

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

Condensed Consolidated Statement of Financial Position as at 30 June 2013

		As at 30 June, 2013 RM'000 Unaudited	As at 31 December, 2012 RM'000 Audited
	Note		
ASSETS			
Cash and short-term funds		4,052,394	2,063,444
Deposits and placements with financial institutions		565,606	519,646
Derivative financial assets	A8	18,684	16,736
Financial assets held-for-trading	A9	1,527,740	1,831,606
Financial assets held-to-maturity	A10	351,966	468,721
Financial assets available-for-sale	A11	16,412,537	16,862,202
Financing, advances and others	A12	21,370,050	19,507,799
Deferred tax assets		62,954	55,830
Assets classified as held for sale		3,676	3,374
Other assets		351,110	473,983
Takaful assets		677,746	531,316
Current tax assets		6,528	6,604
Investments in associates		21,580	22,913
Statutory deposit with Bank Negara Malaysia		1,156,500	1,059,900
Investment properties		28,880	29,136
Property, plant and equipment		438,482	454,413
Total assets		47,046,433	43,907,623
LIABILITIES, EQUITY & TAKAFUL FUNDS			
Liabilities			
Deposits from customers	A14	34,694,669	32,379,000
Deposits and placements of banks and other financial institutions	A15	1,320,935	860,278
Bills and acceptances payable		211,470	385,138
Takaful liabilities	A16	5,937,712	5,580,755
Other liabilities		840,003	869,414
Zakat and taxation		82,279	51,506
Derivative financial liabilities	A8	13,677	14,339
Total liabilities		43,100,745	40,140,430
Equity			
Share capital		1,066,790	1,066,790
Reserves		1,034,070	952,788
Equity attributable to owners of the Company		2,100,860	2,019,578
Non-controlling interests		1,844,828	1,747,615
Total equity		3,945,688	3,767,193
Total liabilities and equity		47,046,433	43,907,623
Commitments and contingencies	A27	10,850,037	10,928,790
Net assets per share attributable to ordinary equity holders of the Company (RM)		1.97	1.89

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 30 June 2013**

		Quarter ended 30 June 2013 RM'000	Quarter ended 30 June 2012 RM'000	Year-to-date 6 months ended 30 June 2013 RM'000	Year-to-date 6 months ended 30 June 2012 RM'000
	Note				
Income derived from investment of depositors' funds	A17	464,144	386,397	911,311	766,836
Income derived from investment of shareholders' funds	A18	105,791	74,903	190,278	153,872
Net income from Takaful business	A19	137,513	128,960	282,705	246,501
Allowance for impairment on financing and advances	A20	(2,402)	(2,606)	(1,595)	(17,895)
Reversal for impairment on investments and other assets		3,491	10,169	3,491	1,748
Direct expenses		(4,963)	(9,418)	(11,151)	(16,299)
Total distributable income		703,574	588,405	1,375,039	1,134,763
Income attributable to depositors	A21	(196,639)	(137,696)	(377,317)	(270,853)
Total net income		506,935	450,709	997,722	863,910
Personnel expenses		(148,301)	(131,556)	(297,172)	(252,119)
Other overhead expenses		(128,099)	(134,971)	(266,347)	(248,387)
Depreciation		(16,515)	(12,718)	(30,840)	(25,142)
		214,020	171,464	403,363	338,262
Share in the results of associated company, net of tax		(981)	1,798	(1,333)	2,338
Profit before zakat and tax		213,039	173,262	402,030	340,600
Zakat		(2,663)	(1,458)	(5,303)	(3,358)
Tax expense	B5	(69,369)	(52,897)	(115,048)	(98,613)
Profit for the period		141,007	118,907	281,679	238,629
Attributable to:					
Owners of the Company		69,581	58,194	143,723	123,100
Non-controlling interests		71,426	60,713	137,956	115,529
Profit for the period		141,007	118,907	281,679	238,629
Earnings per share - basic (sen)	B15	6.52	5.46	13.47	11.54

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 30 June 2013, continued**

	Quarter ended 30 June 2013 RM'000	Quarter ended 30 June 2012 RM'000	Year-to-date 6 months ended 30 June 2013 RM'000	Year-to-date 6 months ended 30 June 2012 RM'000
Profit for the period	141,007	118,907	281,679	238,629
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences in respect of foreign operations	(6,326)	(9,203)	(9,376)	(1,912)
Net gain on revaluation of financial assets available-for-sale	(1,648)	2,640	(12,277)	12,456
Total comprehensive income for the period	133,033	112,344	260,026	249,173
Attributable to:				
Owners of the Company	65,819	55,115	132,969	128,795
Non-controlling interests	67,214	57,229	127,057	120,378
Total comprehensive income for the period	133,033	112,344	260,026	249,173

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity
For the half year ended 30 June 2013**

Group	Note	Attributable to Equity Holders of the Company						Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Non-distributable			Distributable					
		Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Other Reserves RM'000	Capital Reserve RM'000	Retained earnings/ (Accumulated losses) RM'000			
At 1 January 2012		1,066,790	603,630	602,493	55,155	638,370	(1,133,837)	1,832,601	1,622,330	3,454,931
Total comprehensive income for the year										
- Net profit for the period		-	-	-	-	-	123,100	123,100	115,529	238,629
- Other comprehensive income										
<i>Currency translation differences in respect of foreign operations</i>		-	-	-	(1,091)	-	-	(1,091)	(821)	(1,912)
<i>Net gain on revaluation of financial assets available-for-sale</i>		-	-	-	6,786	-	-	6,786	5,670	12,456
- Total comprehensive income for the year		-	-	-	5,695	-	123,100	128,795	120,378	249,173
Transfer to statutory reserve		-	-	51,492	-	-	(51,492)	-	-	-
Dividends to shareholders	A7	-	-	-	-	-	(77,342)	(77,342)	-	(77,342)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(27,560)	(27,560)
Zerorisation of accumulated losses in subsidiary		-	-	(349,011)	-	-	349,011	-	-	-
Transfer to accumulated losses		-	-	-	-	(631,507)	631,507	-	-	-
At 30 June 2012		1,066,790	603,630	304,974	60,850	6,863	(159,053)	1,884,054	1,715,148	3,599,202
Unaudited										
At 1 January 2013		1,066,790	603,630	358,719	62,851	6,863	(79,275)	2,019,578	1,747,615	3,767,193
Total comprehensive income for the period										
- Net profit for the period		-	-	-	-	-	143,723	143,723	137,956	281,679
- Other comprehensive income										
<i>Currency translation differences in respect of foreign operations</i>		-	-	-	(4,686)	-	-	(4,686)	(4,690)	(9,376)
<i>Net gain on revaluation of financial assets available-for-sale</i>		-	-	-	(6,068)	-	-	(6,068)	(6,209)	(12,277)
- Total comprehensive income for the year		-	-	-	(10,754)	-	143,723	132,969	127,057	260,026
Dividends to shareholders	A7	-	-	-	-	-	(53,340)	(53,340)	-	(53,340)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(31,304)	(31,304)
Disposal of interest in subsidiary		-	-	-	-	-	1,653	1,653	1,460	3,113
At 30 June 2013		1,066,790	603,630	358,719	52,097	6,863	12,761	2,100,860	1,844,828	3,945,688

