

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

Condensed Consolidated Statement of Financial Position as at 30 September 2012

		As at 30 September, 2012 RM'000 Unaudited	As at 31 December, 2011 RM'000	As at 1 January, 2011 RM'000
ASSETS	Note			
Cash and short term funds		2,250,836	4,390,571	3,064,307
Deposits and placements with financial institutions		830,449	1,075,330	412,798
Derivative financial assets	A8	15,464	15,877	80,108
Financial assets held-for-trading	A9	1,256,745	1,228,952	2,279,891
Financial assets held-to-maturity	A10	473,421	636,913	215,944
Financial assets available-for-sale	A11	16,382,473	14,309,762	16,111,788
Financing, advances and others	A12	18,119,398	14,161,837	11,858,599
Retakaful assets		487,278	415,424	328,133
Deferred tax assets		55,683	39,429	59,023
Takaful receivables		143,508	108,949	107,222
Assets held for sale		-	668	-
Investment-linked Takaful assets		205,874	194,506	201,051
Other assets		383,233	270,913	637,744
Current tax assets		6,385	7,718	30,316
Investment in associates		23,196	21,181	1
Statutory deposit with Bank Negara Malaysia		989,000	912,000	10,000
Investment properties		44,777	34,604	42,244
Property, plant and equipment		445,159	447,579	414,159
Total assets		42,112,879	38,272,213	35,853,328
<u>LIABILITIES, EQUITY & TAKAFUL FUNDS</u>				
Liabilities				
Deposits from customers	A14	30,850,182	28,208,203	26,798,107
Deposits and placements of banks and other financial institutions	A15	726,796	384,628	378,129
Bills and acceptances payable		246,787	259,153	163,191
Takaful contract liabilities		5,526,260	5,115,267	4,567,764
Takaful payables		74,811	44,904	50,454
Other liabilities		841,827	747,978	671,726
Investment-linked Takaful liabilities		4,453	-	-
Provision for zakat and taxation		98,074	34,107	37,467
Derivative financial liabilities	A8	19,283	23,299	66,708
Total liabilities		38,388,473	34,817,539	32,733,546
Equity				
Share capital		1,066,790	1,066,790	1,066,790
Reserves		911,362	765,642	587,568
Total equity attributable to shareholders of the Company		1,978,152	1,832,432	1,654,358
Non-controlling interests		1,746,254	1,622,242	1,465,424
Total equity		3,724,406	3,454,674	3,119,782
Total equity and liabilities		42,112,879	38,272,213	35,853,328
<u>COMMITMENTS AND CONTINGENCIES</u>				
Net assets per share attributable to ordinary equity holders of the parent (RM)	A25	1.85	1.72	1.55

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Income Statements
For the Nine Months Financial Period Ended 30 September 2012**

		Quarter ended 30 September 2012 RM'000 Unaudited	Quarter ended 30 September 2011 RM'000 Unaudited	Year-to-date 9 months ended 30 September 2012 RM'000 Unaudited	Year-to-date 9 months ended 30 September 2011 RM'000 Unaudited
	Note				
Income derived from investment of depositors' fund	A16	439,459	336,408	1,206,295	1,016,386
Income derived from investment of shareholders' fund	A17	259,889	144,867	670,372	451,416
Allowance for impairment on financing, advances and others	A18	(15,877)	(12,025)	(33,772)	(3,752)
Reversal for Impairment on investments and other assets		92	739	1,840	2,153
Provision for contingent liability		(30,000)	-	(30,000)	(15,231)
Other expenses directly attributable to the investment of the depositors' and shareholders' funds		(5,081)	(7,210)	(21,380)	(18,441)
Total distributable income		648,482	462,779	1,793,355	1,432,531
Income attributable to depositors	A19	(144,916)	(115,897)	(415,769)	(352,918)
Total net income		503,566	346,882	1,377,586	1,079,613
Personnel expenses		(130,401)	(112,930)	(382,520)	(334,406)
Other overhead expenses		(149,984)	(103,069)	(408,481)	(284,964)
Depreciation		(15,641)	(13,583)	(40,783)	(42,161)
Operating profit		207,540	117,300	545,802	418,082
Share in the results of associated companies		(323)	(991)	2,015	(1,145)
Profit before zakat and taxation		207,217	116,309	547,817	416,937
Zakat		(2,320)	(1,718)	(5,678)	(4,354)
Tax expense	B5	(55,686)	(58,640)	(154,299)	(133,004)
Profit for the period		149,211	55,951	387,840	279,579
Attributable to:					
Shareholders of the Company		89,409	18,535	212,509	137,121
Non-controlling interests		59,802	37,416	175,331	142,458
Profit for the period		149,211	55,951	387,840	279,579
Earnings Per Share - basic (sen)	B15	8.38	1.74	19.92	12.85

BIMB HOLDINGS BERHAD (423858-X)

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Nine Months Financial Period Ended 30 September 2012**

	Quarter ended 30 September 2012 RM'000 Unaudited	Quarter ended 30 September 2011 RM'000 Unaudited	Year-to-date 9 months ended 30 September 2012 RM'000 Unaudited	Year-to-date 9 months ended 30 September 2011 RM'000 Unaudited
Profit for the period	149,211	55,951	387,840	279,579
Other comprehensive income :				
Currency translation differences for foreign operations	8,337	(15,053)	6,425	(7,701)
Net gain on revaluation of available for sale financial assets	1,882	33,526	14,338	53,010
Total comprehensive income for the period	159,430	74,424	408,603	324,888
Attributable to:				
Shareholders of the Company	94,267	27,374	223,062	160,898
Non-controlling interests	65,163	47,050	185,541	163,990
Total comprehensive income for the period	159,430	74,424	408,603	324,888

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**Condensed Consolidated Statement of Changes in Equity
For the Nine Months Financial Period Ended 30 September 2012**

		← Attributable to Equity Holders of the Company →								
		← Non-distributable →			Distributable					
Group	Note	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Other Reserves RM'000	Capital Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Unaudited										
At 1 January 2011										
- As previously stated		1,066,790	602,978	513,112	77,541	638,370	(1,244,056)	1,654,735	1,465,957	3,120,692
- Effect of change in accounting policy		-	-	-	(38,995)	-	38,618	(377)	(533)	(910)
- Restated		1,066,790	602,978	513,112	38,546	638,370	(1,205,438)	1,654,358	1,465,424	3,119,782
Total comprehensive income for the year										
- Net profit for the period		-	-	-	-	-	137,121	137,121	142,458	279,579
- Other comprehensive income										
<i>Currency translation differences in respect of foreign operations</i>		-	-	-	(3,400)	-	-	(3,400)	(4,301)	(7,701)
<i>Net gain on revaluation of financial assets available-for-sale</i>		-	-	-	27,177	-	-	27,177	25,833	53,010
- Total comprehensive income for the year		-	-	-	23,777	-	137,121	160,898	163,990	324,888
Transfer to statutory reserve		-	-	89,381	-	-	(89,381)	-	-	-
Acquisition of additional interest from non-controlling interests		-	-	-	-	-	(367)	(367)	(533)	(900)
Dividends to shareholders	A7	-	-	-	-	-	(12,801)	(12,801)	-	(12,801)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(64,417)	(64,417)
At 30 September 2011		1,066,790	602,978	602,493	62,323	638,370	(1,170,866)	1,802,088	1,564,464	3,366,552
Unaudited										
At 1 January 2012										
- As previously stated		1,066,790	602,978	604,698	94,150	638,370	(1,182,896)	1,824,090	1,614,380	3,438,470
- Effect of change in accounting policy		-	-	-	(38,995)	-	47,337	8,342	7,862	16,204
- Restated		1,066,790	602,978	604,698	55,155	638,370	(1,135,559)	1,832,432	1,622,242	3,454,674
Total comprehensive income for the period										
- Net profit for the period		-	-	-	-	-	212,509	212,509	175,331	387,840
- Other comprehensive income										
<i>Currency translation differences in respect of foreign operations</i>		-	-	-	2,827	-	-	2,827	3,598	6,425
<i>Net gain on revaluation of financial assets available-for-sale</i>		-	-	-	7,726	-	-	7,726	6,612	14,338
- Total comprehensive income for the year		-	-	-	10,553	-	212,509	223,062	185,541	408,603
Transfer to statutory reserve		-	-	51,492	-	-	(51,492)	-	-	-
Dividends to shareholders	A7	-	-	-	-	-	(77,342)	(77,342)	-	(77,342)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(61,529)	(61,529)
Set-off of accumulated loss		-	-	(349,011)	-	-	349,011	-	-	-
At 30 September 2012		1,066,790	602,978	307,179	65,708	638,370	(702,873)	1,978,152	1,746,254	3,724,406

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows
For the Nine Months Financial Period Ended 30 September 2012**

	Year-to-date	
	9 months ended 30 September 2012 RM'000 Unaudited	9 months ended 30 September 2011 RM'000 Unaudited
Cash flows from operating activities		
Profit before zakat and taxation	547,817	416,937
Adjustment for non-cash flow items:-		
Depreciation of property, plant and equipment	40,783	42,161
Amortisation of prepaid lease payment	-	-
Reversal of allowance for doubtful debts	(180)	(180)
Allowance/(reversal) for impairment on financing, advances and others	33,772	3,752
Reversal for diminution in value of investments	-	(38)
Allowance for Impairment on investments and other assets	(1,840)	(2,153)
Provision for contingent liability	30,000	15,231
Net gain on disposal of property, plant and equipment	(224)	(3,038)
Net (gain) / loss on sale of financial assets held-for-trading	(3,558)	(5,394)
Net gain on revaluation of financial assets held-for-trading	(9,713)	(17,171)
Net gain on sale of financial assets available-for- sale	(22,894)	(14,061)
Net derivative (gain) / loss	(1,492)	6,381
Share of results of associate company	(2,015)	1,145
Operating profit before working capital changes	610,456	443,572
Changes in working capital:		
Deposits and placements of banks and other financial institutions	342,168	70,115
Financing of customers	(4,021,333)	(1,442,609)
Statutory deposits with Bank Negara Malaysia	(77,000)	(525,000)
Other receivables	(230,101)	(36,536)
Deposits from customers	2,641,979	(748,344)
Other payables	1,491,287	99,696
Bills payable	(12,366)	24,531
Cash (used in)/generated from operations	745,090	(2,114,575)
Tax paid	(105,744)	(125,978)
Net cash (used in)/generated from operating activities	639,346	(2,240,553)

