

MAYBANK INVESTMENT BANK BERHAD

**CONDENSED FINANCIAL STATEMENTS
AUDITED BALANCE SHEETS AS AT 30 JUNE 2010**

	Notes	Group		Bank	
		30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
ASSETS					
Cash and short-term funds	9	432,824	735,400	406,990	712,266
Deposits and placements with banks and other financial institutions	10	12,052	14,741	8,733	9,334
Securities portfolio	11	111,307	3,841,090	65,978	3,792,755
Loans and advances	12	128,042	251,535	128,042	251,535
Other assets	13	176,730	317,763	177,147	314,719
Statutory deposits with Bank Negara Malaysia		105	10,218	105	10,218
Investment in subsidiaries		-	-	233,279	230,924
Investment in associates		9,944	9,012	4,200	4,200
Property, plant and equipment		9,397	8,432	9,163	8,084
Intangible assets		1,823	1,684	1,823	1,684
Deferred tax assets (net)		14,945	24,417	14,945	24,417
TOTAL ASSETS		897,169	5,214,292	1,050,405	5,360,136
LIABILITIES AND EQUITY					
Deposits from customers	14	-	3,862,851	-	3,862,851
Deposits and placements of banks and other financial institutions	15	-	232,470	-	232,470
Other liabilities	16	492,380	364,405	661,974	532,731
Deferred tax liabilities		566	146	-	-
TOTAL LIABILITIES		492,946	4,459,872	661,974	4,628,052
Share capital		50,116	50,116	50,116	50,116
Reserves		354,107	704,304	338,315	681,968
TOTAL EQUITY		404,223	754,420	388,431	732,084
TOTAL LIABILITIES AND EQUITY		897,169	5,214,292	1,050,405	5,360,136
COMMITMENTS AND CONTINGENCIES	23	410,156	345,967	410,156	345,967

MAYBANK INVESTMENT BANK BERHAD

**CONDENSED FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2010**

Group	Notes	4th Quarter ended		Cumulative 12 months ended	
		30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Interest income	17	4,002	52,043	42,270	247,547
Interest expense	18	(299)	(30,864)	(12,725)	(170,519)
Net interest income		3,703	21,179	29,545	77,028
Net income from Islamic					
Banking Scheme operations	25	0	1,967	2,279	5,627
Non-interest income	19	41,327	67,859	183,376	134,012
Net income		45,031	91,005	215,200	216,667
Overhead expenses	20	(33,672)	(31,817)	(111,454)	(103,361)
Operating profit		11,358	59,188	103,746	113,306
Write back/(Allowance) of losses					
on loans and advances	21	1,740	17,693	19,588	3,162
		13,098	76,881	123,334	116,468
Share of results in associates		(416)	(10,180)	1,224	(9,116)
Profit before taxation		12,683	66,701	124,558	107,352
Taxation and zakat		(8,065)	17,115	(34,510)	6,117
Net profit for the period		4,618	83,816	90,048	113,469
Basic earnings per share (sen)		9	167	180	226

MAYBANK INVESTMENT BANK BERHAD

**CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2010**

Bank	Notes	4th Quarter ended		Cumulative 12 months ended	
		30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Interest income	17	3,804	51,939	41,822	247,028
Interest expense	18	(299)	(30,864)	(12,725)	(170,519)
Net interest income		3,505	21,075	29,097	76,509
Net income from Islamic					
Banking Scheme operations	25	0	1,967	2,279	5,627
Non-interest income	19	39,847	64,252	183,621	127,604
Net income		43,352	87,294	214,997	209,740
Overhead expenses	20	(31,937)	(31,394)	(109,423)	(101,895)
Operating profit		11,415	55,900	105,574	107,845
Write back/(Allowance) of losses					
on loans and advances	21	1,740	17,693	19,588	3,162
Profit before taxation		13,156	73,593	125,162	111,007
Taxation and zakat		(7,700)	18,806	(33,372)	8,048
Net profit for the period		5,456	92,399	91,790	119,055
Basic earnings per share (sen)		11	184	183	238

MAYBANK INVESTMENT BANK BERHAD

CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2010

Group	<-----Non-distributable----->						Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves * RM'000	Capital Reserves RM'000	Unrealised Holding Reserves RM'000	Equity Contribution from Parent # RM'000	Exchange Fluctuation Reserve RM'000	Retained Profits RM'000	
At 1 July 2009	50,116	172,669	50,116	-	(3,519)	2,544	177	482,317	754,420
Foreign currency translation	-	-	-	-	0	-	(3,965)	-	(3,965)
Net increase in fair value of securities	-	-	-	-	22,281	-	-	-	22,281
Transfer from ESOS reserve	-	-	-	-	-	(2,544)	-	2,544	-
Dividends	-	-	-	-	-	-	-	(458,561)	(458,561)
Net profit for the period	-	-	-	-	-	-	-	90,048	90,048
At 30 June 2010	50,116	172,669	50,116	-	18,762	-	(3,788)	116,348	404,223
At 1 July 2008	50,116	172,669	50,116	-	(50,228)	2,535	(3,259)	594,370	816,319
Foreign currency translation	-	-	-	-	-	-	3,436	-	3,436
Net increase in fair value of securities	-	-	-	-	46,709	-	-	-	46,709
Share options granted under ESOS	-	-	-	-	-	9	-	-	9
Net profit for the period	-	-	-	-	-	-	-	113,469	113,469
Dividends	-	-	-	-	-	-	-	(225,522)	(225,522)
At 30 June 2009	50,116	172,669	50,116	-	(3,519)	2,544	177	482,317	754,420

MAYBANK INVESTMENT BANK BERHAD

CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2010

Bank	<-----Non-distributable----->					Distributable		Total
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves * RM'000	Capital Reserves RM'000	Unrealised Holding Reserves RM'000	Contribution from Parent # RM'000	Retained Profits RM'000	
At 1 July 2009	50,116	172,669	50,116	-	(17,341)	2,511	474,013	732,084
Net increase in fair value of securities	-	-	-	-	23,118	-	-	23,118
Transfer from ESOS Reserve	-	-	-	-	-	(2,511)	2,511	-
Dividends	-	-	-	-	-	-	(458,561)	(458,561)
Net profit for the period	-	-	-	-	-	-	91,790	91,790
At 30 June 2010	50,116	172,669	50,116	-	5,777	-	109,753	388,431
At 1 July 2008	50,116	172,669	50,116	-	(60,727)	2,502	580,480	795,156
Net increase in fair value of securities	-	-	-	-	43,386	-	-	43,386
Share options granted under ESOS	-	-	-	-	-	9	-	9
Net profit for the period	-	-	-	-	-	-	119,055	119,055
Dividends	-	-	-	-	-	-	(225,522)	(225,522)
At 30 June 2009	50,116	172,669	50,116	-	(17,341)	2,511	474,013	732,084

* The statutory reserves are maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and are not distributable as cash dividends.

This represents the cumulative fair value of equity-settled share-based compensation plan for the employees of the Group and of the Bank, the Maybank Group Employee Share Options Scheme ("ESOS").

MAYBANK INVESTMENT BANK BERHAD

**CONDENSED FINANCIAL STATEMENTS
AUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2010**

	Group		Bank	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Profit before taxation	124,558	107,352	125,162	111,007
Adjustment for non-operating and non-cash items	(24,700)	16,078	(27,696)	7,310
Operating profit before working capital changes	99,858	123,430	97,466	118,317
Changes in working capital :				
Net changes in operating assets	4,050,427	1,081,444	4,039,095	1,054,500
Net changes in operating liabilities	(4,156,098)	(3,041,807)	(4,149,101)	(2,984,175)
Tax expense	(17,687)	(36,667)	(15,417)	(36,667)
Net cash generated from/(used in) operations	(23,500)	(1,873,600)	(27,957)	(1,848,025)
Net cash generated from investing activities	(3,665)	(1,810)	(1,908)	(5,253)
Net cash generated from financing activities	(458,561)	(225,522)	(458,561)	(225,522)
Net change in cash and cash equivalents	(485,726)	(2,100,932)	(488,426)	(2,078,800)
Cash and cash equivalents at beginning of the period	626,904	2,727,836	603,770	2,682,570
Cash and cash equivalents at end of the period	141,178	626,904	115,344	603,770
Cash and cash equivalents comprise:				
Cash and short-term funds	432,824	735,400	406,990	712,266
Less: Monies held in trust	(291,646)	(108,496)	(291,646)	(108,496)
	141,178	626,904	115,344	603,770

Explanatory Notes Pursuant to Financial Reporting Standard 134 (“FRS 134”) and Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) Issued by Bank Negara Malaysia

1. Basis of Preparation

The condensed interim financial statements for the Group and of the Bank have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: securities held-for-trading and available-for-sale, derivative financial instruments and investment properties.