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows For the half year ended 30 June 2013

	Year-to-date	
	6 months ended 30 June 2013 RM'000 Unaudited	6 months ended 30 June 2012 RM'000 Unaudited
Cash flows from operating activities		
Profit before zakat and taxation	402,030	340,600
Adjustment for non-cash flow items:-		
Depreciation of property, plant and equipment	30,840	25,142
Reversal of allowance for doubtful debts	(124)	(120)
Allowance/(reversal) for impairment on financing, advances and others	1,595	17,895
Allowance for Impairment on investments and other assets	(3,491)	(1,748)
Net (gain) / loss on disposal of property, plant and equipment	984	(184)
Net gain on sale of financial assets held-for-trading	(749)	(1,972)
Net gain on sale of financial assets available-for-sale	(6,012)	(15,384)
Net derivative (gain) / loss	(2,856)	6,235
Share of results of associate company	1,333	(2,338)
Operating profit before working capital changes	423,550	368,126
Changes in working capital:		
Deposits and placements of banks and other financial institutions	460,657	1,046,353
Financing of customers	(1,863,846)	(2,212,530)
Statutory deposits with Bank Negara Malaysia	(96,600)	38,000
Other receivables	(23,557)	(317,753)
Deposits from customers	2,315,669	390,189
Other liabilities	326,884	1,287,215
Bills payable	(173,668)	11,713
Cash (used in)/generated from operations	1,369,089	611,313
Tax paid	(85,388)	(71,960)
Net cash (used in)/generated from operating activities	1,283,701	539,353

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows, continued
For the half year ended 30 June 2013**

	Year-to-date	
	6 months ended 30 June 2013 RM'000 Unaudited	6 months ended 30 June 2012 RM'000 Unaudited
Cash flows from investing activities		
Net sales/(purchases) from disposal of securities	858,009	(961,877)
Disposal in interest in subsidiary	3,113	-
Purchase of property, plant and equipment	(15,893)	(8,727)
Net cash generated from/(used in) investing activities	845,229	(970,604)
Cash flows from financing activities		
Dividend paid to non-controlling interests	(31,304)	(27,560)
Dividend paid to shareholders of the parent	(53,340)	(77,342)
Net cash generated from/(used in) financing activities	(84,644)	(104,902)
Net increase/(decrease) in cash and cash equivalent	2,044,286	(536,153)
Cash and cash equivalents at the beginning of period	2,583,090	4,535,422
Foreign exchange differences	(9,376)	(1,912)
Cash and cash equivalents at the end of period	4,618,000	3,997,357
Cash and cash equivalents comprise:		
Cash and short term funds	4,052,394	3,061,428
Deposits and placement with financial institutions	565,606	935,929
	4,618,000	3,997,357

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 quarter ended 30 June 2013 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 2012.

The audited consolidated financial statements of the Group as at and for the financial year ended 31 December 2012, which were prepared in accordance with the applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS), the provisions of Companies Act 1965 and Shariah requirements, are available upon request from the Company's registered office at Level 31, Menara Bank Islam, 22 Jalan Perak, 50450 Kuala Lumpur.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2012, except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial period:

- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- 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)
- MFRS 3, Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
- MFRS 127, Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to MFRS 10, MFRS 11 and MFRS 12)

IC Interpretation 20 is not applicable to the Group as it is not relevant to the Group's operations.

The adoption of all the other MFRSs and amendments to MFRSs did not have any financial impact to the Group.

With effect from 1 January 2013, Bank Islam Malaysia Berhad has complied with the latest approach set out by the Capital Adequacy Framework for Islamic Banking (CAFIB) issued on 28 November 2012 for computing total capital and capital adequacy ratios, based on CAFIB-Basel III capital structure. The comparative total capital and capital adequacy ratios are computed in accordance to the earlier approach set out in CAFIB-Basel II capital structure, applicable until 31 December 2012.

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

- (i) **Effective for annual periods beginning on or after 1 January 2014**
 - Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
 - Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
 - Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
 - Amendments to MFRS 132, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
- (ii) **Effective for annual periods beginning on or after 1 January 2015**
 - MFRS 9, Financial Instruments (2009)
 - MFRS 9, Financial Instruments (2010)
 - Amendments to MFRS 7, Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures

The Group plans to apply the abovementioned standards, amendments and interpretations:

- From the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014; and
- From the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

MFRS 9 introduces significant changes in the way the Group accounts for financial instruments. Due to the complexity of this standard and its proposed changes, the financial effects of its adoption are still being assessed by the Group.

The adoption of Amendments to MFRS 132 is not expected to have any financial impact to the Group as the current practice for offsetting arrangements remained unchanged. The adoption of Amendments to MFRS 10, MFRS 12 and MFRS 127 is not expected to have any financial impact to the Group as the Group is not an investment entity as defined in MFRS 10.

A2 AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2012

The audited report on the financial statements of the preceding financial year ended 31 December 2012 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 quarter ended 30 June 2013.

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 quarter ended 30 June 2013.

A5 CHANGES IN ESTIMATES OF AMOUNTS REPORTED PREVIOUSLY

There were no material changes in estimates of amounts reported in prior financial years that may have a material effect in the quarter ended 30 June 2013.

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 quarter ended 30 June 2013.

A7 DIVIDENDS PAID

	30-Jun-13	30-Jun-12
	RM '000	RM '000
<u>Ordinary</u>		
Final paid		
2012 - 5.00%, (2011 - 7.25%)	53,340	77,342
	53,340	77,342

A8 DERIVATIVE FINANCIAL ASSETS/ LIABILITIES

	Principal amount	Fair value	
		Assets	Liabilities
	RM '000	RM '000	RM '000
30.06.2013 - Unaudited			
Forward Contract	1,316,079	4,706	(5,323)
Profit Rate Swaps	1,322,895	13,380	(7,756)
Structured Deposits	111,450	598	(598)
	2,750,424	18,684	(13,677)
31.12.2012 - Audited			
Forward Contract	680,789	2,523	(1,365)
Profit Rate Swaps	1,434,000	12,200	(10,961)
Structured Deposits	114,095	2,013	(2,013)
	2,228,884	16,736	(14,339)

A9 FINANCIAL ASSETS HELD-FOR-TRADING

	Unaudited	Audited
	30-Jun-13	31-Dec-12
	RM '000	RM '000
At fair value		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Malaysian Government Investment Issues	555,193	20,190
Malaysian Islamic Treasury Bills	-	9,807
Islamic Commercial Papers	19,984	49,884
Bank Negara Negotiable Notes	264,947	846,786
Investment fund	-	59,662
Islamic Debt Securities	508,430	698,158
<i>Outside Malaysia</i>		
Islamic Debt Securities	72,365	44,707
<u>Quoted securities</u>		
<i>In Malaysia</i>		
Shares	46,082	40,502
<i>Outside Malaysia</i>		
Shares	34,113	32,330
Unit trusts	26,626	29,580
Total financial assets held-for-trading	1,527,740	1,831,606