BIMB HOLDINGS BERHAD (423858-X)

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**Condensed Consolidated Statement of Cash Flows, continued
For the Nine Months Financial Period Ended 30 September 2012**

	Year-to-date	
	9 months ended 30 September 2012 RM'000 Unaudited	9 months ended 30 September 2011 RM'000 Unaudited
Cash flows from investing activities		
Net sales/(purchases) from disposal of securities	(1,922,674)	3,448,030
Purchase of property, plant and equipment	(38,363)	(20,310)
Net cash generated from/(used in) investing activities	(1,961,037)	3,427,720
Cash flows from financing activities		
Dividend paid to non-controlling interests	(61,529)	(64,417)
Investment in associates	-	(21,418)
Dividend paid to shareholders of the parent	(77,342)	(12,801)
Acquisition of additional interest from non-controlling interests	-	(900)
Net cash generated from/(used in) financing activities	(138,871)	(99,536)
Net increase/(decrease) in cash and cash equivalent	(1,460,562)	1,087,631
Cash and cash equivalents at the beginning of year/period	4,535,422	3,174,993
Foreign exchange differences	6,425	(7,701)
Cash and cash equivalents at the end of year/period	3,081,285	4,254,923
Cash and cash equivalents comprise:		
Cash and short term funds	2,250,836	3,465,246
Deposits and placement with financial institutions	830,449	789,677
	3,081,285	4,254,923

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 financial statements of the Group as at and for the nine months financial period ended 30 September 2012 comprising that of the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates.

These condensed consolidated interim financial statements were approved for issue 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 MFRS 134, Interim Financial Reporting in Malaysia and with IAS 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 financial year ended 31 December 2011.

The audited consolidated financial statements of the Group as at and for the financial year ended 31 December 2011, which were prepared under Financial Reporting Standards (FRSs), are available upon request from the Company's registered office at Level 31, Menara Bank Islam, 22 Jalan Perak, 50450 Kuala Lumpur.

These are the Group's condensed consolidated interim financial statements for the part of the period covered by the Group's first Malaysian Financial Reporting Standards ("MFRS") framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

Since the previous annual audited financial statements as at and for the financial year ended 31 December 2011 were issued, the Group has adopted the MFRS framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by MASB in order to fully converge Malaysia's existing FRSs framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board ("IASB"). Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs. The financial effects of the convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence are discussed in Note A 26 Changes in Accounting Policies.

The following MFRSs and IC Interpretations have been issued by MASB but are not yet effective, and have yet to be adopted by the Group:

- (i) **Effective for annual periods beginning on or after 1 July 2012**
 - Amendments to MFRS 101, Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
- (ii) **Effective for annual periods beginning on or after 1 January 2013**
 - MFRS 3, Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
 - MFRS 10, Consolidated Financial Statements
 - MFRS 11, Joint Arrangements
 - MFRS 12, Disclosure of Interests in Other Entities
 - MFRS 13, Fair Value Measurement
 - MFRS 119, Employee Benefits (as amended in June 2011)
 - MFRS 127, Separate Financial Statements (as amended by IASB in May 2011)
 - MFRS 128, Investment in Associates and Joint Ventures (as amended by IASB in May 2011)
 - IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
 - Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)
 - Amendments to MFRSs contained in the document entitled "Annual Improvement 2009-2011 Cycle"
 - Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to MFRS 10, MFRS 11 and MFRS 12)
 - MFRS 127, Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)
- (iii) **Effective for annual periods beginning on or after 1 January 2014**
 - Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)
- (iv) **Effective for annual periods beginning on or after 1 January 2015**
 - MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)
 - MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)

IC Interpretation 20 will not have any financial impact to the Group as it is not relevant to the Group's operations. The financial effects of the above MFRSs and Amendments to MFRSs are still being assessed due to complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

During the financial period, the Group's Islamic banking subsidiary, Bank Islam Malaysia Berhad, adopted the Guidelines on Profit Equalisation Reserve issued by Bank Negara Malaysia ("BNM"), which addresses the management of displaced commercial risk by Islamic banking institutions. A discussion of the financial effects of the adoption of these guidelines is provided in Note A26 Changes in Accounting Policies.

A2 AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2011

The audited report on the financial statements of the preceding financial year ended 31 December 2011 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 in the nine months financial period ended 30 September 2012.

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 in the nine months financial period ended 30 September 2012.

A5 CHANGES IN ESTIMATES OF AMOUNTS REPORTED PREVIOUSLY

Other than as disclosed in Note A 26 Changes in Accounting Policies, there were no material changes in estimates of amounts reported in prior financial years that may have a material effect in the nine months financial period ended 30 September 2012.

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 nine months financial period ended 30 September 2012.

A7 DIVIDENDS PAID

	Unaudited 30-Sep-12 RM '000	Unaudited 30-Sep-11 RM '000
<u>Ordinary</u>		
Final paid		
2011 - 7.25%, (2010 - 1.60%)	77,342	12,801
	77,342	12,801

A8 DERIVATIVE FINANCIAL ASSETS

	Principal amount RM '000	Fair value Assets RM '000	Liabilities RM '000
30.9.2012 - Unaudited			
Forward Contract	1,177,585	9,949	(5,633)
Profit Rate Swaps	1,100,000	4,074	(12,209)
Structured Deposits	115,995	1,441	(1,441)
	2,393,580	15,464	(19,283)
31.12.2011 - Audited			
Forward Contract	1,684,899	5,589	(4,854)
Cross Currency Profit Rate Swaps	171,740	7,549	(7,509)
Profit Rate Swaps	500,000	-	(8,197)
Structured Deposits	137,005	2,739	(2,739)
	2,493,644	15,877	(23,299)
1.12.2011 - Audited			
Forward Contract	5,208,060	42,284	(26,788)
Cross Currency Profit Rate Swaps	171,740	10,055	(9,964)
Profit Rate Swaps	500,000	-	(2,187)
Structured Deposits	462,995	27,769	(27,769)
	6,342,795	80,108	(66,708)

A9 FINANCIAL ASSETS HELD-FOR-TRADING

	Unaudited 30-Sep-12 RM '000	Audited 31-Dec-11 RM '000	Audited 01-Jan-11 RM '000
At fair value			
<u>Unquoted securities</u>			
<i>In Malaysia</i>			
Malaysian Government Investment Issues	162,340	71,804	50,573
Malaysian Islamic Treasury Bills	9,733	-	-
Islamic Commercial Papers	-	9,852	-
Bank Negara Negotiable Notes	813,273	1,116,264	2,202,117
Islamic Debt Securities	271,227	31,032	26,757
	1,256,573	1,228,952	2,279,447
<u>Quoted securities</u>			
<i>In Malaysia</i>			
Shares	172	-	444
Total financial assets held-for-trading	1,256,745	1,228,952	2,279,891

A10 FINANCIAL ASSETS HELD-TO-MATURITY

	Unaudited 30-Sep-12 RM '000	31-Dec-11 RM '000	01-Jan-11 RM '000
At amortised cost			
<u>Unquoted securities</u>			
<i>In Malaysia</i>			
Malaysian Government Islamic papers	145,528	145,609	-
Islamic Debt Securities	347,723	417,493	-
<i>Outside Malaysia</i>			
Islamic Debt Securities	-	30,757	177,361
	493,251	593,859	177,361
<u>Quoted securities</u>			
<i>Outside Malaysia</i>			
Bond	-	63,369	61,650
	493,251	657,228	239,011
Less: Impairment losses	(19,830)	(20,315)	(23,067)
Total financial investments held-to-maturity	473,421	636,913	215,944

A11 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	Unaudited		
	30-Sep-12 RM '000	31-Dec-11 RM '000	01-Jan-11 RM '000
At fair value			
<u>Unquoted securities</u>			
<i>In Malaysia</i>			
Malaysian Government Investment Issues	2,579,339	2,583,230	4,444,171
Malaysian Government Islamic papers	-	581,415	700,129
Negotiable Islamic Debt Certificate	1,351,687	1,170,238	2,277,443
Islamic Commercial Papers	229,977	208,566	872,867
Islamic Debt Securities	10,909,423	8,768,088	6,635,658
Accepted bills	-	243,500	384,155
Promissory notes	-	5,108	5,108
Bank Negara Negotiable Notes	284,622	-	149,364
Shares	22,475	22,448	22,061
Unit trust	342,612	208,360	198,096
Others - Investment linked funds	40,334	-	-
<i>Outside Malaysia</i>			
Islamic Development Bank unit trust	1,923	1,923	1,923
Unquoted shares	1,688	1,688	1,688
Islamic Debt Securities	-	29,266	-
	15,764,080	13,823,830	15,692,663
<u>Quoted securities</u>			
<i>In Malaysia</i>			
Unit trust	20,556	39,302	15,458
Equity securities	552,350	410,633	390,757
<i>Outside Malaysia</i>			
Unit trust	59,246	49,840	25,798
Equity securities	-	415	983
	632,152	500,190	432,996
Less:			
Impairment losses	(13,759)	(14,258)	(13,871)
Total financial investments available-for-sale	16,382,473	14,309,762	16,111,788

A12 FINANCING, ADVANCES AND OTHERS

(i) **By type**

	Unaudited		
	30-Sep-12 RM '000	31-Dec-11 RM '000	01-Jan-11 RM '000
Cash line	536,315	406,590	254,278
Term financing			
House financing	4,946,855	4,393,020	3,911,363
Syndicated financing	304,437	164,649	82,237
Leasing financing	207,934	280,403	303,884
Bridging financing	152,920	160,779	238,595
Personal financing	6,007,248	3,786,432	3,001,049
Other term financing	4,154,312	3,358,527	2,760,392
Staff financing	163,764	157,510	148,425
Credit/charge cards	423,515	451,538	450,542
Trade bills discounted	1,596,127	1,309,598	1,060,217
Trust receipts	46,763	48,897	59,854
Pawn broking	-	47,352	13,897
	18,540,190	14,565,295	12,284,733
Less: Allowance for impaired financing, advances and others:			
Collective assessment allowance	(348,551)	(327,688)	(347,073)
Individual assessment allowance	(72,241)	(75,770)	(79,061)
Total net financing, advances and others	18,119,398	14,161,837	11,858,599