The condensed interim financial statements were not audited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2009. These explanatory notes attached to the audited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 30 June 2009.

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited annual financial statements for the year ended 30 June 2009 except for adoption of the following Financial Reporting Standard (“FRS”) effective from the financial period beginning 1 July 2009:

- (i) FRS 8 Operating Segments
- (ii) Amendments to FRS 8 Operating Segments

The following new Financial Reporting Standards (“FRSs”), amendments to FRS and IC Interpretations have been issued but are not yet effective and have not been adopted by the Group and the Bank:

<u>FRS, Amendments to FRS and Interpretations</u>	<u>Effective date</u>
(i) FRS 4 Insurance Contracts	July 2010
(ii) FRS 7 Financial Instruments-Disclosures	January 2010
(iii) FRS 101 Presentation of Financial Statements	January 2010
(iv) FRS 123 Borrowing Costs	January 2010
(v) FRS 139 Financial Instruments – Recognition and Measurement	January 2010
(vi) Amendments to FRS 127 Consolidated and Separate Financial Statements	January 2010
(vii) Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations	July 2010
(viii) Amendments to FRS 132 Financial Instruments Presentation	January 2010
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures	January 2010
(ix) Amendments to FRSs 'Improvements to FRSs (2009)	January 2010
(x) IC Interpretation 9: Reassessment of Embedded Derivatives	January 2010
(xi) IC Interpretation 10: Interim Financial Reporting and Impairment	January 2010
(xii) IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	January 2010
(xiv) IC Interpretation 13: Customer Loyalty Programmes	January 2010

1. Basis of Preparation (contd.)

(xv)	IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 2010
(xvi)	TR i-3 Presentation of Financial Statements of Islamic Financial Institutions	January 2010
(xvii)	SOP i-1 Financial Reporting from an Islamic Perspective	January 2010

FRS 8 does not have significant impact on the financial statements of the Group and the Bank.

The above FRSs, amendments to FRSs, IC Interpretations and Technical Release will take effect from financial period beginning on or after 1 January 2010.

The allowance for doubtful debts and financing of the Group and the Bank are computed based on the requirements of BNM/GP3, which is consistent with the adoption made in the previous audited annual financial statements. Specific allowances are made for doubtful debts which have been individually reviewed and specifically identified as bad and doubtful. Additional allowances are made for long outstanding non-performing loans aged more than five years. In addition, a general allowance based on a certain percentage of total risk-weighted assets for credit risk, which takes into account all balance sheet items and their perceived credit risk levels, is maintained.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 30 June 2009 was not qualified.

3. Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the fourth quarter ended 30 June 2010.

4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the quarter ended 30 June 2010.

5. Subsequent Events

On 1 October, 2009 the Bank completed and agreed on the final consideration on acquisition of Bina Fikir Sdn. Bhd. amounting to RM6,434,361 which was determined based on the Share Sale Agreement dated 27 August 2008. The final consideration paid to Bina Fikir Sdn Bhd's vendors was 5,991,861 and completed as of 31 March 2010.

6. Changes in Estimates

There were no material changes in estimates during the quarter ended 30 June 2010.

7. Changes in Debt and Equity Securities

There were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Bank.

8. Dividend Paid

The Bank proposed a first interim dividend of RM12.20 per share less 25% taxation on 50,116,000 ordinary shares, amounting to RM458,561,400 for the financial year ending 30 June 2010. The proposed first interim dividend of RM458,561,400 was approved for payment by Bank Negara Malaysia (BNM) on the 31 December 2009 and the payment for the dividend was made on 29 January 2010.

8.1 Performance Review

The Bank recorded a pre-tax profit of RM 134.59 million for the twelve months ended 30 June 2010 as compared to RM111.07 million in the previous corresponding period. The higher pre-tax profits is attributable to the higher non-interest income and the writeback of general allowance no longer required.

8.2 Strategic Direction & Prospects

With the restructuring of Maybank Investment Bank into a "pure play" investment bank, it will be more focused in delivering optimal solutions to its clients by delivering holistic, bespoke and innovative solutions.

With the creation of a new Strategic Advisory Division arising out of the acquisition of Bina Fikir Sdn Bhd, Maybank IB will now be able to enhance its advisory capabilities into areas such as Private-Public Partnership (PPP) initiatives. By being involved from the beginning of such initiatives, Maybank IB will then be in the position to benefit from any fund-raising arrangements or funding requirements as well as M & A and Corporate Finance advisory. The funneling of these upstream mandates into the more traditional IB mandates has already yielded some revenue pick-up for us during the last quarter, and we look forward to more robust deals in our pipeline.

9 CASH AND SHORT-TERM FUNDS

	Group		Bank	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Cash and bank balances with licensed commercial banks and other licensed financial institutions	315,330	34,336	312,650	24,383
Deposit placements maturing within one month	117,494	701,064	94,340	687,883
	432,824	735,400	406,990	712,266

Included in cash and short-term funds of the Group and of the Bank are monies held in trust of RM291,646,000 (30 June 2009: RM108,496,000).

10 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Licensed banks	12,052	14,741	8,733	9,334
	12,052	14,741	8,733	9,334

11 SECURITIES PORTFOLIO

		Group		Bank	
		30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Securities held-for-trading	11.(i)	-	396,440	-	396,440
Securities available-for-sale	11.(ii)	111,274	2,710,934	65,945	2,662,599
Securities held-to-maturity	11.(iii)	33	733,716	33	733,716
Total securities portfolio		111,307	3,841,090	65,978	3,792,755

11. (i) Securities Held-for-Trading

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
At Fair Value		
Unquoted Securities:		
Private and Islamic Debt Securities	-	396,440
Total securities held-for-trading	-	396,440

11. (ii) Securities Available-for-Sale

	Group		Bank	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
<u>At Fair Value</u>				
Money Market Instruments:				
Malaysian Government Securities	-	420,261	-	420,261
Cagamas Bonds	-	106,876	-	106,876
Malaysian Government Investment Certificates	-	222,973	-	222,973
Bankers' Acceptance	-	36,040	-	36,040
Khazanah Bonds	-	84,244	-	84,244
	-	870,394	-	870,394
Quoted Securities:				
Shares, Warrants, Unit Trusts and Loan Stocks in Malaysia	12,614	31,641	12,614	31,611
Shares, Warrants, Unit Trusts and Loan Stocks outside Malaysia	43,129	46,105	-	-
	55,743	77,746	12,614	31,611
Unquoted Securities:				
Shares, Unit Trusts and Loan Stocks in Malaysia	44,338	44,810	42,138	42,610
Shares, Unit Trusts and Loan Stocks outside Malaysia	6,197	15,694	6,197	15,694
Private and Islamic Debt Securities in Malaysia	4,996	1,702,290	4,996	1,702,290
	55,531	1,762,794	53,331	1,760,594
Total securities available-for-sale	111,274	2,710,934	65,945	2,662,599

11. (iii) Securities Held-to-Maturity

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
<u>At Amortised Cost</u>		
Money Market Instruments:		
Malaysian Government Securities	-	230,435
Cagamas Bonds	33	11,720
Malaysian Government Investment Certificates	-	101,970
	33	344,125
Unquoted Securities:		
Private and Islamic Debt Securities in Malaysia	-	389,591
Total securities held-to-maturity	33	733,716
Indicative value of unquoted securities held-to-maturity		
In Malaysia:		
Private and Islamic Debt Securities in Malaysia	-	392,841

12 LOANS AND ADVANCES

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
Term loans		
- Syndicated term loan	6,209	6,209
- Other term loan	31,013	121,054
Amount due from brokers and clients		
- Margin accounts	101,299	197,310
Staff loans	14,499	17,443
Foreign Currency Loans	1,553	-
Gross loans and advances	154,573	342,016
Less: Allowance for bad and doubtful debts		
- General	(18,685)	(39,514)
- Specific	(7,846)	(50,967)
Interest/income-in-suspense	-	-
Net loans and advances	128,042	251,535

