,167,714</b>	<b>161,465</b>	<b>NA</b>

**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 2010, the amount of contracts which were not hedged and, hence, exposed to market risk was RM572.6 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 2010, the credit risk measured in terms of the cost to replace the profitable contracts was RM121.2 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	Year-to-date
	3 months ended	18 months ended
	Unaudited 31-Dec-10 RM'000	Unaudited 31-Dec-10 RM'000
<b>Net Operating profit after zakat &amp; tax (NOPAT)</b>		
Profit before zakat and taxation (PBZT)	119,391	593,118
Zakat & Taxation	11,689	(138,281)
<b>NOPAT</b>	<b>131,080</b>	<b>454,837</b>
Economic charge computation:		
Average invested capital	2,114,472	2,114,472
(includes minority interest less gain on disposal of interest in subsidiary)		
Weighted Average Cost of Capital (WACC) at 8.2% per annum	8.20%	8.20%
(WACC as at 30 June 2009: 8.5% per annum)		
<b>Economic charge</b>	<b>43,703</b>	<b>260,793</b>
<b>Economic profit</b>	<b>87,377</b>	<b>194,044</b>

**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 Defendant then withdrew the appeal and the Plaintiffs will proceed the execution proceeding against the Defendants. The sum outstanding to Bank Islam as at February 2011 is RM42.5 million. However, as per solicitor's advice, the Plaintiffs withheld the execution proceeding pending completion of transfer of auctioned property.

- (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 of 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. On 20 May 2010, the Court has granted the Bank's application to auction the property. This case is fixed for auction on 26 April 2011.

- (c) 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. On 1 June 2010, the Court decided that the Plaintiff's claim for declaration on the termination of Istisna' Facility is valid and lawful. However, the Plaintiff's claim was disallowed and only awarded nominal damages of RM50,000.00 with costs. The Court had allowed the Bank's counterclaim for selling price of RM143,590,488 but to deduct unearned profit on the undisbursed amount less any unearned profit at the date of full realization. The Plaintiff on 3 June 2010 had filed Notice of Appeal against the decision and the Bank is appealing on the issue of unearned profit. On 28 October 2010, the Court allowed the Plaintiff's stay of execution. This hearing of the appeal is fixed on 22 February 2011.
- (d) 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 is proceeding to recover the shortfall amount from the Defendant. As at February 2011, the matter is pending Official Assignee to fix creditors meeting.

- (e) 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. On 31 May 2010, the Appeal Court has rejected the Defendant's appeal. On 15 November 2010, the Bank succeeded to auction the property at RM6 million.
- (f) 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. For foreclosure action, the case was fixed for case management on 5 August 2010. On 28 October 2010, the court has granted our application for Order for Sale. On 18 January 2011, the Defendants have filed Summons for Direction and the hearing date has yet to be fixed.

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.

- (g) 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. In May 2010, Bank Islam has received payment of RM18.5 million from the chargor and withdrew the foreclosure and civil action against the Second and Third Defendants while proceeding the civil action against the First Defendant to recover the shortfall of RM8.5 million. In May 2010, the First Defendant has been wound up by other bank and in August 2010, Bank Islam has filed Proof of Debt to recover the outstanding amount. As at February 2011, the status remains the same.