A10 FINANCIAL ASSETS HELD-TO-MATURITY

	Unaudited	Audited
	30-Jun-13	31-Dec-12
	RM '000	RM '000
At amortised cost		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Malaysian Government Islamic papers	145,447	145,502
Islamic Debt Securities	214,033	327,156
<i>Outside Malaysia</i>		
Islamic Debt Securities	12,224	15,801
	371,704	488,459
Less: Accumulated impairment loss	(19,738)	(19,738)
Total financial assets held-to-maturity	351,966	468,721

A11 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
At fair value		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Malaysian Government Investment Issues	1,163,198	1,893,477
Malaysian Government Islamic papers	545,227	664,459
Negotiable Islamic Debt Certificate	1,931,540	2,239,370
Islamic Debt Securities	11,473,925	11,063,793
Accepted bills	15,045	-
Shares	380	380
Unit trusts	291,693	284,981
<i>Outside Malaysia</i>		
Islamic Development Bank unit trust	1,587	1,530
Shares	43	43
Islamic Debt Securities	10,566	10,617
<u>Quoted securities</u>		
<i>In Malaysia</i>		
Unit trusts	143,646	88,253
Shares	737,876	516,460
<i>Outside Malaysia</i>		
Unit trusts	87,905	88,941
Shares	41	52
	16,402,672	16,852,356
At cost		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Shares	22,938	22,477
<i>Outside Malaysia</i>		
Shares	1,149	1,130
	24,087	23,607
Less: Accumulated impairment loss	(14,222)	(13,761)
Total financial investments available-for-sale	16,412,537	16,862,202

A12 FINANCING, ADVANCES AND OTHERS

(i) **By type**

At amortised cost

	Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
Cash line	680,185	618,555
Term financing		
House financing	5,716,989	5,186,253
Syndicated financing	629,981	426,066
Leasing financing	207,084	203,580
Bridging financing	154,256	151,127
Personal financing	7,501,016	6,608,116
Other term financing	5,389,526	4,546,959
Staff financing	170,299	165,380
Credit/charge cards	424,621	430,984
Trade bills discounted	863,884	1,480,215
Trust receipts	35,984	50,314
Pawn broking	84,302	80,572
	21,858,127	19,948,121
Less: Allowance for impaired financing, advances and others:		
Collective assessment allowance	(359,231)	(313,334)
Individual assessment allowance	(128,846)	(126,988)
Total net financing, advances and others	21,370,050	19,507,799

(ii) **By contract**

	Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
Bai' Bithaman Ajil	9,212,121	8,720,001
Ijarah	196,633	206,889
Ijarah Muntahia Bit-Tamleek	44,122	30,627
Murabahah	884,849	1,403,165
Bai Al-Inah	1,635,268	1,729,672
Istisna'	247,022	246,614
At-Tawarruq	9,553,810	7,530,581
Ar-Rahn	84,302	80,572
	21,858,127	19,948,121

(iii) **By type of customer**

	Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
Domestic non-bank financial institutions	225,040	57,558
Domestic business enterprise	4,327,614	4,327,447
Small medium industries	581,802	493,352
Government and statutory bodies	204,013	165,550
Individuals	16,307,757	14,679,594
Other domestic entities	4,684	5,646
Foreign entities	207,217	218,974
	21,858,127	19,948,121

A12 FINANCING, ADVANCES AND OTHERS, continued

(iv) By profit rate sensitivity

	Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
Fixed rate		
House financing	1,620,434	1,552,555
Others	8,195,063	8,926,966
Floating rate	12,042,630	9,468,600
	21,858,127	19,948,121

(v) By remaining contractual maturity

	Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
Maturity within one year	2,936,217	3,065,264
More than one year to three years	911,808	969,154
More than three years to five years	1,431,424	1,082,872
More than five years	16,578,678	14,830,831
	21,858,127	19,948,121

(vi) By sector

	Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
Primary agriculture	166,553	223,163
Mining and quarrying	13,911	5,334
Manufacturing (including agro-based)	798,460	1,016,127
Electricity, gas and water	261,846	175,743
Construction	1,026,362	1,725,523
Real estate	656,009	572,787
Household sector	16,199,698	14,693,126
Wholesale and retail trade and restaurants and hotels	749,882	673,210
Transport, storage and communication	247,518	208,945
Finance, insurance and business activities	1,443,320	391,521
Education, health and others	289,159	254,018
Other sectors	5,409	8,624
	21,858,127	19,948,121

A13 IMPAIRED FINANCING, ADVANCES AND OTHERS

(i) Movements in impaired financing and advances

	Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
At 1 January 2013/ 1 January 2012	308,709	379,790
Classified as impaired during the period/year	190,180	427,775
Reclassified as not impaired during the period/year	(115,584)	(254,872)
Amount recovered	(36,203)	(92,264)
Amount written off	(51,443)	(151,472)
Exchange differences	2,368	(248)
At 30 June 2013 / 31 December 2012	298,027	308,709
Gross impaired financing as a percentage of gross financing, advances and others	1.36%	1.55%

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

	Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
Collective assessment allowance		
At 1 January 2013/ 1 January 2012	313,334	327,688
Allowance made during the period/year	91,600	102,185
Amount written off	(47,873)	(116,848)
Exchange differences	2,170	309
At 30 June 2013 / 31 December 2012	359,231	313,334

	Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
Individual assessment allowance		
At 1 January 2013/ 1 January 2012	126,988	75,770
Allowance/ (Recovery) made during the period/year	5,427	85,042
Amount written off	(3,569)	(33,824)
At 30 June 2013 / 31 December 2012	128,846	126,988

A13 IMPAIRED FINANCING, ADVANCES AND OTHERS, continued

(iii) Impaired financing by sector

	Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
Primary agriculture	504	207
Manufacturing (including agro-based)	44,092	46,483
Electricity, gas and water	-	160
Wholesale and retail trade and restaurants and hotels	17,233	17,422
Construction	72,904	74,341
Real estate	9	101
Transport, storage and communication	4,765	722
Finance, insurance and business activities	10,838	9,977
Household sector	147,682	159,273
Other sectors	-	23
	298,027	308,709

A14 DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
Non-Mudharabah fund:		
Demand deposits	8,207,018	8,962,434
Savings deposits	2,541,695	2,515,341
Negotiable Islamic Debt Certificate (NIDC)	1,383,493	1,638,528
Waheed-i	2,042,421	2,217,203
Ziyad	99,308	101,664
Others	83,318	78,562
	14,357,253	15,513,732
Mudharabah fund:		
Savings deposits	1,969,757	1,942,190
General investment deposits	2,249,289	2,173,818
Special investment deposits	16,118,370	12,749,260
	20,337,416	16,865,268
Total deposits from customers	34,694,669	32,379,000

Maturity structure of investment deposits and NIDCs are as follows:

Due within six months	19,827,924	16,813,222
More than six months to one year	1,786,433	1,243,158
More than one year to three years	229,172	775,333
More than three years to five years	49,352	48,760
	21,892,881	18,880,473

(ii) By type of customer

	Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
Government and statutory bodies	6,272,772	7,378,695
Business enterprises	11,249,305	8,771,118
Individuals	4,980,856	5,263,990
Others	12,191,736	10,965,197
	34,694,669	32,379,000