(i) Loans and advances analysed by type of customer are as follows:

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
Domestic business enterprises	59,046	214,843
Individuals	93,974	18,380
Other domestic entities	-	108,789
Foreign entities	1,553	4
Gross loans and advances	154,573	342,016

(ii) Loans and advances analysed by interest/profit rate sensitivity are as follows:

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
Fixed rate		
- Housing loans	11,873	13,949
- Hire purchase receivables	2,587	3,444
- Other fixed rate loans	39	50
Variable rate		
- BLR-plus	38,776	127,263
- Cost-plus	101,298	197,310
Gross loans and advances	154,573	342,016

12 LOANS AND ADVANCES (Contd.)

(iii) Loans and advances analysed by economic purpose are as follows:

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
Purchase of securities	131,298	221,427
Purchase of transport vehicles	2,743	3,600
Purchase of residential landed property	12,730	50,729
Personal use	32	35
Consumer durables	8	16
Others	7,762	66,209
Gross loans and advances	<u>154,573</u>	<u>342,016</u>

(iv) The maturity structure of loans and advances are as follows:

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
Maturing within one year	139,131	323,712
One year to three years	1,367	830
Three years to five years	1,115	2,832
After five years	12,960	14,642
Gross loans and advances	<u>154,573</u>	<u>342,016</u>

(v) Movement in the non-performing loans and advances are as follows:

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
Gross balance at beginning of period	57,201	54,613
Non-performing during the period	14,333	8,201
Recovered/regularised during the period	(16,766)	(5,601)
Amount written off	(45,035)	(12)
Exchange differences	51	-
Gross balance at end of period	<u>9,784</u>	<u>57,201</u>
Less:		
Specific allowance	<u>(7,846)</u>	<u>(50,967)</u>
Net balance	<u>1,938</u>	<u>6,234</u>
Net non-performing loans as % of gross loans and advances less specific allowance	<u>1.32%</u>	<u>2.14%</u>

12 LOANS AND ADVANCES (Contd.)

(vi) Non-performing loans and advances analysed by economic purpose are as follows:

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
Purchase of securities	1,316	50,014
Purchase of residential landed property	550	580
Others	7,918	6,607
	<u>9,784</u>	<u>57,201</u>

(vii) Movements in the allowance for bad and doubtful debts are as follows:

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
Specific allowance:		
Balance at beginning of period	50,967	49,274
Allowance made during the period	3,100	4,331
Amount written back in respect of recoveries	(3,774)	(2,629)
Amount written off	(42,447)	(9)
Balance at end of period	<u>7,846</u>	<u>50,967</u>
General allowance:		
Balance at beginning of period	39,514	41,114
Allowance made during the period	1,018	15,276
Amount written back	(21,791)	(16,876)
Exchange Differences	(56)	-
Balance at end of period	<u>18,685</u>	<u>39,514</u>
As a % of gross loans and advances less specific allowance	<u>12.73%</u>	<u>13.58%</u>
As a % of total risk-weighted assets, excluding deferred tax assets		
- Group	1.77%	1.59%
- Bank	<u>1.98%</u>	<u>1.63%</u>
As a % of total risk-weighted assets for credit risk excluding deferred tax assets		
- Group	3.74%	4.50%
- Bank	<u>4.25%</u>	<u>4.85%</u>

13 OTHER ASSETS

	Group		Bank	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Tax recoverable	18,444	72,636	18,444	72,636
Interest/Income receivables	3,704	33,525	50	33,343
Amount due from brokers and clients				
- Non-margin accounts (a)	146,372	198,520	146,372	198,520
Other debtors, deposits and prepayment	15,635	21,475	18,675	17,449
	<u>184,155</u>	<u>326,156</u>	<u>183,541</u>	<u>321,948</u>
Less: Allowance for doubtful debts	(7,425)	(8,393)	(6,394)	(7,229)
	<u>176,730</u>	<u>317,763</u>	<u>177,147</u>	<u>314,719</u>

- (a) Amount due from brokers and clients relates to outstanding purchase contracts entered into on behalf of clients, contra gains and losses, clients' trust monies, other fees and charges.

The normal trade credit terms for non-margin brokers and clients is 3 market days in accordance with the Bursa Malaysia's Fixed Delivery and Settlement System ("FDSS") trading rules.

14 DEPOSITS FROM CUSTOMERS

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
(i) By type of deposits		
Fixed and investment deposits	-	3,862,851
(ii) By maturity structure of deposits		
Due within six months	-	3,839,226
More than six months to one year	-	23,625
	-	<u>3,862,851</u>
(iii) By type of customer		
Business enterprises	-	2,208,425
Others	-	1,654,426
	-	<u>3,862,851</u>

15 DEPOSITS AND PLACEMENT OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
Licensed banks	-	232,470

16 OTHER LIABILITIES

	Group		Bank	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Interest/profit payable	-	13,814	-	13,814
Provisions and accruals (a)	23,625	41,566	50,083	47,707
Amount due to brokers and clients (b)	194,286	267,087	193,079	267,086
Deposits and other creditors	273,567	38,215	418,073	200,508
Profit equalisation reserve (IBS operations)	-	683	-	683
Zakat payable	-	85	-	-
Provisions for taxation	163	-	-	-
Provisions for taxation (IBS operations)	739	2,955	739	2,933
Proposed Interim Dividend	-	-	-	-
	492,380	364,405	661,974	532,731

- (a) Included in provision and accruals is a provision for liabilities amounting to RM8.3 million relating to a legal case.
- (b) Amount due to brokers and clients represent net amount payable to margin and non-margin clients, which include outstanding sales contracts entered into on behalf of clients, contra gain and losses, clients' trust monies and other fees and charges.

The trade credit term for trade contract payable for non-margin clients and brokers is 3 market days according to the Bursa Malaysia's Fixed Delivery and Settlement System ("FDSS") trading rules

17 INTEREST INCOME

	4th Quarter ended		Cumulative 12 months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Group				
Loans and advances				
- Interest income other than recoveries				
from non-performing loans	3,206	3,077	13,013	10,449
- Recoveries from non-performing loans	(254)	14	201	498
Money at call and deposit placements				
with banks and				
other financial institutions	628	2,438	4,930	21,454
Securities held-for-trading	(0)	4,271	1,130	24,671
Securities available-for-sale	357	30,084	17,566	136,047
Securities held-to-maturity	1	7,286	4,398	19,322
Others	-	536	7	536
	3,937	47,706	41,245	212,977
Add/(less):				
Amortisation of premiums				
and accretion of discounts	65	4,337	1,025	34,570
Total interest income	4,002	52,043	42,270	247,547

	4th Quarter ended		Cumulative 12 months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Bank				
Loans and advances				
- Interest income other than recoveries				
from non-performing loans	3,206	3,092	13,013	10,449
- Recoveries from non-performing loans	(254)	14	201	498
Money at call and deposit placements				
with banks and				
other financial institutions	495	2,334	4,482	20,935
Securities held-for-trading	(0)	4,271	1,130	24,671
Securities available-for-sale	357	30,084	17,566	136,047
Securities held-to-maturity	1	7,286	4,398	19,322
Others	-	521	7	536
	3,804	47,602	40,797	212,458
Add/(less):				
Amortisation of premiums				
and accretion of discounts	-	4,337	1,025	34,570
Total interest income	3,804	51,939	41,822	247,028

18 INTEREST EXPENSE

	Group and Bank		Group and Bank	
	4th Quarter ended		Cumulative 12 months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Deposits and placements of banks and other financial institutions	305	18,781	10,958	85,797
Deposits from customers	(6)	12,083	1,767	84,722
	<u>299</u>	<u>30,864</u>	<u>12,725</u>	<u>170,519</u>