(ii) **By contract**

	Unaudited		
	30-Sep-12 RM '000	31-Dec-11 RM '000	01-Jan-11 RM '000
Bai' Bithaman Ajil (deferred payment sale)	8,313,306	7,291,742	6,209,417
Ijarah (operating lease)	212,617	295,881	334,106
Ijarah Muntahia Bittamleek / AITAB (finance lease)	29,824	22,648	11,657
Mudharabah (profit sharing)	6,000	6,000	6,000
Murabahah (cost-plus)	1,598,410	1,316,853	1,120,380
Al Inah Cash Note	1,749,543	1,435,588	1,662,823
Istisna'	245,325	245,250	353,125
At-Tawarruq	6,310,993	3,903,981	2,573,328
Ar-Rahn	74,172	47,352	13,897
	18,540,190	14,565,295	12,284,733

(iii) **By type of customer**

	Unaudited		
	30-Sep-12 RM '000	31-Dec-11 RM '000	01-Jan-11 RM '000
Domestic non-bank financial institutions	36,758	25,755	1,218
Domestic business enterprise	3,926,292	2,683,710	2,082,941
Small medium industries	476,831	391,947	401,119
Government and statutory bodies	120,942	129,766	151,526
Individuals	13,692,460	10,989,077	9,324,459
Other domestic entities	5,489	73,239	57,741
Foreign entities	281,418	271,801	265,729
	18,540,190	14,565,295	12,284,733

A12 FINANCING, ADVANCES AND OTHERS, continued

(iv) By profit rate sensitivity

	Unaudited		
	30-Sep-12 RM '000	31-Dec-11 RM '000	01-Jan-11 RM '000
Fixed rate			
House financing	1,611,469	2,087,060	2,198,946
Others	9,112,145	8,680,517	8,005,296
Floating rate	7,816,576	3,797,718	2,080,491
	18,540,190	14,565,295	12,284,733

(v) By remaining contractual maturity

	Unaudited		
	30-Sep-12 RM '000	31-Dec-11 RM '000	01-Jan-11 RM '000
Maturity within one year	3,215,115	2,672,329	2,071,456
More than one year to three years	1,075,389	863,680	705,542
More than three years to five years	1,057,717	818,561	1,385,004
More than five years	13,191,969	10,210,725	8,122,731
	18,540,190	14,565,295	12,284,733

(vi) By sector

	Unaudited		
	30-Sep-12 RM '000	31-Dec-11 RM '000	01-Jan-11 RM '000
Primary agriculture	212,153	149,182	182,111
Mining and quarrying	5,755	48,249	897
Manufacturing (including agro-based)	1,192,381	904,779	791,995
Electricity, gas and water	78,296	7,221	150,860
Construction	1,661,229	756,014	508,293
Real estate	442,361	385,261	187,445
Household sector	13,666,309	11,016,473	9,321,823
Wholesale and retail trade and restaurants and hotels	543,232	558,811	479,868
Transport, storage and communication	198,437	233,766	408,349
Finance, insurance and business activities	320,006	180,770	154,408
Education, health and others	213,512	122,204	85,375
Other sectors	6,519	202,565	13,309
	18,540,190	14,565,295	12,284,733

A13 IMPAIRED FINANCING, ADVANCES AND OTHERS

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

	Unaudited		
	30-Sep-12 RM '000	31-Dec-11 RM '000	01-Jan-11 RM '000
At 1 January 2012/ 1 January 2011	379,790	552,221	2,035,518
Classified as impaired during the year / period	300,636	549,075	315,241
Reclassified as not impaired during the year / period	(181,996)	(297,191)	(362,279)
Amount recovered	(67,754)	(238,876)	(311,447)
Amount written off	(107,644)	(187,141)	(1,079,122)
Exchange differences	(616)	1,702	(45,690)
At 30 September 2012 / 31 December 2011	322,416	379,790	552,221
Gross impaired financing, advances and others as a percentage of gross financing, advances and others	1.74%	2.61%	4.50%

(ii) Movements in the allowance for impaired financing, advances and others

	Unaudited		
	30-Sep-12 RM '000	31-Dec-11 RM '000	01-Jan-11 RM '000
Collective Assessment Allowance			
At 1 January 2012/ 1 January 2011			
As previously stated	348,555	345,041	504,927
Effect of change in accounting policy	(20,867)	2,032	2,032
As restated	327,688	347,073	506,959
Allowance made during the year / period	100,491	84,268	427,171
Amount written off	(79,660)	(100,816)	(555,129)
Exchange differences	32	(2,837)	(31,928)
At 30 September 2012 / 31 December 2011	348,551	327,688	347,073
Individual Assessment Allowance			
At 1 January 2012/ 1 January 2011			
Allowance/ (Recovery) made during the year / period	75,770	79,061	859,374
Amount written off	23,655	87,101	(38,198)
Exchange differences	(27,184)	(90,392)	(740,797)
	-	-	(1,318)
At 30 September 2012 / 31 December 2011	72,241	75,770	79,061

A13 IMPAIRED FINANCING, ADVANCES AND OTHERS, continued

(iii) Impaired financing, advances and others by sector

	Unaudited		
	30-Sep-12	31-Dec-11	01-Jan-11
	RM '000	RM '000	RM '000
Primary agriculture	1,288	3,511	10,947
Mining and quarrying	-	-	851
Manufacturing (including agro-based)	28,143	42,184	83,810
Electricity, gas and water	157	-	-
Wholesale and retail trade and restaurants and hotels	24,469	23,606	42,729
Construction	65,619	71,680	130,925
Real estate	1,138	1,203	1,263
Transport, storage and communication	970	1,062	1,538
Finance, insurance and business activities	8,937	16,255	-
Education, health and others	19	71	6,112
Household sector	191,647	217,371	270,847
Other sectors	29	2,847	3,199
	322,416	379,790	552,221

A14 DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Unaudited		
	30-Sep-12	31-Dec-11	01-Jan-11
	RM '000	RM '000	RM '000
Non-Mudharabah Fund:			
Demand deposits	7,875,990	8,412,372	7,090,732
Savings deposits	2,588,449	2,599,243	2,576,870
Negotiable Islamic Debt Certificate (NIDC)	2,171,620	1,690,306	2,433,380
Waheed-i	5,175,165	3,809,248	2,968,744
Ziyad	103,357	104,736	105,299
An-Najah	-	18,000	312,452
Others	86,194	106,718	80,336
	18,000,775	16,740,623	15,567,813
Mudharabah Fund:			
Savings deposits	1,666,349	1,263,591	987,346
General investment deposits	2,055,623	1,851,695	2,449,607
Special investment deposits	9,127,435	8,352,294	7,793,341
	12,849,407	11,467,580	11,230,294
Total deposits from customers	30,850,182	28,208,203	26,798,107

Maturity structure of investment deposits and NIDCs are as follows:

Due within six months	15,845,931	13,403,835	10,365,051
More than six months to one year	1,355,259	1,444,323	4,616,743
More than one year to three years	1,288,288	1,020,357	638,203
More than three years to five years	143,722	29,404	20,955
Over five years	-	-	421,870
	18,633,200	15,897,919	16,062,822

(ii) By type of customer

	Unaudited		
	30-Sep-12	31-Dec-11	01-Jan-11
	RM '000	RM '000	RM '000
Government and statutory bodies	7,855,612	7,769,225	6,795,607
Business enterprises	8,448,972	7,188,454	8,536,877
Individuals	5,102,520	4,754,178	4,511,477
Others	9,443,078	8,496,346	6,954,146
	30,850,182	28,208,203	26,798,107

A15 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Unaudited		
	30-Sep-12	31-Dec-11	01-Jan-11
	RM '000	RM '000	RM '000
Non-Mudharabah Fund:			
Licensed banks	1,467	1,424	-
Other financial institutions	66,765	81,506	-
	68,232	82,930	-
Mudharabah Fund:			
Licensed banks	578,342	251,698	307,984
Other financial institutions	80,222	50,000	70,145
	658,564	301,698	378,129
	726,796	384,628	378,129

A16 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Quarter 3 months ended 30-Sep-11 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-11 RM '000
Income derived from investment of:				
(i) General investment deposits	31,121	31,313	91,741	99,703
(ii) Other deposits	408,338	305,095	1,114,554	916,683
	439,459	336,408	1,206,295	1,016,386

(i) Income derived from investment of general investment deposits

	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Quarter 3 months ended 30-Sep-11 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-11 RM '000
Financing income and hibah				
Financing, advances and others	20,249	21,609	61,713	65,896
Financial assets held-for-trading	232	139	474	314
Financial assets held-to-maturity	3,440	181	4,034	385
Financial assets available-for-sale	6,213	7,338	20,012	25,580
Money at call and deposit with financial institutions	687	1,335	3,028	5,043
	30,821	30,602	89,261	97,218
<i>Of which financing income earned on impaired financing</i>	421	808	1,266	2,919
Other dealing income				
Net gain / (loss) from sale of financial assets held-for-trading	114	180	269	518
Net gain / (loss) on revaluation of financial assets held-for-trading	(10)	498	772	1,696
	104	678	1,041	2,214
Other operating income				
Net gain / (loss) from sale of financial assets available-for-sale	196	33	1,439	271
	196	33	1,439	271
	31,121	31,313	91,741	99,703

(ii) Income derived from investment of other deposits

	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Quarter 3 months ended 30-Sep-11 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-11 RM '000
Financing income and hibah				
Financing, advances and others	266,285	210,342	749,314	606,012
Financial assets held-for-trading	3,058	1,359	5,888	2,947
Financial assets held-to-maturity	44,181	1,771	51,086	3,602
Financial assets available-for-sale	81,797	71,682	243,191	235,030
Money at call and deposit with financial institutions	9,103	13,046	36,152	46,233
	404,424	298,200	1,085,631	893,824
<i>Of which financing income earned on impaired financing</i>	5,521	7,892	15,461	26,744
Other dealing income				
Net gain / (loss) from sale of financial assets held-for-trading	1,472	1,744	3,268	4,920
Net gain / (loss) on revaluation of financial assets held-for-trading	(147)	4,824	8,925	15,475
	1,325	6,568	12,193	20,395
Other operating income				
Net gain / (loss) from sale of financial assets available-for-sale	2,589	327	16,730	2,464
	2,589	327	16,730	2,464
	408,338	305,095	1,114,554	916,683