A15 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
Non-Mudharabah Fund:		
Licensed banks	1,480	1,475
Other financial institutions	42,202	50,153
	<u>43,682</u>	<u>51,628</u>
Mudharabah Fund:		
Licensed banks	1,067,253	768,360
Other financial institutions	210,000	40,290
	<u>1,277,253</u>	<u>808,650</u>
	<u>1,320,935</u>	<u>860,278</u>

A16 TAKAFUL LIABILITIES

	Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
Takaful contract liabilities	5,755,063	5,448,143
Expense reserves	134,100	89,486
Takaful payables	48,549	43,126
Total takaful liabilities	<u>5,937,712</u>	<u>5,580,755</u>

(a) Takaful contract liabilities

The takaful contract liabilities comprise the following :

Provision for claims reported by participants	447,676	417,944
Provision for Incurred-but-not-reported (IBNR)	365,574	315,130
Provision for outstanding claims	813,250	733,074
Provision for unearned contributions	292,015	295,439
Participants' fund	4,649,798	4,419,630
Total takaful contract liabilities	<u>5,755,063</u>	<u>5,448,143</u>

(b) Participants' fund

	Gross RM '000	Group Retakaful RM '000	Net RM '000
30.06.2013 - Unaudited			
Actuarial liabilities	3,688,867	(125,162)	3,563,705
Unallocated surplus/ Accumulated surplus	755,344	-	755,344
AFS reserve	86,981	-	86,981
Translation reserve	1,437	-	1,437
Net assets value attributable to unitholders	<u>117,169</u>	<u>-</u>	<u>117,169</u>
	<u>4,649,798</u>	<u>(125,162)</u>	<u>4,524,636</u>
31.12.2012 - Audited			
Actuarial liabilities	3,273,504	(63,856)	3,209,648
Unallocated surplus/ Accumulated surplus	877,426	-	877,426
AFS reserve	107,790	-	107,790
Translation reserve	1,335	-	1,335
Net assets value attributable to unitholders	<u>159,575</u>	<u>-</u>	<u>159,575</u>
	<u>4,419,630</u>	<u>(63,856)</u>	<u>4,355,774</u>

A17 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	Unaudited Quarter 3 months ended 30-Jun-13 RM '000	Unaudited Quarter 3 months ended 30-Jun-12 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-13 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-12 RM '000
Income derived from investment of:				
(i) General investment deposits	29,868	29,397	59,351	60,620
(ii) Other deposits	434,276	357,000	851,960	706,216
	464,144	386,397	911,311	766,836

(i) Income derived from investment of general investment deposits

	Unaudited Quarter 3 months ended 30-Jun-13 RM '000	Unaudited Quarter 3 months ended 30-Jun-12 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-13 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-12 RM '000
Financing income and hibah				
Financing, advances and others	21,438	20,354	42,463	41,464
Financial assets held-for-trading	502	115	963	242
Financial assets held-to-maturity	217	285	444	594
Financial assets available-for-sale	5,787	6,895	12,125	13,799
Money at call and deposit with financial institutions	1,656	980	2,590	2,341
	29,600	28,629	58,585	58,440
<i>Of which financing income earned on impaired financing</i>	580	324	1,009	845
Other dealing income				
Net gain / (loss) from sale of financial assets held-for-trading	29	51	45	155
Net gain / (loss) on revaluation of financial assets held-for-trading	(1)	348	360	782
	28	399	405	937
Other operating income				
Net gain / (loss) from sale of financial assets available-for-sale	269	369	390	1,243
Loss on redemption of financial assets held-to-maturity	(29)	-	(29)	-
	240	369	361	1,243
	29,868	29,397	59,351	60,620

(ii) Income derived from investment of other deposits

	Unaudited Quarter 3 months ended 30-Jun-13 RM '000	Unaudited Quarter 3 months ended 30-Jun-12 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-13 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-12 RM '000
Financing income and hibah				
Financing, advances and others	311,802	247,000	609,639	483,029
Financial assets held-for-trading	7,302	1,407	13,832	2,830
Financial assets held-to-maturity	3,150	3,468	6,368	6,905
Financial assets available-for-sale	84,139	83,818	173,949	161,394
Money at call and deposit with financial institutions	24,065	11,826	37,300	27,049
	430,458	347,519	841,088	681,207
<i>Of which financing income earned on impaired financing</i>	8,448	4,102	14,518	9,940
Other dealing income				
Net gain / (loss) from sale of financial assets held-for-trading	391	632	626	1,796
Net gain / (loss) on revaluation of financial assets held-for-trading	(60)	4,250	5,054	9,072
	331	4,882	5,680	10,868
Other operating income				
Net gain / (loss) from sale of financial assets available-for-sale	3,917	4,599	5,622	14,141
Loss on redemption of financial assets held-to-maturity	(430)	-	(430)	-
	3,487	4,599	5,192	14,141
	434,276	357,000	851,960	706,216

A18 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Unaudited Quarter 3 months ended 30-Jun-13 RM '000	Unaudited Quarter 3 months ended 30-Jun-12 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-13 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-12 RM '000
Financing income and hibah				
Financing, advances and others	1,116	1,570	2,199	4,632
Financial assets available-for-sale	23,395	25,196	49,833	50,480
Money at call and deposit with financial institutions	7,450	1,548	9,501	3,056
	31,961	28,314	61,533	58,168
Other dealing income				
Net gain from foreign exchange transactions	16,655	10,040	33,111	19,056
Net gain/(loss) from sale of financial assets held-for-trading	44	7	78	21
Net gain / (loss) on revaluation of financial assets held-for-trading	-	5	-	13
Net derivatives gain/(loss)	3,244	(12,526)	2,856	(6,235)
	19,943	(2,474)	36,045	12,855
Other operating income				
Profit on sale of foreign currencies	-	1,008	-	1,655
Reversal of allowance for doubtful debts	64	60	124	120
Gross dividend income from securities				
Quoted in Malaysia	1	-	5	3
Unit trust in Malaysia	346	-	557	43
Unit trust outside Malaysia	-	32	-	32
Unquoted in Malaysia	6,044	2,857	6,458	2,857
	6,455	3,957	7,144	4,710
Fees and commission				
ATM fees	3,602	4,050	6,535	7,801
Financing fees	3,237	3,807	6,707	6,926
Cheque issued & return, closing account and other fees	2,796	3,024	4,622	5,117
Takaful service fees and commission	4,449	4,716	8,215	7,715
Credit card fees and commission	9,100	9,268	17,929	18,860
Processing fees	357	482	538	755
Commitment fees	73	275	160	651
Commission on MEPS	2,397	2,134	4,758	4,162
Unit trust management fees	2,066	1,293	3,944	2,570
Corporate advisory fees	4,183	5,209	5,135	5,945
Ar Rahnu fees	2,814	2,292	5,637	2,292
Debit card fees	2,747	1,567	4,612	1,977
Others	8,545	6,768	15,692	12,241
	46,366	44,885	84,484	77,012
Other income				
Net gain/(loss) on disposal of property, plant & equipment	50	(24)	(984)	(18)
Rental income	902	319	1,809	570
Others	114	(74)	247	575
	1,066	221	1,072	1,127
	105,791	74,903	190,278	153,872