19 NON-INTEREST INCOME

	4th Quarter ended		Cumulative 12 months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
	Group			
Fee income:				
Corporate advisory fees	9,167	27,708	75,491	52,556
Underwriting commission	1,453	(1,276)	11,375	(183)
Brokerage income	21,183	23,226	89,003	53,974
Other fee income	(348)	12	2,232	43
	<u>31,454</u>	<u>49,670</u>	<u>178,101</u>	<u>106,390</u>
Investment income:				
(Loss)/gain from sale of securities held-for-trading, net	(28)	(5,674)	2,061	(7,344)
(Loss)/Gain from sale of securities available-for- sale, net	17,468	6,090	11,224	15,315
Early redemption gain/(loss) from securities held-to-maturity, net	-	142	429	138
Gross dividends from:				
Securities available-for-sale				
- Quoted in Malaysia	-	237	269	1,854
- Quoted outside Malaysia	(330)	600	-	1,564
- Unquoted in Malaysia	(3,522)	36	591	295
- Subsidiary	-	-	-	-
Unrealised gain on revaluation of securities held-for-trading and derivatives	-	12,890	-	12,890
Provision for impairment losses in securities, net	(470)	(5,000)	(470)	(5,000)
Provision for impairment losses in other assets (i)	(7,871)	-	(7,871)	-
	<u>5,247</u>	<u>9,321</u>	<u>6,233</u>	<u>19,712</u>

19 NON-INTEREST INCOME (Contd.)

	4th Quarter ended		Cumulative 12 months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Group (Contd.)				
Unrealised loss on revaluation of securities held-for-trading and derivatives	-	2,495	-	-
	-	2,495	-	-
Other income:				
Foreign exchange loss - unrealised	225	280	(660)	1,400
Rental income	-	-	-	2
Net gain / (loss) on disposal of property, plant and equipment	5	-	5	51
Net gain on waiver of debt by an associate	-	8,454	-	8,454
Loss on disposal of foreclosed properties	-	(1)	-	(1)
Goodwill written off	3,543	(2,518)	(2,355)	(2,518)
Others	853	158	2,052	522
	4,626	6,373	(958)	7,910
Total non-interest income	41,327	67,859	183,376	134,012
Bank				
Fee income:				
Corporate advisory fees	16,213	21,849	70,736	44,348
Underwriting commission	1,453	(1,276)	11,375	(183)
Brokerage income	21,183	23,226	89,003	53,974
Other fee income	2,165	12	2,232	43
	41,014	43,811	173,346	98,182
Investment income:				
(Loss)/gain from sale of securities held-for-trading, net	(28)	(5,674)	2,061	(7,344)
(Loss)/gain from sale of securities available-for-sale, net	6,504	6,090	11,224	15,315
Early redemption gain/(loss) from securities held-to-maturity, net	0	142	429	138
Gross dividends from:				
Securities available-for-sale				
- Quoted in Malaysia	-	237	269	1,854
- Unquoted in Malaysia	261	36	591	295
- Subsidiaries	(0)	1,124	4,113	1,124
Unrealised gain on revaluation of securities held-for-trading and derivatives	-	12,890	-	12,890
Provision for impairment losses in securities, net	(470)	(5,000)	(470)	(5,000)
Provision for impairment losses in other assets (i)	(7,871)	-	(7,871)	-
	(1,604)	9,845	10,346	19,272

19 NON-INTEREST INCOME (Contd.)

	4th Quarter ended		Cumulative 12 months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Bank (Contd.)				
Unrealised loss on revaluation of securities held-for-trading and derivatives	-	-	-	-
(Provision for)/write back of impairment losses in securities, net	-	-	-	-
	-	-	-	-
Other income:				
Foreign exchange loss - unrealised	197	(445)	(660)	1,187
Rental income	-	-	-	2
Net gain / (loss) on disposal of property, plant and equipment	5	1	5	51
Loss on disposal of foreclosed properties	-	(1)	-	(1)
Net gain on waiver of debt by an associate	-	8,453	-	8,454
Others	235	92	584	457
	437	8,100	(71)	10,150
Total non-interest income	39,847	61,756	183,621	127,604

Note (i): Provision for impairment losses in other assets relates to an overseas investment in an unincorporated entity

20 OVERHEAD EXPENSES

	4th Quarter ended		Cumulative 12 months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Group				
Personnel expenses				
- Salaries, allowances and bonuses	7,797	15,988	44,743	50,256
- Pension costs - defined contribution plan	1,334	-	5,230	4,731
- Other staff related expenses	3,322	1,192	5,539	4,149
- Dealers' incentives	2,921	2,042	11,365	5,718
	15,374	19,222	66,877	64,854
Establishment costs				
- Depreciation of property, plant and equipment	765	692	2,714	2,759
- Amortisation of computer software	650	110	661	441
- Rental	1,473	1,710	6,948	6,678
- Repairs and maintenance of property, plant and equipment	891	749	3,506	3,226
- Information technology expenses	560	271	1,461	1,260
- Others	(817)	5,448	3,502	12,718
	3,522	8,980	18,792	27,082

20 OVERHEAD EXPENSES (Contd.)

	4th Quarter ended		Cumulative 12 months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
<u>Group (Contd.)</u>				
Marketing costs				
- Advertisement and publicity	2,820	1,200	4,776	2,758
- Others	1,205	461	2,084	1,641
	<u>4,024</u>	<u>1,661</u>	<u>6,860</u>	<u>4,399</u>
Administration and general expenses				
- Fee and brokerage	1,702	3,038	7,850	5,776
- Administrative expenses	584	(1,068)	2,265	1,065
- General expenses	8,466	(16)	8,810	185
	<u>10,752</u>	<u>1,954</u>	<u>18,925</u>	<u>7,026</u>
Total	<u>33,672</u>	<u>31,817</u>	<u>111,454</u>	<u>103,361</u>
<u>Bank</u>				
Personnel expenses				
- Salaries, allowances and bonuses	7,482	16,071	44,557	50,256
- Pension costs - defined contribution plan	1,334	-	5,230	4,731
- Other staff related expenses	3,302	1,201	5,428	4,148
- Dealers' incentives	2,921	2,042	11,365	5,718
	<u>15,039</u>	<u>19,314</u>	<u>66,580</u>	<u>64,853</u>
Establishment costs				
- Depreciation of property, plant and equipment	718	672	2,607	2,667
- Amortisation of computer software	650	110	661	441
- Rental	1,454	1,742	6,830	6,678
- Repairs and maintenance of property, plant and equipment	891	747	3,506	3,224
- Information technology expenses	560	271	1,461	1,260
- Others	(691)	5,165	4,193	11,696
	<u>3,581</u>	<u>8,707</u>	<u>19,258</u>	<u>25,966</u>
Marketing costs				
- Advertisement and publicity	2,820	1,200	4,776	2,758
- Others	495	460	2,067	1,638
	<u>3,314</u>	<u>1,660</u>	<u>6,843</u>	<u>4,396</u>
Administration and general expenses				
- Fee and brokerage	1,005	876	5,874	3,561
- Administrative expenses	581	799	2,249	2,884
- General expenses	8,417	38	8,619	235
	<u>10,002</u>	<u>1,713</u>	<u>16,742</u>	<u>6,680</u>
Total	<u>31,937</u>	<u>31,394</u>	<u>109,423</u>	<u>101,895</u>

21 (WRITE BACK) / ALLOWANCE OF LOSSES ON LOANS AND ADVANCES

	Group and Bank		Group and Bank	
	4th Quarter ended		Cumulative 12 months ended	
	30 June	30 June	30 June	30 June
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Allowance for/(write back) of bad and doubtful debts:				
(a) Specific allowance				
- Made during the period	2,111	165	3,100	4,331
- Written back during the period	(827)	(1,678)	(3,774)	(2,629)
(b) General allowance				
- Made during the period	169	403	1,018	15,276
- Written back during the period	(3,432)	(16,238)	(21,791)	(16,876)
Bad debts (written-off)/recovered	(129)	(402)	924	(3,344)
Allowance for other debtors	2,511	-	6,243	1,101
Write back of allowance for other debtors	(2,144)	57	(5,308)	(1,021)
	<u>(1,740)</u>	<u>(17,693)</u>	<u>(19,588)</u>	<u>(3,162)</u>

22 CAPITAL ADEQUACY

The capital adequacy ratios of the Group and of the Bank are as follows :