A17 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Quarter 3 months ended 30-Sep-11 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-11 RM '000
Financing income and hibah				
Financing, advances and others	1,073	2,170	5,705	5,999
Financial assets available-for-sale	25,929	27,104	76,409	63,998
Money at call and deposit with financial institutions	1,353	1,495	4,409	8,907
	28,355	30,769	86,523	78,904
Other dealing income				
Net gain from foreign exchange transactions	15,722	6,117	34,778	19,756
Net gain/(loss) from sale of financial assets held-for-trading	-	3	21	(44)
Net gain / (loss) on revaluation of financial assets held-for-trading	3	-	16	-
Net derivatives gain/(loss)	7,727	(7,231)	1,492	(6,381)
	23,452	(1,111)	36,307	13,331
Other operating income				
Net gain from sale of financial assets available-for-sale	2,180	7,353	4,725	11,326
Profit on sale of foreign currencies	992	806	2,647	1,760
Reversal for diminution in value of investments	-	-	-	38
Reversal of allowance for doubtful debts	60	60	180	180
Profits from General Takaful and Family Takaful funds attributable to the Group	127,420	74,584	368,043	228,258
Gross dividend income from securities				
Quoted in Malaysia	83	686	2,187	2,142
Unit trust in Malaysia	1,554	351	1,597	351
Unit trust outside Malaysia	24	57	56	128
Unquoted in Malaysia	360	380	3,217	4,517
	132,673	84,277	382,652	248,700
Fees and commission				
ATM fees	4,406	5,426	13,623	14,953
Financing fees	3,300	2,678	10,226	11,152
Cheque issued & return, closing account and other fees	1,967	2,085	7,084	7,109
Takaful service fees and commission	4,310	2,181	12,025	6,524
Credit card fees and commission	9,454	10,487	29,184	30,510
Processing fees	1,124	667	2,219	1,257
Commitment fees	163	109	814	484
Commission on MEPS	2,214	1,868	6,376	5,211
Unit trust management fees	1,710	896	4,280	2,455
Corporate advisory fees	1,340	1,681	7,285	3,381
Commission on structured products	1	51	3	164
Ta'widh charges	105	175	756	1,003
Ar Rahnu fees	2,821	-	5,113	-
Investment income	1,204	1,870	16,964	13,726
Other service charges fees	11,758	559	18,077	9,150
	45,877	30,733	134,029	107,079
Other income				
Net gain/(loss) on disposal of property, plant & equipment	40	16	224	3,038
Gain on disposal of investment in subsidiary	28,856	-	28,856	-
Rental income	618	102	1,188	123
Others	18	81	593	241
	29,532	199	30,861	3,402
	259,889	144,867	670,372	451,416

A18 ALLOWANCE FOR IMPAIRMENT ON FINANCING, ADVANCES AND OTHERS

	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Quarter 3 months ended 30-Sep-11 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-11 RM '000
Allowance for impaired financing, advances and others:				
- Collective assessment allowance	36,586	9,461	100,491	70,848
- Individual assessment allowance	1,464	28,620	23,655	50,790
Bad debts and financing recovered	(22,173)	(26,056)	(90,374)	(117,886)
	15,877	12,025	33,772	3,752

A19 INCOME ATTRIBUTABLE TO DEPOSITORS

	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Quarter 3 months ended 30-Sep-11 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-11 RM '000
Deposits from customers:				
- Mudharabah fund	95,572	63,590	261,074	193,113
- Non-Mudharabah fund	46,560	45,710	145,884	144,722
Deposits and placements of banks and other financial institutions:				
- Mudharabah fund	2,784	6,597	8,811	15,083
	144,916	115,897	415,769	352,918

A20 CAPITAL ADEQUACY

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

	Unaudited 30-Sep-12 RM '000	Unaudited 31-Dec-11 RM '000	Unaudited 01-Jan-11 RM '000
Tier-I capital:			
Paid-up share capital	2,265,490	2,265,490	2,265,490
Share premium	-	500,020	500,020
Retained earnings/(Accumulated losses)	146,025	(1,040,270)	(1,110,195)
Other reserves	391,223	974,594	795,013
Less: Deferred tax assets	(23,386)	(23,386)	(44,224)
Total Tier-I capital	2,779,352	2,676,448	2,406,104
Tier-II capital:			
Collective assessment allowance	269,996	224,776	182,452
Total Tier-II capital	269,996	224,776	182,452
Total capital	3,049,348	2,901,224	2,588,556
Less: Investment in associate	(23,195)	(21,180)	-
Total capital base	3,026,153	2,880,044	2,588,556
Core capital ratio	13.57%	15.81%	16.25%
Risk-weighted capital ratio	14.78%	17.02%	17.49%
Core capital ratio net of proposed dividend	13.57%	15.55%	15.71%
Risk-weighted capital ratio net of proposed dividend	14.78%	16.75%	16.94%

A21 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 leasing, stockbroking and unit trust.

(i) Information about reportable segments

	Banking	Takaful	9 months ended Others	Elimination	Total
	30-Sep-12	30-Sep-12	30-Sep-12	30-Sep-12	30-Sep-12
	RM'000	RM'000	RM'000	RM'000	RM'000
Current Year-to-Date (Unaudited)					
Revenue from external customers	1,445,850	392,214	38,603	-	1,876,667
Inter-segment revenue	-	2,020	94,735	(96,755)	-
Total revenue	1,445,850	394,234	133,338	(96,755)	1,876,667
Net income from operations (before allowance for impairment on financing)	1,028,964	394,234	133,338	(95,638)	1,460,898
Operating overhead	(535,280)	(306,426)	(13,932)	2,474	(853,164)
Operating results	493,684	87,808	119,406	(93,164)	607,734
Allowance for impairment on financing and advances	(33,772)	-	-	-	(33,772)
Allowance for contingent liability	(30,000)	-	-	-	(30,000)
Allowance for impairment on other assets	1,840	-	-	-	1,840
Share in the results of associated companies	2,015	-	-	-	2,015
Profit / (loss) before zakat and taxation	433,767	87,808	119,406	(93,164)	547,817
Zakat	(5,689)	168	(157)	-	(5,678)
Taxation	(119,303)	(19,309)	(15,687)	-	(154,299)
Profit / (loss) after zakat and taxation	308,775	68,667	103,562	(93,164)	387,840
Segment assets	35,547,631	6,402,822	2,134,767	(1,972,341)	42,112,879
			9 months ended		
	Banking	Takaful	Others	Elimination	Total
	30-Sep-11	30-Sep-11	30-Sep-11	30-Sep-11	30-Sep-11
	RM'000	RM'000	RM'000	RM'000	RM'000
Previous Comparative Year-to-Date					
Revenue from external customers	1,208,729	253,680	5,393	-	1,467,802
Inter-segment revenue	-	666	96,850	(97,516)	-
Total revenue	1,208,729	254,346	102,243	(97,516)	1,467,802
Net income from operations (before allowance for losses on financing and advances)	852,507	254,346	102,243	(94,212)	1,114,884
Operating overhead	(475,960)	(194,320)	(10,858)	1,166	(679,972)
Operating profit / (loss)	376,547	60,026	91,385	(93,046)	434,912
Allowance for impairment on financing and advances	(3,752)	-	-	-	(3,752)
Allowance for contingent liability	(15,231)	-	-	-	(15,231)
Allowance for impairment on other assets	2,153	-	-	-	2,153
Share in the results of associated companies	(1,145)	-	-	-	(1,145)
Profit / (loss) before zakat and taxation	358,572	60,026	91,385	(93,046)	416,937
Zakat	(3,608)	(523)	(223)	-	(4,354)
Taxation	(95,149)	(15,948)	(21,907)	-	(133,004)
Profit / (loss) after zakat and taxation	259,815	43,555	69,255	(93,046)	279,579
Segment assets	29,947,877	5,679,864	1,976,652	(1,735,858)	35,868,535

Performance is 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.

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 nine months financial period ended 30 September 2012.

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 nine months financial period ended 30 September 2012.

A24 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the nine months financial period ended 30 September 2012.

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 30 September 2012 are as follow:

	Principal Amount RM '000	Positive Fair Value of Derivative Contracts RM '000	Credit Equivalent Amount RM '000	Risk Weighted Amount RM '000
Unaudited - 30 September 2012				
<u>Credit-related exposures</u>				
Direct credit substitutes	507,506		507,506	498,142
Assets sold with recourse	2		2	2
Transaction-related contingent items	932,941		466,470	458,988
Short-term self-liquidating trade related contingencies	299,993		59,999	59,796
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	456		91	43
- exceeding one year	508,605		254,302	228,914
Unutilized credit card lines	918,275		183,655	137,741
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	4,956,421		-	-
	8,124,199		1,472,025	1,383,626
<u>Derivative financial instruments</u>				
Foreign exchange related contracts				
- less than one year	1,137,341	9,603	15,811	5,007
- five years and above	40,244	346	2,359	1,272
Profit rate related contracts				
- less than one year	100,000	-	107	27
- one year to less than five years	600,000	2,256	15,000	3,000
- five years and above	400,000	1,818	24,000	4,800
	2,277,585	14,023	57,277	14,106
Total	10,401,784	14,023	1,529,302	1,397,732
	Principal Amount RM '000	Positive Fair Value of Derivative Contracts RM '000	Credit Equivalent Amount RM '000	Risk Weighted Amount RM '000
Audited - 31 December 2011				
<u>Credit-related exposures</u>				
Direct credit substitutes	452,553		452,553	444,839
Assets sold with recourse	2		2	2
Transaction-related contingent items	884,095		442,048	435,825
Short-term self-liquidating trade related contingencies	288,665		57,733	57,221
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	1		-	-
- exceeding one year	589,414		294,707	274,384
Unutilized credit card lines	817,113		163,423	122,567
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	3,897,622		-	-
	6,929,465		1,410,466	1,334,838
<u>Derivative financial instruments</u>				
Foreign exchange related contracts				
- less than one year	1,644,655	5,589	14,344	8,409
- one year to less than five years	40,244	-	2,754	1,944
Profit rate related contracts				
- less than one year	171,740	7,549	5,582	1,116
- one year to less than five years	500,000	-	12,000	2,400
	2,356,639	13,138	34,680	13,869
Total	9,286,104	13,138	1,445,146	1,348,707
	Principal Amount RM '000	Positive Fair Value of Derivative Contracts RM '000	Credit Equivalent Amount RM '000	Risk Weighted Amount RM '000
Audited - 1 January 2011				
<u>Credit-related exposures</u>				
Direct credit substitutes	459,840		459,840	439,315
Assets sold with recourse	242		242	242
Transaction-related contingent items	846,719		423,360	396,877
Short-term self-liquidating trade related contingencies	312,745		62,549	61,078
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	1,003		201	224
- exceeding one year	618,138		309,069	251,715
Unutilized credit card lines	768,840		153,768	115,326
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		-	-
	7,126,492		1,409,029	1,264,777
<u>Derivative financial instruments</u>				
Foreign exchange related contracts				
- less than one year	5,208,060	42,284	93,866	26,161
- one year to less than five years	-	-	-	-
Profit rate related contracts				
- less than one year	-	-	-	-
- one year to less than five years	671,740	10,055	27,304	7,007
	5,879,800	52,339	121,170	33,168
Other treasury related exposures				
Obligations under an on-going underwriting agreements	75,000	-	37,500	37,500
Total	13,081,292	52,339	1,567,699	1,335,445