A19 NET INCOME FROM TAKAFUL BUSINESS

	Unaudited Quarter 3 months ended 30-Jun-13 RM '000	Unaudited Quarter 3 months ended 30-Jun-12 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-13 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-12 RM '000
Net earned contributions				
Gross earned contributions	416,893	398,891	814,376	744,131
Contribution ceded to retakaful	(43,558)	(38,423)	(88,842)	(76,458)
	373,335	360,468	725,534	667,673
Other income				
Administration income	2,099	2,483	8,773	7,587
Investment income	55,055	52,727	110,759	106,361
Realised gains and losses	45,636	27,058	78,231	75,177
Fair value gains and losses	6,899	(3,959)	6,564	835
Other operating income	1,078	3,139	2,741	6,168
	110,767	81,448	207,068	196,128
Net benefits and claims				
Gross benefits and claims paid	(242,667)	(171,456)	(411,600)	(314,703)
Claims receded to retakaful	16,493	9,840	34,978	20,253
Gross change to contract liabilities	(61,480)	(40,236)	(82,614)	(91,451)
Change to contract liabilities ceded to takaful	35,589	7,713	49,252	45,964
	(252,065)	(194,139)	(409,984)	(339,937)
Expense reserves				
	(10,040)	(14,699)	(44,562)	(34,365)
Income from takaful business				
Profits attributable to participants/takaful operator	221,997	233,078	478,056	489,499
	(84,484)	(104,118)	(195,351)	(242,998)
Net income from takaful business	137,513	128,960	282,705	246,501

A20 ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

	Unaudited Quarter 3 months ended 30-Jun-13 RM '000	Unaudited Quarter 3 months ended 30-Jun-12 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-13 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-12 RM '000
Allowance for impaired financing, advances and others:				
- Collective assessment allowance	31,745	28,838	91,600	63,905
- Individual assessment allowance	(290)	4,936	5,427	22,191
Bad debts and financing recovered	(29,053)	(31,168)	(95,432)	(68,201)
	2,402	2,606	1,595	17,895

A21 INCOME ATTRIBUTABLE TO DEPOSITORS

	Unaudited Quarter 3 months ended 30-Jun-13 RM '000	Unaudited Quarter 3 months ended 30-Jun-12 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-13 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-12 RM '000
Deposits from customers:				
- Mudharabah fund	144,678	85,589	283,048	168,235
- Non-Mudharabah fund	47,975	49,974	85,860	98,505
Deposits and placements of banks and other financial institutions:				
- Mudharabah fund	3,698	2,071	7,243	3,982
- Non-Mudharabah fund	288	62	1,166	131
	196,639	137,696	377,317	270,853

A22 CAPITAL ADEQUACY

With effect from 1 January 2013, total capital and capital adequacy ratios of Bank Islam Malaysia Berhad and its subsidiaries have been computed based on BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-Weighted Assets) issued on 28 November 2012. The comparative total capital and capital adequacy ratios are computed in accordance to the approach set out in the then prevailing capital framework and are thus not directly comparable to those pertaining to dates from 1 January 2013 onwards. The Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios of the banking group are set out below:

	30-Jun-13 RM '000	31-Dec-12 RM '000
Common Equity Tier 1 (CET 1) Capital Ratio	12.292%	N/A
Total Tier 1 Capital Ratio	12.292%	12.942%
Total Capital Ratio	13.371%	13.986%

The components of Common Equity Tier I, Total Tier I and Total Tier II capital:

	CAFIB Basel III capital structure with effect from 1-Jan-13 30-Jun-13 RM '000	CAFIB Basel II capital structure applicable until 31-Dec-12 31-Dec-12 RM '000
Tier-I capital:		
Paid-up share capital	2,265,490	2,265,490
Retained earnings	158,344	209,318
Other reserves	544,331	505,651
Less: Deferred tax assets	(18,629)	(18,455)
Less: Investment in associate company	(21,579)	-
Total Tier-I capital	2,927,957	2,962,004
Tier-II capital:		
Collective assessment allowance (#)	257,051	257,769
Total Tier-II capital	257,051	257,769
Total capital	3,185,008	3,219,773
Less: Investment in associate	-	(22,912)
Total capital base	3,185,008	3,196,861

(#) Of the collective assessment allowance for impaired financing of RM359,231,000 in Note A13 on page 10, the amount recognised as Tier II capital by BNM is restricted to a maximum amount of 1.25% of the total credit risk-weighted assets as at 30 June 2013.

As at 31 December 2012, the amount excludes collective allowance on impaired financing, restricted by Bank Negara Malaysia ("BNM"), from Tier II capital amounting to RM 55,565,000.

A23 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

	6 months ended			Elimination 30-Jun-13 RM'000	Total 30-Jun-13 RM'000
	Banking 30-Jun-13 RM'000	Takaful 30-Jun-13 RM'000	Others 30-Jun-13 RM'000		
Current Year-to-Date					
Revenue from external customers	1,095,432	282,705	6,157	-	1,384,294
Inter-segment revenue	-	1,316	42,116	(43,432)	-
Total revenue	1,095,432	284,021	48,273	(43,432)	1,384,294
Net income from operations (before allowance for impairment on financing)	716,285	284,021	48,273	(41,602)	1,006,977
Operating overheads	(394,327)	(201,351)	(11,613)	1,781	(605,510)
Operating results	321,958	82,670	36,660	(39,821)	401,467
Allowance for impairment on financing and advance	(1,595)	-	-	-	(1,595)
Reversal on allowance for impairment on other assets	3,491	-	-	-	3,491
Share of results of associate company	(1,333)	-	-	-	(1,333)
Profit before zakat and taxation	322,521	82,670	36,660	(39,821)	402,030
Segment assets	40,113,011	6,811,872	2,106,345	(1,984,795)	47,046,433
Segment liabilities	36,854,164	6,227,640	163,910	(144,969)	43,100,745
	6 months ended			Elimination 30-Jun-12 RM'000	Total 30-Jun-12 RM'000
	Banking 30-Jun-12 RM'000	Takaful 30-Jun-12 RM'000	Others 30-Jun-12 RM'000		
Previous Comparative Year-to-Date					
Revenue from external customers	914,504	246,501	6,204	-	1,167,209
Inter-segment revenue	-	1,355	44,066	(45,421)	-
Total revenue	914,504	247,856	50,270	(45,421)	1,167,209
Net income from operations (before allowance for impairment on financing)	642,865	247,856	50,270	(44,635)	896,356
Operating overheads	(350,654)	(183,920)	(9,003)	1,630	(541,947)
Operating results	292,211	63,936	41,267	(43,005)	354,409
Allowance for impairment on financing and advance	(17,895)	-	-	-	(17,895)
Allowance for contingent liability	-	-	-	-	-
Reversal on allowance for impairment on other assets	1,748	-	-	-	1,748
Share of results of associate company	2,338	-	-	-	2,338
Profit before zakat and taxation	278,402	63,936	41,267	(43,005)	340,600
Segment assets	33,835,847	6,268,497	2,063,323	(1,901,935)	40,265,732
Segment liabilities	30,865,438	5,753,585	129,512	(81,748)	36,666,787

Performance is measured based on segment profitability, as included in the internal management reports that are reviewed by the Group Managing Director/Chief Executive Officer. Segment profitability 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.

A24 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 quarter ended 30 June 2013.

A25 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 quarter ended 30 June 2013.

A26 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the quarter ended 30 June 2013.