	Group		Bank	
	30 June	30 June	30 June	30 June
	2010	2009	2010	2009
	(Basel II)	(Basel I)	(Basel II)	(Basel I)
	%	%	%	%
Capital ratios				
Core capital ratio				
Credit risk	72.80%	79.67%	71.46%	79.87%
Credit, market and operational risks	35.60%	29.42%	34.31%	28.20%
Risk-weighted capital ratio				
Credit risk	76.43%	81.85%	71.46%	79.87%
Credit, market and operational risks	37.37%	30.22%	34.31%	28.20%
Tier 1 capital				
Paid-up share capital	50,116	50,116	50,116	50,116
Share premium	172,669	172,669	172,669	172,669
Statutory reserves	50,116	50,116	50,116	50,116
Other reserves				
Distributable retained profits	116,348	482,317	109,753	474,013
Less: Deferred tax assets (net)	(14,379)	(24,271)	(14,945)	(24,417)
Total Tier 1 capital	<u>374,870</u>	<u>730,947</u>	<u>367,709</u>	<u>722,497</u>
Tier 2 capital				
General allowance for bad and doubtful debts	18,685	39,514	18,685	39,514
Total capital fund	<u>393,555</u>	<u>770,461</u>	<u>386,394</u>	<u>762,011</u>
Less: Investment in subsidiaries (#)	-	-	(61,804)	(59,449)
Investment in subordinated instruments	-	(19,460)	-	(19,460)
Capital base	<u>393,555</u>	<u>751,001</u>	<u>324,590</u>	<u>683,102</u>

Excludes the cost of investment in a subsidiary, Maysec (KL) Sdn. Bhd. of RM171,475,000 as its business, assets and liabilities have been transferred to the Bank on 30 December 2006.

22 CAPITAL ADEQUACY (Contd.)

The breakdown of risk-weighted assets (excluding net deferred tax assets) of the Group in the various categories of risk-weights are as follows:

	Group			
	30 June 2010		30 June 2009	
	Principal Amount RM'000	Risk- Weighted Assets RM'000	Principal Amount RM'000	Risk- Weighted Assets RM'000
0%	48,743	-	982,567	-
10%	-	-	11,751	1,175
20%	444,721	88,944	432,509	86,502
50%	2,893	1,446	14,736	7,368
75%	30,210	22,658	-	-
100%	311,157	311,157	818,705	818,705
150%	60,479	90,718		
Risk-weighted assets for counterparty risk		141		12
large exposure risk		-		3,751
Risk-weighted assets for credit risk		515,064		917,513
Risk-weighted assets for market risk		112,576		1,567,205
Total risk-weighted assets		<u>627,640</u>		<u>2,484,718</u>

The breakdown of risk-weighted assets (excluding net deferred tax assets) of the Bank in the various categories of risk-weights are as follows:

	Bank			
	30 June 2010		30 June 2009	
	Principal Amount RM'000	Risk- Weighted Assets RM'000	Principal Amount RM'000	Risk- Weighted Assets RM'000
0%	48,743	-	982,567	-
10%	-	-	11,751	1,175
20%	415,569	83,114	403,970	80,794
50%	2,893	1,446	14,736	7,368
75%	30,210	22,658	-	-
100%	268,212	268,212	762,163	762,163
150%	52,535	78,802		
Risk-weighted assets for counterparty risk		141		12
large exposure risk		-		3,751
Risk-weighted assets for credit risk		454,373		855,263
Risk-weighted assets for market risk		66,142		1,567,205
Total risk-weighted assets		<u>520,515</u>		<u>2,422,468</u>

23 COMMITMENT AND CONTINGENCIES

Group and Bank	30 June 2010			30 June 2009		
	Principal RM'000	Credit equivalent* RM'000	Risk weighted amount RM'000	Principal RM'000	Credit equivalent* RM'000	Risk weighted amount RM'000
Direct credit substitutes	-	-	-	-	-	-
Certain transaction-related contingent items	-	-	-	-	-	-
Obligations under underwriting agreements (#)	59,160	29,580	53,408	30,000	15,000	13,313
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	350,996	-	-	315,967	-	-
Interest rate related contracts:						
Swap						
- Less than one year	-	-	-	-	-	-
- One year to less than five years	-	-	-	-	-	-
	<u>410,156</u>	<u>29,580</u>	<u>53,408</u>	<u>345,967</u>	<u>15,000</u>	<u>13,313</u>

* The credit equivalent amount is arrived at using the credit evaluation conversion factor as per Bank Negara Malaysia's guideline.

Interest rate related contracts are subject to market risk.

The RWA amount of RM59.1million is made up of RM45.7 million in options risk and RM12.8 million in interest rate risk.

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in this type of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

Credit Risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Group and the Bank have a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates and prices. As at 30 June 2010, there were no contracts subject to credit risk.

23. COMMITMENT AND CONTINGENCIES (CONTD.)**Contingent liabilities**

	Group and Bank	
	30 June 2010	30 June 2009
	RM'000	RM'000
Unsecured		
(i) Guarantee given to the holding company for banking facilities extended to Bursa Malaysia Securities Clearing Berhad	1,000	1,000
(ii) Claims under litigation*	10,091	10,091
	<u>11,091</u>	<u>11,091</u>

* The Group and the Bank are aggressively defending all of the claims under litigation, through their solicitors, the outcomes of which are subject matter for the Courts to eventually determine.

(iii) A corporate borrower had issued a writ of summons against the Bank in 2005 in its capacity as agent bank for the syndicated lenders claiming general, special and exemplary damages arising from alleged breach of duty owed by the Bank. Although it has not been quantified, the claim value is estimated at approximately RM450.0 million.

The credit facilities consisting of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million were subsequently granted by the Bank and three other financial institutions as the syndicated lenders. The loan was restructured to RM38.0 million with terms for repayment. In 2006, the Bank and the three other syndicated lenders filed a suit against the corporate borrower for the recovery of the said loan. The two suits were then ordered by the Court to be heard together.

Pursuant to an agreement dated 19 December 2006, the Bank had disposed off its exposure under this loan to its holding company.

The balance of the judgement claim (including for general damages) against the Bank as agent for the syndicated lenders was ordered to be assessed by the Senior Assistant Registrar, at a later date which has yet to be determined at the date of this report. The Bank has filed a notice of appeal and an application for stay of execution of the judgement sum. On 24 June 2009, the Court granted a stay order pending the affixture of appeal. The borrower had on 24 June 2009 filed an appeal against the decision on the stay to the Court of Appeal.

On 23 November 2009, the Court of Appeal dismissed the Appeal against the stay order. Case management was fixed on 3 June 2010 at the Court of Appeal for the Bank's appeal against the judgement obtained on 6 May 2009 at the High Court. On 3 June 2010, the Bank's solicitor informed the Court that the notes at the proceedings and the grounds of judgement have not been issued. In view of the same, the Court fixed the matter for further case management on 29 July 2010 pending issuance of the notes of proceeding and the ground's of judgements.

At the case management on 29 July 2010, the Court has fixed the Defendants said application for futher case management on 13 August 2010 to ensure that all cause papers with regard to the said application are in the Court file and to enable parties to submit their written submissions to the Court on that day as well. The Court has fixed the application for hearing on 20 August 2010."

The Bank's solicitor's are of the view that the Bank has a more than even chance of succeeding in its appeal against the said judgement.

24. INTEREST RATE RISK

The Group and Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on the financial position and cash flows. Interest rate risk exposure is identified, measured, monitored and controlled through limits and procedures set by the Asset and Liability Management Committee ("ALCO") to protect total net interest income from changes in market interest rates.

The table below summarises the Group's and Bank's exposure to interest rate risk. The table indicates effective interest rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier.

Group	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading		Effective
30 June 2010	Month	Months	Months	Years	Years	interest	Book	Total	Interest
	RM'000	RM'000	RM'000	RM'000	RM'000	Sensitive	RM'000	RM'000	Rate
Assets						RM'000	RM'000		%
Cash and short-term funds	117,494	-	-	-	-	315,330	-	432,824	2.42
Deposits and placements with banks and other financial institutions	-	20	3,299	-	-	8,733	-	12,052	2.50
Securities held-for-trading	-	-	-	-	-	-	-	-	-
Securities available-for-sale	4,996	-	-	-	-	106,278	-	111,274	5.20
Securities held-to-maturity	-	-	-	-	33	-	-	33	-
Loans and advances									
- performing	100,291	-	31,696	4,254	7,774	774	-	144,789	6.43
- non-performing *	-	-	-	-	-	(16,747)	-	(16,747)	
Other assets	-	-	-	-	-	176,730	-	176,730	
Other non-interest sensitive balances	-	-	-	-	-	36,214	-	36,214	
Total assets	222,781	20	34,995	4,254	7,807	627,312	-	897,169	

* This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.