A26 CHANGES IN ACCOUNTING POLICIES

(a) Transition to the MFRS Framework

These unaudited interim financial statements are for part of the period covered by the Group's first annual financial statements prepared under the MFRS framework. Accordingly, the Group has applied MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in its transition to the MFRS framework on 1 January 2012. The policy elections made on transition date are listed in the audited financial statements of the Group for the financial year ended 31 December 2011. The MFRS did not result in any financial impact to the Group, other than the financial impact arising from the change in accounting policy on collective assessment allowance, as the accounting policies adopted under the previous FRS framework were already in line with the requirements of the MFRS framework.

The transition to the MFRS framework has resulted in the following changes:

(i) **MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139") - Accounting Policy on Collective Assessment Allowance for Financing, Advances and others ("Financing")**

Prior to the transition to MFRS 139, the Group's banking subsidiary, Bank Islam Malaysia Berhad ("the Bank"), had maintained its collective assessment allowance at 1.5% of total outstanding financing, net of individual assessment allowance, in line with BNM's transitional provisions under its Guidelines on Classification and Impairment Provision for Loans/Financing. Upon the transition to MFRS 139 on 1 January 2012, these transitional provisions, which were allowed under the previous FRS framework, were removed and the Bank has applied the requirements of MFRS 139 in the determination of collective assessment allowance.

Under MFRS 139, collective assessment is performed on financing and advances which are not individually significant based on the incurred loss approach. Financing and advances which are individually assessed and where there is no objective evidence of impairment are also included in the group of financing and advances for collective assessment. These financing and advances are pooled into groups with similar credit risk characteristics and the future cash flows for each group is estimated on the basis of the historical loss experience for such assets and discounted to present value. Collective assessment allowance is made on any shortfall in these discounted cash flows against the carrying value of the group of financing and advances.

This change in accounting policy has been accounted for retrospectively and has resulted in a decrease in the collective assessment allowance charged in the income statement and a writeback of collective assessment allowance to the opening retained profits and opening collective assessment allowance in the statement of financial position. A summary of the financial impact of the change in accounting policy on the financial statements of the Group are as follows:

	31 December, 2011 RM'000	1 January, 2011 RM'000
Statement of Financial Position		
<u>Financing, advances and others - Collective Assessment Allowance</u>		
As previously stated	348,555	345,041
Effect of change in accounting policy	<u>(20,867)</u>	<u>2,032</u>
As restated	<u>327,688</u>	<u>347,073</u>
<u>Accumulated Losses</u>		
As previously stated	(1,182,896)	(1,244,056)
Effect of change in accounting policy	<u>47,337</u>	<u>38,618</u>
As restated	<u>(1,135,559)</u>	<u>(1,205,438)</u>
		<u>Nine months ended 30 September, 2011 RM'000</u>
Income Statement		
<u>Allowance for Impairment on Financing, Advances and Others Collective Assessment Allowance</u>		
As previously stated		20,927
Effect of change in accounting policy		<u>(17,175)</u>
As restated		<u>3,752</u>

(ii) **MFRS 116: Property, Plant and Equipment ("PPE") - Deemed Cost Exemption - Fair Value**

The Group's takaful subsidiary, Syarikat Takaful Malaysia Berhad ("Takaful Malaysia") had reclassified its investment property to PPE, and elected to apply the optional exemption to measure them at fair value at the date of transition to MFRSs, under MFRS1, and that fair value is taken as deemed cost under MFRS 116.

The aggregate fair value of these property, plant and equipment as at 1 January 2011 and 31 December 2011 were determined to be RM220,189,000 and RM244,944,000 respectively compared to the then carrying amount of RM219,575,000 and RM244,390,000 under FRSs.

The financial impact of this transition has been incorporated into the Group's financial reporting with effect from the quarter ended 31 March 2012:

	31 December, 2011 RM'000	1 January, 2011 RM'000
Statement of Financial Position		
<u>Property, Plant and Equipment</u>		
As previously stated	244,390	219,575
Effect of change in accounting policy	<u>554</u>	<u>614</u>
As restated	<u>244,944</u>	<u>220,189</u>
<u>Accumulated losses</u>		
As previously stated	(1,182,896)	(1,244,056)
Effect of change in accounting policy	<u>361</u>	<u>400</u>
As restated	<u>(1,182,535)</u>	<u>(1,243,656)</u>

A26 CHANGES IN ACCOUNTING POLICIES, continued

(b) Other Changes in Accounting Policies

During the financial period, the Group has also adopted the following change in accounting policies:

(i) **Guidelines on Profit Equalisation Reserves issued by Bank Negara Malaysia ("BNM")**

On 19 May 2011, BNM issued its revised Guidelines on Profit Equalisation Reserves ("revised PER Guidelines"), which was effective for annual periods beginning on or after 1 July 2011. Bank Islam Malaysia Berhad, the Islamic banking subsidiary of the Group has adopted these revised PER Guidelines with effect from 1 January 2012 in its management of displaced commercial risk.

Upon the adoption of these revised PER Guidelines, the Group will continue to set aside a portion of its profits into a Profit Equalisation Reserve ("PER"). The PER of the Investment Account Holder ("IAH") continues to be classified as a liability and is recognised at cost, with subsequent apportionments being recognised in the income statement. The eventual distribution of PER as profit distributable to the IAH will be treated as an outflow of funds due to the settlement of the obligation to the IAH. The PER of the Islamic Banking Institution ("IBI") is now classified as a separate reserve in equity and subsequent apportionments to and distributions from retained profits are treated as a transfer between reserves. This change in accounting policy is accounted for prospectively, and hence had no effect on comparative figures.

(c) Financial Impact of Changes in Accounting Policies

In the preparation of the Group's opening MFRS statements of financial position, the amounts previously reported in accordance with the previous FRS framework have been adjusted for the financial effects of the adoption of the MFRS framework. A reconciliation of these changes is summarised in the following tables:

(i) **Statement of Financial Position as at 31 December 2011**

	Under the FRS Framework RM'000	Effect of the transition to MFRSs MFRS 139 RM'000	MFRS 116 RM'000	Reclassification under BNM GP8-i RM'000	Under the MFRS Framework RM'000
ASSETS					
Cash and short term funds	3,460,092	-	-	930,479	4,390,571
Deposits and placements with financial institutions	1,075,330	-	-	-	1,075,330
Derivative financial assets	15,877	-	-	-	15,877
Financial assets held-for-trading	1,228,952	-	-	-	1,228,952
Financial assets held-to-maturity	331,486	-	-	305,427	636,913
Financial assets available-for-sale	11,281,711	-	-	3,028,051	14,309,762
Financing, advances and others	14,140,970	20,867	-	-	14,161,837
Retakaful assets	-	-	-	415,424	415,424
Deferred tax assets	39,429	-	-	-	39,429
Takaful receivables	-	-	-	108,949	108,949
Assets held for sale	-	-	-	668	668
Investment linked Takaful assets	-	-	-	194,506	194,506
Other assets	181,624	-	-	89,289	270,913
Current tax assets	7,718	-	-	-	7,718
Investment in associates	21,181	-	-	-	21,181
Statutory deposit with Bank Negara Malaysia	912,000	-	-	-	912,000
Investment properties	-	-	-	34,604	34,604
Property, plant and equipment	244,390	-	554	202,635	447,579
General Takaful and Family Takaful assets	5,310,032	-	-	(5,310,032)	-
Total assets	38,250,792	20,867	554	-	38,272,213
LIABILITIES, EQUITY & TAKAFUL FUNDS					
Liabilities					
Deposits from customers	28,208,203	-	-	-	28,208,203
Deposits and placements of banks and other financial institutions	384,628	-	-	-	384,628
Bills and acceptances payable	259,153	-	-	-	259,153
Takaful contract liabilities	-	-	-	5,115,267	5,115,267
Takaful payables	-	-	-	44,904	44,904
Other liabilities	598,117	-	-	149,861	747,978
Provision for zakat and taxation	28,890	5,217	-	-	34,107
Derivative financial liabilities	23,299	-	-	-	23,299
General Takaful and Family Takaful liabilities	1,210,991	-	-	(1,210,991)	-
General Takaful and Family Takaful participants' funds	4,099,041	-	-	(4,099,041)	-
Total liabilities	34,812,322	5,217	-	-	34,817,539
Equity					
Share capital	1,066,790	-	-	-	1,066,790
Reserves	757,300	7,981	361	-	765,642
Total equity attributable to the shareholders	1,824,090	7,981	361	-	1,832,432
Non-controlling interests	1,614,380	7,669	193	-	1,622,242
Total equity	3,438,470	15,650	554	-	3,454,674
Total equity and liabilities	38,250,792	20,867	554	-	38,272,213
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.71				1.72