A27 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.

The off-balance sheet and counterparties credit risk of this subsidiary as at 30 June 2013 are as follow:

Unaudited				
30 June 2013				
	Principal	Positive Fair Value	Credit	Risk
	Amount	of Derivative	Equivalent	Weighted
	RM '000	Contracts	Amount	Amount
	RM '000	RM '000	RM '000	RM '000
<u>Credit-related exposures</u>				
Direct credit substitutes	399,676		399,676	393,221
Assets sold with recourse	2		2	2
Transaction-related contingent items	864,344		432,172	419,430
Short-term self-liquidating trade related contingencies	255,190		51,038	50,014
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	3,157		631	613
- exceeding one year	611,921		305,960	261,462
Unutilized credit card lines	981,560		196,312	147,234
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	4,983,763		-	-
	8,099,613		1,385,791	1,271,976
<u>Derivative financial instruments</u>				
Foreign exchange related contracts				
- less than one year	1,316,079	4,706	10,931	6,299
Profit rate related contracts				
- one year to less than five years	600,000	2,162	10,000	2,000
- five years and above	722,895	11,218	36,229	20,229
Equity related contracts				
- one year to less than five years	111,450	598	8,916	4,458
	2,750,424	18,684	66,076	32,986
Total	10,850,037	18,684	1,451,867	1,304,962

Audited				
31 December 2012				
	Principal	Positive Fair Value	Credit	Risk
	Amount	of Derivative	Equivalent	Weighted
	RM '000	Contracts	Amount	Amount
	RM '000	RM '000	RM '000	RM '000
<u>Credit-related exposures</u>				
Direct credit substitutes	562,654		562,654	555,499
Assets sold with recourse	2		2	2
Transaction-related contingent items	910,688		455,344	444,161
Short-term self-liquidating trade related contingencies	338,488		67,698	64,913
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	82		16	6
- exceeding one year	662,657		331,329	302,722
Unutilized credit card lines	949,115		189,823	142,367
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively for automatic cancellation due to deterioration in a borrower's creditworthiness	5,276,220		-	-
	8,699,906		1,606,866	1,509,670
<u>Derivative financial instruments</u>				
Foreign exchange related contracts				
- less than one year	680,789	2,523	7,390	4,223
Profit rate related contracts				
- less than one year	100,000	70	100	20
- one year to less than five years	600,000	2,210	15,000	3,000
Equity related contracts	734,000	9,920	42,462	23,262
- less than one year				
- one year to less than five years	114,095	2,013	9,128	4,564
	2,228,884	16,736	74,080	35,069
Total	10,928,790	16,736	1,680,946	1,544,739

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

B1 REVIEW OF PERFORMANCE

Half Year Performance to 30 June 2013

BIMB Holdings Berhad ("BHB") posted a consolidated Profit before Zakat and Taxation ("PBZT") of RM402.0 million for the half year ended 30 June 2013, an increase of RM61.4 million or 18.0% over the last corresponding half year ended 30 June 2012. The higher profitability was mainly achieved on the back of RM110.6 million increase in net income and RM18.0 million improvement in allowances for impairment on financing and advances, investment and other assets.

BHB's consolidated net profit for the half year under review stood at RM281.7 million, which recorded a growth of RM43.1 million or 18.0% compared to the same period last year. In tandem with the higher profitability, the net profit attributable to the shareholders of the Company increased by RM20.6 million or 16.8%.

The Group registered net financing growth of RM1.9 billion or 9.6% for the half year period under review, as asset quality improved further with a gross impaired financing ratio of 1.36% as at 30 June 2013 (As at 31 December 2012: 1.55%). Total capital ratio of Bank Islam Malaysia Berhad (computed in accordance to CAFIB-Basel III with effect from 1 January 2013) remained healthy at 13.37%.

Islamic Banking

Bank Islam Group ("Bank Islam" or "the Bank") recorded a PBZT of RM322.5 million for the six months ended 30 June 2013, an increase of RM44.1 million or 15.8% over the previous corresponding period of RM278.4 million.

Year-on-year ("YoY"), net financing assets grew RM5.0 billion or 30.2% to reach RM21.4 billion as at end June 2013. Correspondingly, fund based income from financing also increased by RM125.2 million or 23.7%. Non fund based income also reported a 13.9% growth or RM16.5 million mainly from foreign exchange transactions and fees and commission.

Customer deposits reported a YoY growth of 21.4% or RM6.1 billion to reach RM34.8 billion as at end June 2013. Similarly, the low cost current and savings accounts ("CASA") also increased by RM0.7 billion or 6.2% YoY. The CASA ratio as at end June 2013 was 36.5%, much higher than the Islamic Banking Industry ratio of 26.6% as at end May 2013.

The Bank's impaired financing ratio continued to record significant improvements. The gross impaired financing ratio improved from 1.55% as at end December 2012 to 1.36% as at end June 2013. Consequently, the net impaired financing ratio also improved from a negative 0.67% as at end December 2012 to a negative 0.89% as at end June 2013. The Islamic Banking Industry gross and net impaired ratios were at 1.60% and negative 0.31% respectively as at end May 2013.

Takaful

For the six months ended 30 June 2013, Takaful Malaysia Group ("Takaful Malaysia") recorded a PBZT of RM82.8 million, increased by 29.6% as compared to RM63.9 million in the same period last year. In addition to the higher surplus transfers, the higher profit is also attributable to higher net wakalah fee income.

For the six months ended 30 June 2013, Operating Revenue increased by 9.4% to RM957.5 million from RM875.2 million in the same period of the preceding year. The increase is mainly attributable to higher sales generated by both Family and General Takaful and higher investment income.

For the quarter under review, Family Takaful recorded gross earned contributions of RM314.9 million against RM280.8 million for the same period last year and General Takaful generated gross earned contributions of RM102.3 million as compared to RM118.3 million in the corresponding quarter of the preceding year. For the 6 months period, Family Takaful generated gross earned contributions of RM599.7 million as compared to RM529.3 million in the corresponding period last year, whereas General Takaful recorded gross earned contributions of RM215.1 million, which is consistent with the corresponding period last year. The Family Takaful recorded gross earned contribution growth of 13.3% for the 6 months period, mainly attributable to higher sales from Group Family products.

The surplus transfer in the quarter under review from Family Takaful was RM31.8 million as compared to RM24.5 million in the same period last year. The higher surplus transfer from Family Takaful is mainly due to higher investment income and realized gains from disposal of investments. For the 6 months period, the surplus transfer from Family Takaful decreased by RM13.3 million to RM67.3 million as compared to the same period last year, mainly attributable to higher claims incurred and wakalah fee expense.

B2 COMPARISON WITH THE PRECEDING QUARTER'S RESULTS

For the three months performance (Second Quarter 2013 vs. First Quarter 2013)

BHB Group registered a PBZT of RM213.0 million for the second quarter ended 30 June 2013, increased by RM24.0 million or 12.7% in comparison to the PBZT of RM189.0 million for the first quarter ended 31 March 2013. The higher PBZT for the current quarter under review was mainly attributable to higher operating results recorded by the Group.