24. INTEREST RATE RISK (Contd.)

Group (Contd.) 30 June 2010	Up to 1 Month RM'000	> 1 - 3 Months RM'000	> 3 - 12 Months RM'000	1 - 5 Years RM'000	Over 5 Years RM'000	Non- interest Sensitive RM'000	Trading Book RM'000	Total RM'000	Effective Interest Rate %
Liabilities and equity									
Deposits from customers	-	-	-	-	-	-	-	-	
Deposits and placements of banks and other financial institutions	-	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	492,946	-	492,946	
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	
Total liabilities	-	-	-	-	-	492,946	-	492,946	
Share capital	-	-	-	-	-	50,116	-	50,116	
Reserves	-	-	-	-	-	354,107	-	354,107	
Total equity	-	-	-	-	-	404,223	-	404,223	
Total liabilities and equity	-	-	-	-	-	897,169	-	897,169	

24. INTEREST RATE RISK (Contd.)

Group (Contd.) 30 June 2010	Up to 1 Month RM'000	> 1 - 3 Months RM'000	> 3 - 12 Months RM'000	1 - 5 Years RM'000	Over 5 Years RM'000	Non- interest Sensitive RM'000	Trading Book RM'000	Total RM'000	Effective Interest Rate %
On-balance sheet interest sensitivity gap	222,781	20	34,995	4,254	7,807	(269,857)	-	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	-	-	-	-	-	-	-	-	
Total interest sensitivity gap	222,781	20	34,995	4,254	7,807	(269,857)	-	-	
Cumulative interest rate sensitivity gap	222,781	222,801	257,796	262,050	269,857	-	-		

24. INTEREST RATE RISK (Contd.)

Group 30 June 2009	Up to 1 Month RM'000	> 1 - 3 Months RM'000	> 3 - 12 Months RM'000	1 - 5 Years RM'000	Over 5 Years RM'000	Non- interest Sensitive RM'000	Trading Book RM'000	Total RM'000	Effective Interest Rate %
Assets									
Cash and short-term funds	600,525	-	-	-	-	134,875	-	735,400	1.98
Deposits and placements with banks and other financial institutions	-	4,147	1,260	-	-	9,334	-	14,741	1.92
Securities held-for-trading	-	-	-	-	-	19,930	376,510	396,440	4.74
Securities available-for-sale	14,954	25,148	126,184	1,443,211	800,438	300,999	-	2,710,934	4.74
Securities held-to-maturity	-	-	10,003	494,538	217,860	11,315	-	733,716	4.36
Loans and advances									
- performing	148,025	1	119,593	494	13,703	2,999	-	284,815	6.06
- non-performing *	-	-	-	-	-	(33,280)	-	(33,280)	
Other assets	-	-	-	-	-	317,763	-	317,763	
Other non-interest sensitive balances	-	-	-	-	-	53,763	-	53,763	
Total assets	763,504	29,296	257,040	1,938,243	1,032,001	817,698	376,510	5,214,292	

* This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.

24. INTEREST RATE RISK (Contd.)

Group (Contd.) 30 June 2009	Up to 1 Month RM'000	> 1 - 3 Months RM'000	> 3 - 12 Months RM'000	1 - 5 Years RM'000	Over 5 Years RM'000	Non- interest Sensitive RM'000	Trading Book RM'000	Total RM'000	Effective Interest Rate %
Liabilities and equity									
Deposits from customers	3,294,890	190,718	377,243	-	-	-	-	3,862,851	2.32
Deposits and placements of banks and other financial institutions	232,470	-	-	-	-	-	-	232,470	3.30
Other liabilities	-	-	-	-	-	364,405	-	364,405	
Other non-interest sensitive balances	-	-	-	-	-	146	-	146	
Total liabilities	3,527,360	190,718	377,243	-	-	364,551	-	4,459,872	
Share capital	-	-	-	-	-	50,116	-	50,116	
Reserves	-	-	-	-	-	704,304	-	704,304	
Total equity	-	-	-	-	-	754,420	-	754,420	
Total liabilities and equity	3,527,360	190,718	377,243	-	-	1,118,971	-	5,214,292	

24. INTEREST RATE RISK (Contd.)

Group (Contd.) 30 June 2009	Up to 1 Month RM'000	> 1 - 3 Months RM'000	> 3 - 12 Months RM'000	1 - 5 Years RM'000	Over 5 Years RM'000	Non- interest Sensitive RM'000	Trading Book RM'000	Total RM'000	Effective Interest Rate %
On-balance sheet interest sensitivity gap	(2,763,856)	(161,422)	(120,203)	1,938,243	1,032,001	(301,273)	376,510	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	-	-	-	-	-	-	-	-	
Total interest sensitivity gap	(2,763,856)	(161,422)	(120,203)	1,938,243	1,032,001	(301,273)	376,510	-	
Cumulative interest rate sensitivity gap	(2,763,856)	(2,925,278)	(3,045,481)	(1,107,238)	(75,237)	(376,510)	-		

24. INTEREST RATE RISK (Contd.)

Bank 30 June 2010	Up to 1 Month RM'000	> 1 - 3 Months RM'000	> 3 - 12 Months RM'000	1 - 5 Years RM'000	Over 5 Years RM'000	Non- interest Sensitive RM'000	Trading Book RM'000	Total RM'000	Effective Interest Rate %
Assets									
Cash and short-term funds	94,340	-	-	-	-	312,650	-	406,990	2.49
Deposits and placements with banks and other financial institutions	-	-	-	-	-	8,733	-	8,733	-
Securities held-for-trading	-	-	-	-	-	-	-	-	-
Securities available-for-sale	4,996	-	-	-	-	60,949	-	65,945	5.20
Securities held-to-maturity	-	-	-	-	33	-	-	33	-
Loans and advances									
- performing	100,291	-	31,696	4,254	7,774	774	-	144,789	6.43
- non-performing *	-	-	-	-	-	(16,747)	-	(16,747)	
Other assets	-	-	-	-	-	177,147	-	177,147	-
Other non-interest sensitive balances	-	-	-	-	-	263,515	-	263,515	
Total assets	199,627	-	31,696	4,254	7,807	807,021	-	1,050,405	

* This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.

24. INTEREST RATE RISK (Contd.)

Bank (Contd.) 30 June 2010	Up to 1 Month RM'000	> 1 - 3 Months RM'000	> 3 - 12 Months RM'000	1 - 5 Years RM'000	Over 5 Years RM'000	Non- interest Sensitive RM'000	Trading Book RM'000	Total RM'000	Effective Interest Rate %
Liabilities and equity									
Deposits from customers	-	-	-	-	-	-	-	-	-
Deposits and placements of banks and other financial institutions	-	-	-	-	-	-	-	-	-
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	661,974	-	661,974	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	661,974	-	661,974	-
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	338,315	-	338,315	-
Total equity	-	-	-	-	-	388,431	-	388,431	-
Total liabilities and equity	-	-	-	-	-	1,050,405	-	1,050,405	-

24. INTEREST RATE RISK (Contd.)

Bank (Contd.) 30 June 2010	Up to 1 Month RM'000	> 1 - 3 Months RM'000	> 3 - 12 Months RM'000	1 - 5 Years RM'000	Over 5 Years RM'000	Non- interest Sensitive RM'000	Trading Book RM'000	Total RM'000	Effective Interest Rate %
On-balance sheet interest sensitivity gap	199,627	-	31,696	4,254	7,807	(243,384)	-	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	-	-	-	-	-	-	-	-	
Total interest sensitivity gap	199,627	-	31,696	4,254	7,807	(243,384)	-	-	
Cumulative interest rate sensitivity gap	199,627	199,627	231,323	235,577	243,384	-	-		

24. INTEREST RATE RISK (Contd.)

Bank 30 June 2009	Up to 1 Month RM'000	> 1 - 3 Months RM'000	> 3 - 12 Months RM'000	1 - 5 Years RM'000	Over 5 Years RM'000	Non- interest Sensitive RM'000	Trading Book RM'000	Total RM'000	Effective Interest Rate %
Assets									
Cash and short-term funds	580,660	-	-	-	-	131,606	-	712,266	1.98
Deposits and placements with banks and other financial institutions	-	-	-	-	-	9,334	-	9,334	-
Securities held-for-trading	-	-	-	-	-	19,930	376,510	396,440	4.74
Securities available-for-sale	14,955	25,148	126,184	1,443,211	800,438	252,663	-	2,662,599	4.74
Securities held-to-maturity	-	-	10,003	494,538	217,860	11,315	-	733,716	4.36
Loans and advances									
- performing	148,025	1	119,593	494	13,703	2,999	-	284,815	6.06
- non-performing *	-	-	-	-	-	(33,280)	-	(33,280)	
Other assets	-	-	-	-	-	314,719	-	314,719	
Other non-interest sensitive balances	-	-	-	-	-	279,527	-	279,527	
Total assets	743,640	25,149	255,780	1,938,243	1,032,001	988,813	376,510	5,360,136	

* This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.