**B12 MATERIAL LITIGATION, continued**

- (h) 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. As at February 2011, the Court has yet to fix a date for the appeal.
- (i) On 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 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 2011, this matter is pending Creditor Meeting's date.
- (j) 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.
- (k) 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 August 2010, the Bank's solicitor proceeded with execution of judgment by way of Prohibitory Order (PO) against the Second Defendant's property. As at February 2011, the matter is pending hearing date for the Bank's application for Order For Sale.
- 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.
- (l) 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. On 3 March 2010, the Court of Appeal allowed the Defendant's appeal and set aside the Summary Judgment entered against the Defendant. The trial dates have been fixed on 2 to 4 August, 9 to 11 August 2010 and 23rd to 26th August 2010.
- However, on 9 August 2010, the Defendant filed an application to recuse Justice Rohana ( the Trial Judge) from hearing this matter. The Defendant claimed that there is a real danger of apparent bias on the part of the Trial Judge in hearing this action. This is pursuant to a letter from the Plaintiff to Bank Negara Malaysia, referring to a conversation between En Fazlur Rahman Ebrahim, then COO of the Plaintiff and the Trial Judge, in her capacity then as Deputy Head of BNM Islamic Banking and Takaful Department. The remaining of the dates for the trial has been vacated to enable parties to file their affidavits. On 22 September 2010, the Court has dismissed the Defendant's application and they filed an appeal. However, on 1 November 2010, the Court of Appeal allowed the Defendant's appeal. This case will be heard before a new judge, YA Dato' Hj Mohd Zawawi Salleh. The judge has fixed new trial dates on 11 to 14, 18 to 21 and 25 to 28 July 2011.
- (m) 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. On 30 June 2010, the Plaintiffs failed to comply with the settlement arrangement. On August 2010, the Plaintiffs have appealed and submitted new settlement proposal to the Bank. As at February 2011, both parties have agreed to restructure the financing from Trade Finance to Business Financing Tawarruq.
- (n) 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.
- (o) 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 filed an appeal but the Court has yet to fix a date for the appeal. Bank Islam's solicitors are of the view that Bank Islam has a fair chance to succeed in defending this matter.
- (p) On 16 August 2007, Teck Guan Sdn Bhd ("the Plaintiff") filed a civil suit against Omegco Sdn Bhd ("the First Defendant") and Bank Islam ("the Bank") claiming the Bank a sum of RM11,385,600.00. On 12 November 2010, the court allowed a summary judgment entered against the First Defendant in the sum of RM11,385,600.00 with interest and cost. The Court however dismissed the Plaintiff's summary judgment application against the Bank. As at February 2011, the matter is pending negotiation between the Plaintiff and the Bank.
- (q) On 27 August 2007, Bank Islam filed a civil suit against four (4) former 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 were in breach of their statutory duties, common law duty of care and skills and express and/or implied contractual duties. The matter has been fixed for Case Management on 8 March 2011.
- (r) 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. On 24 August 2010, the panel of arbitrators had directed both parties to file their Written Submissions. Both parties have filed their written submissions in November 2010. As at February 2011, the matter is pending award from arbitrators.

**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 2010 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.

The Inland Revenue Board had agreed to exempt any difference in income arising from the change in tax treatment for years of assessments from 1997 to 2007. The exemption was accorded pursuant to Section 127(3A) of the Income Tax Act 1967.

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 via letter dated 2 April 2009 to review the tax issue and thereafter, will advise Takaful Malaysia accordingly. Whilst, Takaful Malaysia will continue to pursue the appeal with the MOF, no provision for deferred tax asset has been made in relation to unabsorbed capital allowances for year of assessment 2008 onwards.

**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.

	<b>Individual Quarter 3 months ended Unaudited 31-Dec-10 RM '000</b>	<b>Year-to-date 18 months ended Unaudited 31-Dec-10 RM '000</b>
Net profit/(loss) for the quarter attributable to equity holders of the parent	64,303	234,782
Number of ordinary shares	1,066,790	1,066,790
Number of average ordinary shares	1,066,790	1,066,790
<b>Basic earnings per share attributable to equity holders of the parent (sen)</b>	<b>6.03</b>	<b>22.01</b>

**B15 DISCLOSURE OF REALISED AND UNREALISED PROFIT/LOSSES**

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Market Listing Requirements. The directive requires all listed issuers to disclose breakdown of the unappropriated profits or accumulated losses at the end of the reporting period, into realised and unrealised profits or losses.

On December 20 2010, Bursa Malaysia further issued guidance on the disclosure and the format required

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits/(losses) pursuant to the directive is as follows:

	<b>Current Quarter RM '000 RM'000</b>	<b>Immediate Preceding Quarter 30-Sep-10 RM'000</b>
<b>Total accumulated losses of BIMB Holdings Berhad and its subsidiaries:</b>		
Realised	(1,523,490)	(1,451,411)
Unrealised - in respect of deferred tax recognised in the income statement	30,109	35,483
- in respect of other items of income and expense	18,927	12,316
<b>Total group accumulated losses as per condensed consolidated financial statements</b>	<b>(1,474,454)</b>	<b>(1,403,612)</b>

**Note: Comparative figures are not required in the first financial year of compliance.**

By Order of the Board

**MARIA MAT SAID (LS 09400)**  
Company Secretary  
February 25, 2011