Bank Islam's PBZT of RM172.2 million for the three months ended 30 June 2013 was 14.6% or RM21.9 million higher than the preceding quarter ended 31 March 2013 of RM150.3million. The higher PBZT was due to improvements in both fund based and non-fund based income.

Takaful Malaysia reported a PBZT of RM42.4 million which was higher than the preceding quarter of RM40.2 million by RM2.2 million due to higher net wakalah fee income.

B3 PROSPECTS

Outlook on the economy

Despite growing at a slightly greater pace in the second quarter, Malaysia's economy perform below market expectations, as prolonged weakness in the external environment remains a drag to domestic economic activity. Gross Domestic Product (GDP) for the three months to June grew 4.3% year-on-year, sustained by domestic demand, in comparison to the market expectation of 4.7%.

Malaysia's current account surplus for the second quarter of the year narrowed to RM2.6 billion from RM8.7 billion in the preceding quarter. This was due to lower goods surplus as well as sustained services deficit and outflows in the income account. Bank Negara Malaysia ("BNM") had recently stated that Malaysia would likely remain in a surplus position through the year, as the expected recovery in external demand, albeit at a moderate pace, would help to improve the country's current account balance.

Consequently, BNM has revised downwards the overall GDP growth target for the country in 2013 to 4.5%-5.0% from its earlier target of 5.0%-6.0%.

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 2013. 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. Nevertheless, competition in the banking industry remains intense, as banks will continue to enhance innovation in products and services to achieve competitive advantage.

Islamic Banking

Domestic demand is expected to remain relatively resilient throughout the year driven by the implementation of the Economic Transformation Programme (ETP) and also Foreign Direct Investment to support investment projects to be implemented in the second half of 2013.

As such, Bank Islam had embarked on its new corporate plan for 2013-2015, "Hijrah to Excellence" or H2E Plan. Robust growth strategies are in place to achieve the targets set in the new corporate plan.

The Bank is growing the Retail portfolio whereby the rate of return is generally higher than the business portfolio. For the 1H13, the personal financing segment grew at an annualised pace of 31%. Personal financing ("PF") is considered secured as more than 90% is package PF whereby repayment is via salary deduction or salary transfer. The Bank is also growing the house financing and auto financing portfolios, which in the 1H13 saw an annualised growth of 19% and 11% respectively.

Bank Islam is also targeting to grow the business portfolio which comprises both the Commercial and Corporate financing portfolios. For 1H13, the Commercial portfolio grew at an annualised rate of 21%. Under the Commercial financing portfolio the Bank is targeting the secured Business Premises Financing.

The Bank is also looking at avenues to increase its non-fund based income and has launched various new products and services, such as the popular Bank Islam Debit Card-i and the Bank Islam Team Harimau Visa Debit Card-i, mobile banking and mobile point-of-sale (mPOS) via Visa launched recently at Pasar Siti Khadijah in Kota Bharu promotes electronic payments beyond metropolitan cities. The introduction of Western Union services to our Bureau De Change (BDC) and branches and also foreign remittance will contribute to the fee and foreign exchange income respectively.

The Bank will continue to strengthen its presence by expanding its current delivery channels to meet customers' expectations and remain competitive. The Bank's branches currently stand at 130.

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

Takaful

Takaful Malaysia will continue its "We Should Talk" marketing campaign to create more awareness of the "15% No Claim Rebate" value proposition in positioning itself to be the leading takaful operator in Malaysia. With the introduction of new products and services in 2013, Takaful Malaysia is expected to increase its market share while improving shareholder value. Takaful Malaysia will also be looking at increasing the number of exclusive or preferred partnerships with major financial institutions to grow the bancatakaful business.

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 6 months ended	Unaudited Year-to-date 6 months ended
	30-Jun-13 RM '000	30-Jun-12 RM '000	30-Jun-13 RM'000	30-Jun-12 RM'000
Tax expense	69,369	52,897	115,048	98,613

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 the proposed acquisition of DFG’s 30.5% equity interest in Bank Islam Malaysia Berhad (“Bank Islam”) (“Negotiations on DFG’s Equity Interest”)

Consent of BNM for BHB to commence negotiations with TH in relation to the proposed acquisition by BHB of TH’s 18.5% equity interest in Bank Islam (“Negotiations on TH’s Equity Interest”)

(“Proposed Acquisitions”)

(BHB, DFG and TH shall be collectively referred to as “the Parties”)

BHB had on 8 October 2012, announced that BNM, vide its letter dated 4 October 2012, stated that BNM has no objection in principle for BHB to commence the Negotiations on DFG’s Equity Interest.

On 8 April 2013, BHB had announced that BNM, vide its letter dated 3 April 2013, stated that BNM has no objection to an extension of time until 30 June 2013 for the Parties to complete the Negotiations on DFG’s Equity Interest. Subsequently, on 28 June 2013, BHB had released an announcement that BNM, vide its letter dated 27 June 2013, has no objection to a further extension of time until 31 July 2013 for the Parties to complete the same negotiations.

Notwithstanding the abovementioned Negotiations on DFG’s Equity Interest, BHB had on 11 June 2013, announced that BNM, vide its letter dated 10 June 2013, stated that BNM has no objection in principle for BHB to commence negotiations with TH in relation to a proposed acquisition of TH’s Equity Interest in Bank Islam. The negotiations are to be completed on or before 31 December 2013.

Subsequently, the Parties had on 31 July 2013 executed a conditional Sale and Purchase Agreement (“SPA”) for the Proposed Acquisitions. BHB had on 1 August 2013, released an announcement on the signing of the SPA via Bursa Securities.

Further announcement shall be made as and when there are material developments pertaining to the Proposed Acquisitions.

B9 DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS AND DEBT SECURITIES

	Group Unaudited 30-Jun-13 RM '000	Audited 31-Dec-12 RM '000
Deposits from customers		
Mudharabah accounts deposits and negotiable instruments of deposits		
One year or less (short-term)	21,716,618	18,693,367
More than one year (medium/long-term)	2,146,020	2,129,296
	23,862,638	20,822,663
Current accounts	8,207,018	8,962,434
Savings accounts	2,541,695	2,515,341
Others	83,318	78,562
Total deposits	34,694,669	32,379,000
Deposits and placements of banks and		
One year or less (short-term)	1,320,935	860,278
	1,320,935	860,278

**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-Jun-13 Principal Amount	up to 1 mth	>1-3 mths	>3-6 mths	>6-12 mths	>1-5 years
Foreign exchange related contracts						
- forwards	344,834	114,637	184,246	45,951	-	-
- swaps	458,171	356,417	101,507	247	-	-
- option	513,074	513,074	-	-	-	-
Total	1,316,079	984,128	285,753	46,198	-	-

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 June 2013, the amount of contracts which were not hedged and, hence, exposed to market risk was RM910.15 million. (31 December 2012: RM917.23 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 June 2013, the credit risk measured in terms of the cost to replace the profitable contracts was RM66.08 million (31 December 2012: RM74.08 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 30-Jun-13 RM '000	Unaudited Quarter 3 months ended 30-Jun-12 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-13 RM'000	Unaudited Year-to-date 6 months ended 30-Jun-12 RM'000
Net Operating profit after zakat & tax (NOPAT)				
Profit before zakat and taxation (PBZT)	213,039	173,262	402,030	340,600
Zakat & Taxation	(72,032)	(54,355)	(120,351)	(101,971)
NOPAT	141,007	118,907	281,679	238,629
Economic charge computation:				
Average invested capital	3,920,355	3,279,728	3,856,440	3,211,313
(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	80,147	66,867	156,814	130,944
Economic profit	60,860	52,040	124,865	107,685

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 2012.