24. INTEREST RATE RISK (Contd.)

Bank (Contd.)	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading	Total	Effective
30 June 2009	Month	Months	Months	Years	Years	interest	Book	RM'000	Interest
	RM'000	RM'000	RM'000	RM'000	RM'000	Sensitive	RM'000	RM'000	Rate
						RM'000			%
Deposits from customers	3,294,889	190,718	353,619	23,625	-	-	-	3,862,851	3.55
Deposits and placements of banks and other financial institutions	232,470	-	-	-	-	-	-	232,470	3.68
Other liabilities	-	-	-	-	-	532,731	-	532,731	-
Total liabilities	3,527,359	190,718	353,619	23,625	-	532,731	-	4,628,052	
Share capital	-	-	-	-	-	50,116	-	50,116	
Reserves	-	-	-	-	-	681,968	-	681,968	
Total equity	-	-	-	-	-	732,084	-	732,084	
Total liabilities and equity	3,527,359	190,718	353,619	23,625	-	1,264,815	-	5,360,136	

24. INTEREST RATE RISK (Contd.)

Bank (Contd.) 30 June 2009	Up to 1 Month RM'000	> 1 - 3 Months RM'000	> 3 - 12 Months RM'000	1 - 5 Years RM'000	Over 5 Years RM'000	Non- interest Sensitive RM'000	Trading Book RM'000	Total RM'000	Effective Interest Rate %
On-balance sheet interest sensitivity gap	(2,783,719)	(165,569)	(97,839)	1,914,618	1,032,001	(276,002)	376,510	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	-	-	-	-	-	-	-	-	
Total interest sensitivity gap	(2,783,719)	(165,569)	(97,839)	1,914,618	1,032,001	(276,002)	376,510	-	
Cumulative interest rate sensitivity gap	(2,783,719)	(2,949,288)	(3,047,127)	(1,132,509)	(100,508)	(376,510)	-		

25 THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS)

CONDENSED FINANCIAL STATEMENTS
AUDITED BALANCE SHEETS AS AT 30 JUNE 2010

	Note	Group and Bank	
		30 June 2010 RM'000	30 June 2009 RM'000
ASSETS			
Cash and short-term funds		79	510,040
Securities available-for-sale	(a)	-	97,003
Held to Maturity		-	61,441
Other assets	(b)	14,958	1,199
Deferred tax assets		-	93
TOTAL ASSETS		15,037	669,776
LIABILITIES AND ISLAMIC BANKING FUND			
Deposits from customers	(c)	-	375,407
Deposits and placements of banks and other financial institution	(d)	-	232,470
Other liabilities	(e)	3	46,142
Provision for taxation and zakat		739	2,933
TOTAL LIABILITIES		742	656,952
Islamic banking capital fund		5,000	5,000
Reserves		9,295	7,824
		14,295	12,824
TOTAL LIABILITIES AND ISLAMIC BANKING FUND		15,037	669,776

25. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)

CONDENSED FINANCIAL STATEMENTS
AUDITED INCOME STATEMENT
FOR FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2010

	Note	4th Quarter ended		Cumulative 12 months ended	
		30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Income derived from investment of					
depositors' funds and others	(g)	(1,532)	5,136	896	27,010
Transfer to profit equalisation reserves		-	(568)	328	(561)
Gross attributable income		(1,532)	4,568	1,224	26,449
Income attributable to depositors	(h)	-	(2,732)	(477)	(21,211)
		(1,532)	1,836	747	5,238
Income derived from investment of Islamic					
banking capital funds	(i)	1,532	131	1,532	389
Income attributable to the Group and the Bank		0	1,967	2,279	5,627
Overhead expenses	(j)	330	(523)	249	(891)
Profit before taxation and zakat		331	1,444	2,528	4,736
Taxation		(82)	(357)	(803)	(1,179)
Zakat		(3)	(17)	(22)	(45)
Net profit for the period		245	1,070	1,703	3,512

25. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS)**CONDENSED FINANCIAL STATEMENTS****AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2010****Group and Bank**

	Islamic Banking Fund RM'000	Non-distributable Unrealised Holdings Reserves RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 July 2009	5,000	232	7,592	12,824
Net increase in fair value of securities	-	(232)	-	(232)
Net profit for the period	-	-	1,703	1,703
At 30 June 2010	<u>5,000</u>	<u>0</u>	<u>9,295</u>	<u>14,295</u>
At 1 July 2008	5,000	(926)	4,080	8,154
Net increase in fair value of securities	-	1,158	-	1,158
Net profit for the period	-	-	3,512	3,512
At 30 June 2009	<u>5,000</u>	<u>232</u>	<u>7,592</u>	<u>12,824</u>

25. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)

**CONDENSED FINANCIAL STATEMENTS
AUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2010**

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	2,528	4,736
Adjustments for:		
Profit equalisation reserve	-	561
Accretion of discounts less amortisation of premiums	129	24
Operating profit before working capital changes	2,657	5,321
Increase in deposits and placements with financial institution		
(Increase)/Decrease in securities	158,444	(63,361)
(Increase)/Decrease in receivables	(13,759)	850
Decrease in payables	(46,219)	199
Increase/(Decrease) in deposits from customers and banks and other financial institutions	(611,085)	(653,639)
Net cash generated from operating activities	(509,961)	(710,630)
CASH FLOWS FROM INVESTING ACTIVITY		
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	(509,961)	(710,630)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	510,040	1,220,670
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	79	510,040

25. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)**(a) SECURITIES AVAILABLE-FOR-SALE**

	Group and Bank	
	30 June	30 June
	2010	2009
	RM'000	RM'000
<u>At Fair Value</u>		
Money Market Instruments:		
Malaysian Government Investment Certificates	-	5,027
Khazanah Bonds	-	4,946
	-	<u>9,973</u>
Unquoted Securities:		
Private and Islamic Debt Securities in Malaysia	-	87,030
Total securities available-for-sale	-	<u>97,003</u>

(b) OTHER ASSETS

	Group and Bank	
	30 June	30 June
	2010	2009
	RM'000	RM'000
Income receivables	14,958	<u>1,199</u>

(c) DEPOSITS FROM CUSTOMERS

	Group and Bank	
	30 June	30 June
	2010	2009
	RM'000	RM'000
General investment deposits	-	<u>375,407</u>
(i) The maturity structure of general investment deposits is as follows:		
Due within six months	-	375,407
	-	<u>375,407</u>
(ii) The deposits are sourced from the following customers:		
Business enterprises	-	13,389
Others	-	362,018
	-	<u>375,407</u>

25. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)**(d) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group and Bank	
	30 June	30 June
	2010	2009
	RM'000	RM'000
Licensed bank	-	232,470

(e) OTHER LIABILITIES

	Group and Bank	
	30 June	30 June
	2010	2009
	RM'000	RM'000
Profit payable	-	73
Profit equalisation reserve (PER)	-	683
Provisions and accruals	3	45,386
	<u>3</u>	<u>46,142</u>

The movements in PER are as follows:

Balance at beginning of period	683	122
Amount arising during the period	<u>(683)</u>	<u>561</u>
Balance at end of period	<u>-</u>	<u>683</u>

25. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)

(f) CAPITAL ADEQUACY

	Group and Bank	
	30 June 2010 (Basel II) %	30 June 2009 (Basel I) %
Capital ratios		
Core capital and risk-weighted capital ratios:		
Credit risk	95.57	2,436.50
Credit and market risks	64.28	27.28
	<hr/>	<hr/>
	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
Tier 1 capital		
Islamic banking capital fund	5,000	5,000
Retained profits	9,295	7,592
Add/(minus): Deferred tax liabilities/(assets)	-	(93)
Total Tier 1 capital	14,295	12,499
	<hr/>	<hr/>
Tier 2 capital	-	-
	<hr/>	<hr/>
Capital base	14,295	12,499
	<hr/>	<hr/>