A26 CHANGES IN ACCOUNTING POLICIES, continued

(c) Financial Impact of Changes in Accounting Policies, continued

(ii) Statement of Financial Position as at 1 January 2011

	Under the FRS Framework RM'000	Effect of the transition to MFRSs MFRS 139 RM'000	MFRS 116 RM'000	Reclassification under BNM GP8-i RM'000	Under the MFRS Framework RM'000
ASSETS					
Cash and short term funds	2,762,195	-	-	302,112	3,064,307
Deposits and placements with financial institutions	412,798	-	-	-	412,798
Derivative financial assets	80,108	-	-	-	80,108
Financial assets held-for-trading	2,279,891	-	-	-	2,279,891
Financial assets held-to-maturity	215,944	-	-	-	215,944
Financial assets available-for-sale	12,936,655	-	-	3,175,133	16,111,788
Financing, advances and others	11,860,631	(2,032)	-	-	11,858,599
Retakaful assets	-	-	-	328,133	328,133
Deferred tax assets	59,023	-	-	-	59,023
Takaful receivables	-	-	-	107,222	107,222
Assets held for sale	-	-	-	-	-
Investment linked Takaful assets	-	-	-	201,051	201,051
Other assets	200,727	-	-	437,017	637,744
Current tax assets	30,316	-	-	-	30,316
Investment in associates	1	-	-	-	1
Statutory deposit with Bank Negara Malaysia	10,000	-	-	-	10,000
Investment properties	-	-	-	42,244	42,244
Property, plant and equipment	219,575	-	614	193,970	414,159
General Takaful and Family Takaful assets	4,786,882	-	-	(4,786,882)	-
Total assets	35,854,746	(2,032)	614	-	35,853,328
LIABILITIES, EQUITY & TAKAFUL FUNDS					
Liabilities					
Deposits from customers	26,798,107	-	-	-	26,798,107
Deposits and placements of banks and other financial institutions	378,129	-	-	-	378,129
Bills and acceptances payable	163,191	-	-	-	163,191
Takaful contract liabilities	-	-	-	4,567,764	4,567,764
Takaful payables	-	-	-	50,454	50,454
Other liabilities	503,062	-	-	168,664	671,726
Provision for zakat and taxation	37,975	(508)	-	-	37,467
Derivative financial liabilities	66,708	-	-	-	66,708
General Takaful and Family Takaful liabilities	1,078,867	-	-	(1,078,867)	-
General Takaful and Family Takaful participants' funds	3,708,015	-	-	(3,708,015)	-
Total liabilities	32,734,054	(508)	-	-	32,733,546
Equity					
Share capital	1,066,790	-	-	-	1,066,790
Reserves	587,945	(777)	400	-	587,568
Total equity attributable to the shareholders	1,654,735	(777)	400	-	1,654,358
Non-controlling interests	1,465,957	(747)	214	-	1,465,424
Total equity	3,120,692	(1,524)	614	-	3,119,782
Total equity and liabilities	35,854,746	(2,032)	614	-	35,853,328
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.55				1.55

A26 CHANGES IN ACCOUNTING POLICIES, continued

(c) Financial Impact of Changes in Accounting Policies, continued

(iii) Reconciliation of Income Statement and Statement of Comprehensive Income
For nine months financial period ended 30 September 2011

	Under the FRS Framework RM'000	Effect of the Transition to MFRSs MFRS 139 RM'000	Under the MFRS Framework RM'000
<u>Income Statement</u>			
Income derived from investment of depositors' funds	1,016,386	-	1,016,386
Income derived from investment of shareholders' funds	451,416	-	451,416
Allowance for impairment of financing, advances & others	(20,927)	17,175	(3,752)
Reversal for impairment on investments and other assets	2,153	-	2,153
Provision for contingent liability	(15,231)	-	(15,231)
Other expenses directly attributable to the investment of the depositors' and shareholders' funds	(18,441)	-	(18,441)
Total distributable income	1,415,356	17,175	1,432,531
Income attributable to depositors	(352,918)	-	(352,918)
Total net income	1,062,438	17,175	1,079,613
Personnel expenses	(334,406)	-	(334,406)
Other overhead expenses	(284,964)	-	(284,964)
Depreciation	(42,161)	-	(42,161)
Operating profit	400,907	17,175	418,082
Share in the results of associated companies	(1,145)	-	(1,145)
Profit before zakat and taxation	399,762	17,175	416,937
Zakat	(4,354)	-	(4,354)
Tax expense	(128,710)	(4,294)	(133,004)
Profit for the period	266,698	12,881	279,579
Attributable to:			
Shareholders of the Company	130,552	6,569	137,121
Non-controlling interests	136,146	6,312	142,458
Profit for the period	266,698	12,881	279,579
<u>Statement of Comprehensive Income</u>			
Profit for the period	266,698	12,881	279,579
Other comprehensive income :			
Currency translation differences for foreign operations	(7,701)	-	(7,701)
Net gain on revaluation of available-for-sale financial assets	53,010	-	53,010
Total comprehensive income for the period	312,007	12,881	324,888
Attributable to:			
Shareholders of the Company	154,329	6,569	160,898
Non-controlling interests	157,678	6,312	163,990
Total comprehensive income for the period	312,007	12,881	324,888

A26 CHANGES IN ACCOUNTING POLICIES, continued

(c) Financial Impact of Changes in Accounting Policies, continued

(iv) There are no material differences between the statement of cash flows presented under the MFRSs and the statement of cash flows presented under FRSs.

(v) **Capital adequacy**

The adjustments to the financial statements of Bank Islam Malaysia Berhad, a subsidiary of the Group, as a result of the transition to the MFRS framework and the changes in accounting policies, as discussed above, also had consequential effects on the comparative capital adequacy ratios. These are summarised below:

	As at 31 December 2011		As at 1 January 2011	
	As previously stated under the FRS Framework RM'000	As restated under the MFRS Framework RM'000	As previously stated under the FRS Framework RM'000	As restated under the MFRS Framework RM'000
<u>Tier-I capital:</u>				
Paid-up share capital	2,265,490	2,265,490	2,265,490	2,265,490
Share premium	500,020	500,020	500,020	500,020
Retained earnings/(Accumulated losses)	(1,132,381)	(1,040,270)	(1,185,132)	(1,110,195)
Other reserves	974,594	974,594	795,013	795,013
Less: Deferred tax assets	(23,386)	(23,386)	(44,224)	(44,224)
Total Tier-I capital	2,584,337	2,676,448	2,331,167	2,406,104
<u>Tier-II capital:</u>				
Collective assessment allowance	224,776	224,776	182,452	182,452
Total Tier-II capital	224,776	224,776	182,452	182,452
Total capital	2,809,113	2,901,224	2,513,619	2,588,556
Less: Investment in associate	(21,180)	(21,180)	-	-
Total capital base	2,787,933	2,880,044	2,513,619	2,588,556
Core capital ratio	15.27%	15.81%	15.75%	16.25%
Risk-weighted capital ratio	16.47%	17.02%	16.98%	17.49%
Core capital ratio net of proposed dividend	15.00%	15.55%	15.20%	15.71%
Risk-weighted capital ratio net of proposed dividend	16.21%	16.75%	16.44%	16.94%

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

B1 REVIEW OF PERFORMANCE

Nine Months Performance to 30 September 2012

For the nine months ended 30 September 2012, BHB Group recorded a profit before zakat and taxation ("PBZT") of RM547.8 million, increased by RM130.9 million or 31.4% compared to the previous corresponding nine months ended 30 September 2011 of RM416.9 million. This translates into an annualised Group Return on Assets ("ROA") of 1.82% and Group Return on Equity ("ROE") of 20.35% respectively.

The growth in PBZT would have been RM148.0 million or 37.0%, if we were to exclude the RM17.2 million arising from the write-back of allowance for impairment on financing in the previous corresponding nine months period (as a result of adoption of Malaysian Financial Reporting Standards framework issued by the Malaysian Accounting Standards Board).

The net profit attributable to the shareholders also grew by RM75.4 million or 55.0%, as the Group's net profit for the nine months ended 30 September 2012 stood at RM387.8 million which increased by RM108.3 million or 38.7%. The higher profitability was mainly achieved on the back of a 39.7% or RM172.8 million improvement in operating results.

In addition to the net growth of total financing and advances for the nine months financial period by RM4.0 billion or 27.9%, the Group continued to further improve its asset quality as gross impaired financing ratio fell from 2.61% as at 31 December 2011 to 1.74% as at 30 September 2012. Risk Weighted Capital Ratio ("RWCR") remained healthy at 14.78%.

Islamic Banking

For the nine months ended 30 September 2012, Bank Islam Group ("Bank Islam" or "the Bank") reported a PBZT of RM433.8 million, an increase of RM75.2 million or 21.0% over the previous corresponding period of RM358.6 million. The improved performance was mainly attributed to growth in business activities during the period under review.

The Bank's net financing grew by RM4.0 billion to reach RM18.2 billion as at end September 2012. Correspondingly, fund based income from financing also increased by RM139.8 million or 20.7%. Non-fund based income also reported a 32.2% or RM45.6 million growth, mainly from recurring fee-based income, trade finance, foreign exchange business, corporate advisory and other investment banking activities.

Customer deposits recorded a year-on-year growth of 18.6% or RM4.9 billion to reach RM31.0 billion as at end September 2012. Similarly, the low cost current and savings accounts ("CASA") also increased by RM1.0 billion or 8.7% year-on-year. The CASA ratio as at end September 2012 was 39.2%, well above the Islamic banking industry's ratio of 27.2% as at end August 2012. This is partly due to the new collection system and initiatives.

The Bank's impaired financing ratio continued to record significant improvements. The gross impaired financing ratio improved further from 2.61% as at end December 2011 to 1.74% as at end September 2012. Consequently, the net impaired financing ratio also improved from a negative 0.17% as at end December 2011 to a negative 0.54% as at end September 2012. The Islamic banking industry's gross and net impaired ratios were 1.95% and negative 0.30% respectively as at end August 2012.

Bank Islam's key performance ratios as at end September 2012 also compared favourably against those of the Islamic banking industry as at end December 2011. The ROE was 19.0% against the Islamic banking industry's ratio of 13.7%; ROA was 1.7% against the Islamic banking industry's ratio of 1.0% and the RWCR was 14.8% against the Islamic banking industry's ratio of 14.5%.