- (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 by way of private treaty. As at August 2013, the status remained 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 17 July 2012 the Federal Court dismissed the application for leave with costs. In November 2012, the Bank proceeded with execution process against the Plaintiff. In the course of execution, on 23 November 2012 the Plaintiff filed an originating summons against the Bank for declarations that (1) the Bank is not entitled to enforce the Security Documents to satisfy the amount payable by the Plaintiff under Court of Appeal order, (2) the Plaintiff is required to pay RM57,872.15 to satisfy the amount payable under the Court of Appeal order (3) order to discharge the charge created (4) order to revoke all assignments, securities & guarantees (5) injunction to restrain the Bank from enforcing the security documents. The case went for court mediation on 17 April 2013 whereby parties agreed to a settlement sum of RM87 million payable by the Plaintiff to the Bank by way of redemption from the sale of the secured property. The sale was to be completed by 30 December 2013. Consent Judgment was recorded on 14 May 2013. Case management is fixed on 19 August 2013 to monitor the progress of the settlement.

- (c) 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 received the balance of auction proceeds from the successful bidder. Hence the property will be auctioned again. An auction was fixed on 14 May 2013 but was then postponed. A new auction date is yet to be fixed by the court.

- (d) 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. In November 2012, the Third Defendant has filed an application to set aside the judgment in default against him. The matter is pending hearing date to be fixed by the court.

- (e) 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 were fixed on 2 to 4 August, 9 to 11 August 2010 and 23 to 26 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 was a real danger of apparent bias on the part of the Trial Judge in hearing this action, pursuant to a letter from the Plaintiff to Bank Negara Malaysia, referring to a conversation between one 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 were vacated to enable parties to file their affidavits. On 22 September 2010, the Court 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 was ordered to be heard before a new judge, YA Dato' Hj Mohd Zawawi Salleh. The case was then fixed for trial on 11 to 14, 18 to 21 and 25 to 28 July 2011. In the course of trial, Bank Islam 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 directed that the issue be referred directly to the Federal Court. On 25 October 2011, the Federal Court Judges ordered 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. On 14 November 2012, the leave application was allowed by the Federal Court. The hearing was fixed on 24 April 2013 but was taken off and converted to a case management. The matter is now fixed for hearing on 2 September 2013. While at the High Court, trial is fixed from 1 to 4 October and 7 to 10 October 2013.

- (f) Meanwhile, 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 was no claim amount specified but the Plaintiff sought general damages and loss of profits. The matter was fixed for trial from 29 July 2013 to 2 August 2013. However, during a case management on 6 June 2013, the trial judge took note of the fact that the trial of another suit (item above) was proceeding between the parties, and that the findings of facts arrived at by the other Court would be directly applicable to this suit. The trial of this suit was therefore contingent on the conclusion of the other trial between the Plaintiff and Bank Islam. Bank Islam's solicitors are of the view that Bank Islam has a strong defense. In the circumstances, the Judicial Commissioner had maintained the case management date for this matter on 22 October 2013 for counsels to appraise the Court on the outcome of the Federal Court appeal.

B12 MATERIAL LITIGATION, continued

- (g) 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 from 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 from 14 to 18 May 2012.
- On 11 January 2012, the Plaintiff was 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. 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. The hearing was fixed on 13 May 2013, but was postponed to 24 September 2013.
- (h) 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 had 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 matter was fixed for trial from 18 February to 21 February 2013, but was postponed to October 2013.
- (i) 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 was to be resolved through arbitration. On 24 August 2010, the arbitration panel had directed both parties to file their written submissions. Both parties had filed their written submissions in November 2010. On 13 April 2011, the arbitrators directed both parties to exchange submission as to costs by 2 May 2011. In order to ensure its decision as to pre and post award interest was not tantamount to 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 to be dismissed with costs. In November 2012, 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 to 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. The hearing of the Claimant's notice of motion for leave to appeal was fixed on 29 May 2013, but was postponed to 27 June 2013. On 27 June 2013, the Claimant's notice of motion for leave to appeal was dismissed with costs of RM25,000 by the Federal Court. The matter is now considered closed.
- (j) On 20 April 2010, Bank Islam Malaysia Berhad ("Bank Islam") referred a dispute in connection with a Services Agreement and a Software Agreement ("Agreements") with a vendor for arbitration. Bank Islam is claiming rescission of the Agreements and a refund of the sum paid (to-date of RM19.03 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 filed a counterclaim. The arbitration commenced on 15 February 2012. On 6 August 2013, Bank Islam was informed that the ICC had decided in favour of the vendor. The ICC will be dealing with the vendor's counterclaim and determining the damages in the second phase of the arbitration.

B13 CONTINGENT LIABILITY

On 20 April 2010, Bank Islam referred a dispute in connection with a Services Agreement and Software Agreement ("Agreements") with a vendor for arbitration. The Bank is claiming rescission of the Agreements and a refund of the sum paid (to-date of RM19.03 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 filed a counterclaim. The arbitration commenced on 15 February 2012. On 6 August 2013, Bank Islam was informed that the ICC had decided in favour of the vendor. The ICC will be dealing with the vendor's counterclaim and determining the damages in the second phase of the arbitration.

B14 PROFIT FOR THE PERIOD

	Unaudited Quarter 3 months ended 30-Jun-13 RM '000	Unaudited Quarter 3 months ended 30-Jun-12 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-13 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-12 RM '000
Profit for the period is arrived at after charging:				
Depreciation of property, plant and equipment	16,515	12,718	30,840	25,142
Impairment loss:				
- Allowance for impairment on financing advances and others	2,402	2,606	1,595	17,895
- Provision for contingent liability	-	-	-	-
and after crediting:				
Profit on sale of foreign currencies	-	1,008	-	1,655
Reversal of allowance for doubtful debts	64	60	124	120
Allowance for Impairment on investments and other assets	3,491	10,169	3,491	1,748
Net gain on disposal of property, plant & equipment	50	(24)	(984)	(18)
Net derivative gain/(loss)	3,244	(12,526)	2,856	(6,235)

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-Jun-13 RM '000	Unaudited Quarter 3 months ended 30-Jun-12 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-13 RM '000	Unaudited Year-to-date 6 months ended 30-Jun-12 RM '000
Net profit for the period under review attributable to equity holders of the parent	69,581	58,194	143,723	123,100
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)	6.52	5.46	13.47	11.54

B16 DISCLOSURE OF REALISED AND UNREALISED PROFIT/LOSSES

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

	Unaudited 30-Jun-13 RM'000	Audited 31-Dec-12 RM'000
Total retained profits/ (accumulated losses) of BIMB Holdings Berhad and its subsidiaries:		
Realised	890,651	652,449
Unrealised	6,253	25,270
Less: Consolidation adjustments	(884,143)	(756,994)
Total group retained profits/ (accumulated losses) as per condensed consolidated financial statements	12,761	(79,275)

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
August 28, 2013