The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	Group and Bank			
	30 June 2010		30 June 2009	
	Principal Amount RM'000	Risk- Weighted Assets RM'000	Principal Amount RM'000	Risk- Weighted Assets RM'000
0%	79	-	572,002	-
10%	-	-	-	-
20%	-	-	206	41
50%	-	-	-	-
100%	14,958	14,958	472	472
Risk-weighted assets for credit risk		14,958		513
Risk-weighted assets for market risk		-		45,308
Total risk-weighted assets for credit market and operational risks		14,958		45,821
		<hr/>		<hr/>

25. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)**(g) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS**

Details of the income derived from investment of depositors' funds are as follows:

	4th Quarter ended		Cumulative 12 months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Gross income from:				
- Securities available-for-sale	(457)	1,250	268	4,752
- Securities held-to-maturity	(254)	636	148	1,559
- Deposit and placement with financial institut	(495)	2,276	290	19,509
Accretion of discounts less amortisation of premiums	81	(209)	(48)	(24)
	(1,125)	3,953	658	25,796
Gain from sale of investment:				
- Securities	(406)	1,183	238	1,214
	(1,532)	5,136	896	27,010

(h) INCOME ATTRIBUTABLE TO DEPOSITORS

	4th Quarter ended		Cumulative 12 months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Deposits from customers				
- Mudharabah fund	-	259	2	4,358
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	-	2,473	475	16,853
	-	2,732	477	21,211

(i) INCOME DERIVED FROM INVESTMENT OF ISLAMIC BANKING CAPITAL FUNDS

	4th Quarter ended		Cumulative 12 months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Gross income from:				
- Securities available-for-sale	-	28	458	69
- Securities held-to-maturity	-	11	254	22
- Deposit and placement with financial institutions	-	77	495	281
- Gain from sale of investment securities	-	17	406	17
- Accretion of discounts less amortisation of premiums	-	(2)	(81)	-
	-	131	1,532	389

(j) OVERHEAD EXPENSES

	4th Quarter ended		Cumulative 12 months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Personnel expenses	-	-	-	-
Establishment costs	(330)	522	(248)	889
Marketing costs	-	-	-	-
Administration and general expenses	-	1	-	2
	(330)	523	(248)	891

25. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)**(k) YIELD/ PROFIT RATE RISK ON IBS PORTFOLIO**

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of yield/profit rate on the financial position and cash flows of the IBS portfolio. The fluctuations in yield/profit rate can be influenced by changes in interest rates that affect the value of financial instruments under the IBS portfolio. Yield/profit rate risk is monitored and managed by the Group and the Bank to protect the income from IBS operations.

The table below summarises the Group's and the Bank's exposure to yield/profit rate risk for the IBS operations. The table indicates effective yield/profit rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier.

Group and Bank 30 June 2010	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading Book RM'000	Total RM'000	Effective yield/profit rate %
Assets									
Cash and short-term funds	-	-	-	-	-	79	-	79	-
Other assets	-	-	-	-	-	14,958	-	14,958	-
Total assets	-	-	-	-	-	15,037	-	15,037	-

25. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)

(k) YIELD/ PROFIT RATE RISK ON IBS PORTFOLIO (CONTD.)

Group and Bank 30 June 2010 (Contd.)	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading Book RM'000	Total RM'000	Effective yield/profit rate %
Liabilities and Islamic Banking Fund									
Deposits from customers	-	-	-	-	-	-	-	-	-
Deposits and placements of banks and other financial institution	-	-	-	-	-	-	-	-	-
Other non-yield/profit rate sensitive balances	-	-	-	-	-	742	-	742	
Total liabilities	-	-	-	-	-	742	-	742	
Islamic banking capital fund	-	-	-	-	-	-	-	-	-
Reserves	-	-	-	-	-	14,295	-	14,295	-
Total Islamic Banking Fund	-	-	-	-	-	14,295	-	14,295	
Total liabilities and Islamic Banking Fund	-	-	-	-	-	15,037	-	15,037	
Total yield/profit rate sensitivity gap	-	-	-	-	-	-	-	-	
Cumulative yield/profit rate sensitivity gap	-	-	-	-	-	-	-	-	

25. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)**(k) YIELD/ PROFIT RATE RISK ON IBS PORTFOLIO (CONTD.)**

Group and Bank 30 June 2009	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading Book RM'000	Total RM'000	yield/profit rate %
Assets									
Cash and short-term funds	510,000	-	-	-	-	40	-	510,040	2.00
Securities available-for-sale	-	-	-	10,078	81,979	4,946	-	97,003	4.89
Held to maturity	-	-	-	-	25,289	36,152	-	61,441	4.32
Other assets	-	-	-	-	-	1,292	-	1,292	-
Total assets	510,000	-	-	10,078	107,268	42,430	-	669,776	

25. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)

(k) YIELD/ PROFIT RATE RISK ON IBS PORTFOLIO (CONTD.)

Group and Bank 30 June 2009 (Contd.)	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading Book RM'000	Total RM'000	Effective yield/profit rate %
Liabilities and Islamic Banking Fund									
Deposits from customers	375,407	-	-	-	-	-	-	375,407	3.30
Deposits and placements of banks and other financial institutions	232,470	-	-	-	-	-	-	232,470	3.30
Other non-yield/profit rate sensitive balances	-	-	-	-	-	49,075	-	49,075	-
Total liabilities	607,877	-	-	-	-	49,075	-	656,952	
Islamic banking capital fund	-	-	-	-	-	5,000	-	5,000	-
Reserves	-	-	-	-	-	7,824	-	7,824	-
Total Islamic Banking Fund	-	-	-	-	-	12,824	-	12,824	
Total liabilities and Islamic Banking Fund	607,877	-	-	-	-	61,899	-	669,776	
Total yield/profit rate sensitivity gap	(97,877)	-	-	10,078	107,268	(19,469)	-	-	
Cumulative yield/profit rate sensitivity gap	(97,877)	(97,877)	(97,877)	(87,799)	19,469	-	-	-	

25. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)

(l) Fair values of financial assets and liabilities

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the balance sheet date, which are considered short term in maturity, approximate their carrying amounts as shown in the balance sheet

(m) Allocation of income

The policy of allocation of income to the various types of deposits and investments is subject to "The Framework of Rate of Return" issued by Bank Negara Malaysia in October 2001. The objective is to set the minimum standard and terms of reference for the Islamic banking institutions in calculating and deriving the rate of return for the depositors.

(n) Shariah committee

The operation of IBS is governed by Section 124(3) of the Banking and Financial Institutions Act, 1989 ("the Act"), which stipulates that "any licensed institution carrying on Islamic financial business, in addition to its existing licensed business may, from time to time seek the advise of the Shariah Advisory Council (SAC) established under subsection (7) of the Act, on the operations of its business in order to ensure that it does not involve any element which is not approved by the Religion of Islam" and Section IV of BNM's "Guidelines on the Governance of Shariah Committee for The Islamic Financial Institutions" known as BNM/GPS 1, stipulates that "Every Islamic institution is required to establish a Shariah Committee".

Based on the above, the duties and responsibilities of the Group's and the Bank's Shariah Committee are to advise on the overall Islamic Banking operations of the Group's and the Bank's business in order to ensure compliance with the Shariah requirements.

The roles of the Shariah Committee in monitoring the Group's and the Bank's activities include:

- (i) To advise the Board on Shariah matters in its business operations
- (ii) To endorse Shariah Compliance Manuals
- (iii) To endorse and validate relevant documentations
- (iv) To assist related parties on Shariah matters for advice upon request
- (v) To advise on matters to be referred to the SAC

25. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)

(n) Shariah committee (contd.)

(vi) Provide written Shariah opinion:

- When the Group and the Bank make references to SAC of BNM for advice on unresolved Shariah issues

- When the Group and the Bank submit application to BNM for new product approval

(vii)

Assist in providing explanation on matters referred to BNM or SAC of BNM at their requests

(viii) Participate in the in-house training programmes of the Group and the Bank

The Group and the Bank presently have three Shariah Consultants.