Takaful

For the nine months period, Takaful Malaysia Group ("Takaful Malaysia") recorded a PBZT of RM86.6 million, increased by 44.2% as compared to RM60.0 million in the same period last year. The higher profitability was attributable to the higher sales and the release of unearned contribution reserves by Family Takaful business, in addition to higher net wakalah fee income. This translates into an annualised ROA of 1.94% and ROE of 24.46% respectively.

For the third quarter ended 30 September 2012, Takaful Malaysia generated Operating Revenue of RM416.2 million, an increase of 2.7% compared to RM405.1 million in the corresponding quarter of the preceding year. For the nine months period, Operating Revenue increased by 24.0% to RM1,291.4 million from RM1,041.4 million in the same period of the preceding year. The increase is mainly attributable to higher sales generated by Family Takaful business.

For the quarter under review, Family Takaful recorded gross earned contribution of RM260.1 million against RM199.1 million for the same period last year and General Takaful generated gross earned contribution of RM117.0 million compared to RM100.9 million in the corresponding quarter of the preceding year. For the nine months period, Family Takaful generated gross earned contribution of RM789.4 million compared to RM489.1 million in the corresponding period last year whereas General Takaful recorded gross earned contribution of RM332.1 million compared to RM296.0 million in the corresponding period last year. The Family Takaful recorded gross earned contribution growth of 61.4% for the nine months period, mainly attributable to higher sales and release of unearned contribution reserve arising from the change in reserving estimates for Group Family Takaful products.

The surplus transfer in the quarter under review from Family Takaful was RM20.9 million as compared to RM13.8 million in the same period last year, while the surplus transfer from General Takaful was RM20.0 million as compared to RM17.2 million in the same period last year. For the 9 months period under review, the surplus transfer from Family Takaful increased by RM36.9 million to RM101.6 million as compared to the same period last year while General Takaful recorded RM50.6 million compared to RM58.2 million last year. The higher surplus transfer from Family Takaful is mainly due higher underwriting results, better investment performance and the release of unearned contribution reserve. The General Takaful reported lower surplus transfer mainly due to higher wakalah fees arising from the shift to wakalah model products.

B2 COMPARISON WITH THE PRECEDING QUARTER'S RESULTS

For the three months performance (Third Quarter 2012 vs. Second Quarter 2012)

The Group's PBZT for the quarter ended 30 September 2012 of RM207.2 million, was RM33.9 million or 19.6% higher than the preceding quarter ended 30 June of RM173.3 million. The higher PBZT was mainly attributable to the one-off gain on disposal of investment of RM28.8 million and higher operating results of RM60.6 million or 54.6%, after deducting higher allowance for impairment on financing assets, lower writeback of allowance for impairment on other assets, higher provision of contingent liability and lower share of profit in associate of RM55.5 million.

The net profit attributable to the shareholders increased by RM31.2 million or 53.6%, mainly due to the one-off gain on disposal of investment noted above.

Bank Islam's PBZT of RM155.4 million for the three months ended 30 September 2012 was 5.1% or RM7.6 million higher than the preceding quarter ended 30 June 2012 of RM147.8 million. The higher PBZT was achieved from a healthy quarter-on-quarter growth in revenue of RM73.4 million or 16.0%.

Takaful Malaysia reported a PBZT of RM22.6 million which was lower than the preceding quarter of RM26.4 million by RM3.8 million due to higher provision for wakalah fee.

For the quarter under review, the Operating Revenue stood at RM416.2 million, compared to preceding quarter of RM446.1 million. The lower operating revenue is attributable to lower sales generated by Family Takaful business for the period.

B3 PROSPECTS

Outlook on the economy

The Malaysian GDP accelerated to 5.4% in the 2nd Quarter of 2012, largely due to resilient domestic demand. The country's strong economic fundamentals, pragmatic macroeconomic policies and the Economic Transformation Programme ("ETP") are expected to further enhance domestic sources of growth.

Most economies will continue to be affected by the European crisis and weak economic growth in the advanced economies. Despite weak global demand, domestic demand in Malaysia is expected to grow as various projects under the Economic Transformation Program are well under way. Increased government spending is expected to have a positive impact on private consumption and provide the opportunity for economic growth. Nevertheless, net export in 2012 remains a major concern and is yet to fully recover to its previous level. Globally, monetary policy has become increasingly expansive to combat deflation as fiscal policy reaches its economic limits. This may limit the downside risk of export growth for Malaysia. On that note, real GDP growth for 2012 is expected to be close to 5.0%, whilst OPR will remain at 3.00% till end of the year.

On the back of strong capitalisation, strong profitability and stable asset quality, the banking and financial sector in Malaysia is expected to remain healthy in 2012. This will ensure steady access to credit for households and businesses in facilitating growth of the Malaysian economy. With the implementation of the new Financial Sector Blueprint 2011-2020, the banking and financial sector will continue to play an important role as financial intermediary in supporting the nation towards a high income economy.

Islamic Banking

Bank Islam expects to maintain last financial year's growth pace. The launch of a new consumer financing product has contributed significantly to the net financing growth projected for the year. The Bank will continue to grow its consumer financing products as well as focus on resilient industries in particular those that are set to benefit from the ETP. Other initiatives include increasing the proportion of floating-rate financing out of total financing portfolio and balancing the financing-to-deposits ratio to optimal levels. At the same time, the Bank remains mindful of the challenges amidst prevailing economic conditions as well as the importance of acquiring good quality assets and having robust risk management and credit assessment capability.

Bank Islam shall continue to expand its non-fund based income by enhancing key sources of fee-based income from deposit products, wealth management and bancatakaful services as well as corporate advisory services, foreign exchange and trade businesses.

The Bank will continue to grow its low-cost deposits in particular CASA, with special campaigns such as the current one for Al-Awfar product.

The Bank will also continue to strengthen its presence by expanding its current delivery channels to meet customers' expectations to remain competitive. The Bank's branch count currently stands at 125. By end-Dec 2012, Bank Islam is targeting to have another 2 more new branches.

At the same time, the Bank will also promote other delivery channels such as Internet banking, mobile banking and self-service terminals in the form of automated teller, cash deposit and cheque deposit machines.

Takaful

Takaful Malaysia's prospects will continue to be encouraging despite growing competition from new takaful players. Amongst the strategies to increase its revenue include the introduction of new products; the expansion of distribution capabilities through telemarketing, internet sales and new agent recruitment initiatives; new IT portal initiatives to improve customer service standards; future partnership tie-ups with Islamic banks; and the launching of sales campaign on takaful awareness.

B4 VARIANCE FROM PROFIT FORECAST AND PROFIT GUARANTEE

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

B5 TAXATION

	Unaudited Quarter 3 months ended	Unaudited Quarter 3 months ended	Unaudited Year-to-date 9 months ended	Unaudited Year-to-date 9 months ended
	30-Sep-12 RM '000	30-Sep-11 RM '000	30-Sep-12 RM'000	30-Sep-11 RM'000
Tax expense	55,686	58,640	154,299	133,004

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 period under review.

B7 PURCHASE AND SALE OF QUOTED SECURITIES

This note does not apply to the Group.

B8 CORPORATE PROPOSALS

Consent of Bank Negara Malaysia ("BNM") for BIMB Holdings Berhad ("BHB") to commence negotiations with Dubai Financial Group LLC ("DFG") and Lembaga Tabung Haji ("TH") in relation to a preliminary interest to acquire DFG's equity interest in Bank Islam Malaysia Berhad ("Bank Islam").

BHB had on 8 October 2012, announced that BNM had, vide its letter dated 4th October 2012 which was received on 5th October 2012, stated that BNM has no objection in principle for BHB to commence negotiations with DFG and TH in relation to a preliminary interest to acquire DFG's equity interest in Bank Islam. The negotiations are to be completed on or before 31 March 2013 ("the Negotiation").

The Negotiation with DFG and TH as announced by BHB on 8 October 2012, is still ongoing. Any further development on the Negotiation will be announced in due course.

B9 DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS AND DEBT SECURITIES

	Group		
	Unaudited 30-Sep-12 RM '000	31-Dec-11 RM '000	01-Jan-11 RM '000
Deposits from customers			
Mudharabah accounts deposits and			
One year or less (short-term)	18,460,556	15,595,170	15,656,689
More than one year (medium/long-term)	1,838,993	1,476,700	1,081,028
	20,299,549	17,071,870	16,737,717
Current accounts	7,875,990	8,412,372	7,090,732
Savings accounts	2,588,449	2,599,243	2,576,870
Others	86,194	124,718	392,788
Total deposits	30,850,182	28,208,203	26,798,107
Deposits and placements of banks and			
One year or less (short-term)	726,796	384,628	378,129
	726,796	384,628	378,129

**B10 OFF BALANCE SHEET FINANCIAL INSTRUMENTS BY VALUE OF CONTRACTS CLASSIFIED BY REMAINING PERIOD TO MATURITY/
NET RE-PRICING DATE(WHICHEVER EARLIER)**

GROUP (RM '000)

Items	Unaudited					
	30-Sep-12 Principal Amount	up to 1 mth	>1-3 mths	>3-6 mths	>6-12 mths	>1-5 years
Foreign exchange related contracts						
- forwards	299,170	129,925	128,951	50	40,244	-
- swaps	595,874	493,864	66,931	35,079	-	-
- option	282,541	282,541	-	-	-	-
Total	1,177,585	906,330	195,882	35,129	40,244	-

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 30 September 2012, the amount of contracts which were not hedged and, hence, exposed to market risk was RM679.90 million. (31 December 2011: RM503.62 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 30 September 2012, the credit risk measured in terms of the cost to replace the profitable contracts was RM57.28 million (31 December 2011: RM34.68 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

	Unaudited Quarter 3 months ended	Unaudited Quarter 3 months ended	Unaudited Year-to-date 9 months ended	Unaudited Year-to-date 9 months ended
	30-Sep-12 RM '000	30-Sep-11 RM '000	30-Sep-12 RM'000	30-Sep-11 RM'000
Net Operating profit after zakat & tax (NOPAT)				
Profit before zakat and taxation (PBZT)	207,217	116,309	547,817	416,937
Zakat & Taxation	(58,006)	(60,358)	(159,977)	(137,358)
NOPAT	149,211	55,951	387,840	279,579
Economic charge computation:				
Average invested capital	2,958,033	2,611,660	2,958,033	2,611,660
(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%	8.20%	8.20%
Economic charge	60,971	53,979	181,588	160,177
Economic profit	88,240	1,972	206,252	119,402

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 31 December 2011.

- (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 RM 42.5 million. However, as per solicitor's advice, the Plaintiffs withheld the execution proceeding pending completion of transfer of private treaty property. As at November 2012, the status remains the same.

- (b) 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. The case was fixed for hearing of appeal on 22 February 2011 and the Court of Appeal Judges reserved their decision pending issuance of written judgment on issue of unearned profit. On 21 December 2011 the Court of Appeal has dismissed the Plaintiff's appeal and the Bank is entitled on the amount disbursed of RM58.7 million plus profits on disbursed amount. The Bank's cross appeal on the computation of unearned profit was also dismissed. In line with Shariah's principle and pursuant to the solicitor's advice, the Bank does not appeal against the decision and will proceed with execution proceeding against the Plaintiff. In February 2012, the Plaintiff filed a leave to appeal to the Federal Court and the Bank filed an affidavit in reply in opposing the Plaintiff's leave to appeal. On July 2012 the Federal Court dismissed the application for leave with costs. The status as at November 2012, the Bank would proceed with execution process against the Plaintiff.

- (c) 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. The Creditor's Meeting was fixed on 1 November 2011. In June 2012, this case was pending issuance of minutes of Public Examination from the court. Since the litigation matter has been settled and the properties have been successfully auctioned, the Bank is of the view that all recovery actions have been exhausted and no further action will be required.

- (d) 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. Bank Islam has successfully auctioned the property on 12 October 2011. However, in February 2012 Bank Islam did not receive the balance of auction proceeds from the successful bidder. Hence the property will be auctioned again. As at November 2012 the matter was pending a new auction date from court.

- (e) 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. Since the Bank has received payment from the chargor and the First Defendant has been wound up, the Bank is of the view that all recovery actions have been exhausted and no further action will be required.

- (f) 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. On 16 November 2011, the Court of Appeal dismissed the plaintiff's appeal with costs. In December 2011, the plaintiff filed Notice of Motion for leave for appeal to Federal Court on dismissal of the appeal. On 25 June 2012 the Federal Court dismissed the Motion. Since the Plaintiff's case has been dismissed at the Federal court level, the Bank is of the view that this case has been settled and no further action will be required.

- (g) 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. The matter was fixed for Creditor's Meeting on 30 June 2011. In July 2012, this case was pending issuance of minutes of Public Examination from the court. Since the properties have been successfully auctioned, the Bank is of the view that all recovery actions have been exhausted and no further action will be required.

- (h) 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.

B12 MATERIAL LITIGATION, continued

- (i) On 24 May 2007, Bank Islam Malaysia Berhad ("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 case fixed for trial on 11 to 14, 18 to 21 and 25 to 28 July 2011. In the course of trial, Bank Islam had filed an application pursuant to Section 56 of the Central Bank Act to refer several Shariah issues to the Shariah Advisory Council (SAC) of Bank Negara Malaysia but the application was objected to by the Defendant. The Defendant raised several issues including constitutionality of the said section. On 7 July 2011, the High Court judge had directed that the issue be referred directly to the Federal Court. On 25 October 2011, the Federal Court Judges directed both parties to revert the case to the High Court for decision of the Bank's application on referral to the SAC of Bank Negara Malaysia. On 2 December 2011, the High Court allowed Bank Islam application to refer the Shariah issues to the SAC of BNM and on 8 December 2011, the Defendant appealed to the Court of Appeal against the order. On 14 May 2012 the Court dismissed the Defendant appeal. The Defendant then filed a leave to appeal to the Federal Court. The case fixed for hearing on 14 November 2012.

- (j) In 2010, Tan Sri Abdul Khalid Ibrahim ("the Plaintiff") filed another civil suit against Bank Islam Malaysia Berhad ("Bank Islam") alleging that Bank Islam and Permodalan Nasional Berhad purportedly conspired and/or acted in concert to cause loss to the Plaintiff by way of wrongfully recalling monies advanced to the Plaintiff by way of a Bai Bithaman Ajil facility. There is no claim amount specified but the Plaintiff sought general damages and loss of profits. The matter has been fixed for trial from 29 July 2013 to 2 August 2013. A final case management is also fixed on 2 May 2013. The trial judge has taken note of the fact that the trial of another suit (item above) is proceeding between the parties, and that the findings of facts arrived at by the Court in that suit will be directly applicable to this suit. The trial of this suit is therefore contingent on the conclusion of the trial of the ongoing suit between the Plaintiff and Bank Islam. Bank Islam's solicitors are of the view that Bank Islam has a strong case.

- (k) 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 appealed against the said decision and the Court dismissed the Plaintiff's appeal. The High Court fixed full trial on 31 October 2011 to 4 November 2011. However, on the trial date the Plaintiff filed an application under Order 14A of the Rules of High Court in determining the question of law. Bank Islam then filed an objection. On 28 December 2011 the Court dismissed the Plaintiff's application with costs. The Court fixed the trial date on 14 to 18 May 2012.

On 11 January 2012, the Plaintiff has been wound up by another third party. Therefore, a sanction from Official Assignee must be obtained by the Plaintiff as the Plaintiff has no capacity to appear before the court for trial. The case proceeded with full trial from 14 to 17 May 2012. On 6 August 2012 the court dismissed the Plaintiff's case with costs. The Plaintiff appealed to the Court of Appeal.

- (l) 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 was in breach of their statutory duties, common law duty of care and skills and express and/or implied contractual duties. The case has been fixed for trial on 18th February to 21st February 2013.

- (m) On 12 May 2009, Swiber Marine (Malaysia) Sdn Bhd ("the Defendant/Claimant") 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. On 13 April 2011, the arbitrators have directed both parties to exchange the submission as to costs by 2 May 2011. In order for the Tribunal to give decision as to pre and post award interest is not against Riba, the Arbitrators referred the issue to the Shariah Advisory Council (SAC) of Bank Negara Malaysia. On 29 August 2011, the SAC replied to the Arbitrators and ruled that the Arbitrators may impose late payment charge on judgment debt based on ta'widh (compensation) and gharamah (penalty) mechanism. On 30 September 2011, the Arbitrators ordered that the Claimant's claim is dismissed with costs. In November 2011, the Claimant filed an originating summons at the Kuala Lumpur High Court to appeal on point of law against the final award. Bank Islam also filed an originating summons at Kuala Lumpur High Court to register the award as a judgment and enforce it against the Claimant. On 26 April 2012 the Claimant's appeal on the arbitral award was dismissed with costs. On 24 May 2012, the Claimant filed Notice of Appeal to the Court of Appeal. On 18 September 2012 the Claimant's appeal was dismissed with costs. In October 2012, the Claimant filed application for leave to appeal to the Federal Court.

- (n) On 20 April 2010, Bank Islam Malaysia Berhad ("Bank Islam") has referred a dispute in connection with a Services Agreement and a Software Agreement ("Agreements") with a vendor for arbitration. Bank Islam claims rescission of the Agreements and a refund of the sum paid (to-date of RM19.0 million) and/or damages, compensation/cost of fund on all sums found to be due to it and an appropriate order as to costs. The Vendor has subsequently filed a counterclaim. The arbitration commenced on 15 February 2012. The final decision on the issue of liability would be expected before 31 January 2013. Based on the legal opinion obtained, Bank Islam is of the view that the Vendor's counterclaim can be successfully resisted.

B13 CONTINGENT LIABILITY

On 20 April 2010, Bank Islam has referred a dispute in connection with a Services Agreement and Software Agreement ("Agreements") with a vendor for arbitration. The Bank claims rescission of the Agreements and a refund of the sum paid to-date of RM19.0 million and/or damages, compensation / cost of funds on all sums found to be due to it and an appropriate order as to costs. The vendor has subsequently filed a counterclaim. The arbitration commenced on 15 February 2012. The final decision on the issue of liability would be expected before 31 January 2013. Based on the legal opinion obtained, the Directors of Bank Islam are of the view that the vendor's counterclaim can be successfully resisted and therefore no provision has been recognised in respect of this matter.

B14 PROFIT FOR THE PERIOD

	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Quarter 3 months ended 30-Sep-11 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-11 RM '000
Profit for the period is arrived at after charging:				
Depreciation of property, plant and equipment	15,641	13,583	40,783	42,161
Impairment loss:				
- Allowance for impairment on financing advances and others	15,877	12,025	33,772	3,752
- Provision for contingent liability	30,000	-	30,000	15,231
and after crediting:				
Profit on sale of foreign currencies	992	806	2,647	1,760
Reversal of allowance for diminution in value of investment	-	-	-	38
Reversal of allowance for doubtful debts	60	60	180	180
Allowance for Impairment on investments and other assets	92	739	1,840	2,153
Net gain on disposal of property, plant & equipment	40	16	224	3,038
Net derivative gain/(loss)	7,727	(7,231)	1,492	(6,381)

B15 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.

	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Quarter 3 months ended 30-Sep-11 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-11 RM '000
Net profit/(loss) for the quarter attributable to equity holders of the parent	89,409	18,535	212,509	137,121
Number of ordinary shares	1,066,790	1,066,790	1,066,790	1,066,790
Number of average ordinary shares	1,066,790	1,066,790	1,066,790	1,066,790
Basic earnings per share attributable to equity holders of the parent (sen)	8.38	1.74	19.92	12.85

B16 DISCLOSURE OF REALISED AND UNREALISED PROFIT/LOSSES

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:

	Unaudited 30-Sep-12 RM'000	31-Dec-11 RM'000
Total accumulated profits/(losses) of BIMB Holdings Berhad and its subsidiaries:		
Realised	748,327	(664,060)
Unrealised	(2,554)	52,335
	745,773	(611,725)
Less: Consolidation adjustments	(1,448,646)	(523,834)
Total group accumulated losses as per condensed consolidated financial statements	(702,873)	(1,135,559)

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement*, issued by Malaysia Institute of Accountants on 20 December 2010.

The unrealised retained profits of the Group as disclosed above excludes translation gains and losses on monetary items denominated in a currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not apply for any other purposes.

By Order of the Board

MARIA MAT SAID (LS 09400)

Company Secretary
November 29, 2012