

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Notes	The Group		The Bank	
		30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
ASSETS					
Cash and short term funds		2,867,286	4,206,184	2,804,895	4,135,886
Reverse repurchase agreements		279,807	293,722	279,807	293,722
Deposits and placements with banks and other financial institutions		1,906,346	1,716,140	1,905,149	1,714,975
Financial assets held for trading	A5	73,584	86,280	73,584	86,280
Financial investments available-for-sale	A6	8,825	8,825	6,331	6,331
Derivative financial instruments	A17(i)	231,031	281,170	231,031	281,170
Loans, advances and financing	A7	43,447	44,940	43,447	44,940
Other assets	A8	960,382	1,032,520	959,358	1,031,578
Tax recoverable		208	368	-	-
Deferred tax assets		20,049	5,083	19,988	5,019
Statutory deposits with Bank Negara Malaysia		2,220	1,900	2,220	1,900
Investment in subsidiaries		-	-	9,050	9,050
Investment in associates		4,796	4,833	-	-
Amount due from subsidiaries		-	-	1	221
Amount due from related companies		85,369	6,292	85,369	6,292
Amount due from immediate holding company		-	13	-	13
Property, plant and equipment		65,879	54,883	66,995	55,950
Prepaid land lease payments		15,694	15,881	15,694	15,881
Goodwill		964	964	-	-
TOTAL ASSETS		6,565,887	7,759,998	6,502,919	7,689,208
LIABILITIES					
Deposits from customers	A9	1,438,020	2,593,686	1,438,020	2,593,686
Deposits and placements of banks and other financial institutions	A10	3,473,504	3,148,546	3,473,504	3,148,546
Derivative financial instruments	A17(i)	152,258	174,368	152,258	174,368
Other liabilities	A11	1,090,798	1,329,318	1,034,174	1,265,121
Provision for taxation and zakat		23,110	36,887	23,110	36,887
Amount due to ultimate holding company		108	173	108	173
Amount due to holding company		-	10	-	-
Amount due to related companies		75	60,236	75	60,236
Amount due to subsidiaries		-	-	11,966	8,455
TOTAL LIABILITIES		6,177,873	7,343,224	6,133,215	7,287,472
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK					
Share capital		100,000	100,000	100,000	100,000
Reserves		288,004	316,764	269,694	301,726
Redeemable preference shares		10	10	10	10
TOTAL EQUITY		388,014	416,774	369,704	401,736
TOTAL EQUITY AND LIABILITIES		6,565,887	7,759,998	6,502,919	7,689,208
Commitment and contingencies					
Principal	A17(ii)	3,965,508	5,403,521	3,965,508	5,403,521
Credit equivalent	A17(ii)	210,764	262,643	210,764	262,643
NET ASSETS PER SHARE (RM)		3.88	4.17	3.70	4.02

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2010

	Notes	The Group				The Bank			
		2nd quarter ended		Six months ended		2nd quarter ended		Six months ended	
		30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	A12	13,156	12,140	25,995	36,070	12,963	11,870	25,582	35,359
Interest expense	A13	(12,854)	(8,357)	(23,745)	(24,928)	(12,854)	(8,357)	(23,745)	(24,857)
Net interest income		302	3,783	2,250	11,142	109	3,513	1,837	10,502
Income from Islamic Banking operations	A21b	3,067	994	6,600	4,376	3,067	994	6,600	4,376
Non interest income	A14	91,631	67,335	161,701	132,998	88,547	66,434	157,338	131,439
Total income		95,000	72,112	170,551	148,516	91,723	70,941	165,775	146,317
Operating expenses	A15	(73,058)	(48,173)	(136,181)	(99,216)	(72,470)	(47,446)	(134,954)	(97,993)
Operating profit		21,942	23,939	34,370	49,300	19,253	23,495	30,821	48,324
(Allowance for) / write back of impairment losses on loans and advances	A16	(210)	37	76	(136)	(210)	37	76	(136)
(Allowance for)/write back of other receivables (net)		(339)	(4,293)	(913)	(4,232)	(354)	(4,444)	(1,054)	(4,559)
Share of results in associates		21,393	19,683	33,533	44,932	18,689	19,088	29,843	43,629
Profit before taxation		243	212	363	351	-	-	-	-
Taxation		(6,747)	22,619	(10,094)	21,311	(6,071)	22,767	(9,313)	21,637
Net profit for the period		14,889	42,514	23,802	66,594	12,618	41,855	20,530	65,266
Profit for the period attributable to :									
Equity holders of the Group/the Bank		14,889	42,514	23,802	66,594	12,618	41,855	20,530	65,266
Earnings per RM1.00 share:									
- basic (sen)		14.89	42.51	23.80	66.59	12.62	41.86	20.53	65.27

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2010

Notes	The Group				The Bank			
	2nd quarter ended		Six months ended		2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	14,889	42,514	23,802	66,594	12,618	41,855	20,530	65,266
Other Comprehensive Income:								
Arising from issuance of EESOS	-	-	-	1,231	-	-	-	1,231
Revaluation reserve financial investments available-for-sale								
- Net gain from change in fair value	-	18,533	-	26,615	-	18,533	-	26,615
- Transfer from deferred tax assets	-	(4,633)	-	(9,435)	-	(4,633)	-	(9,435)
	-	13,900	-	18,411	-	13,900	-	18,411
Total comprehensive income for the period	14,889	56,414	23,802	85,005	12,618	55,755	20,530	83,677
Total comprehensive income attributable to:								
Equity holders of the Group/the Bank	14,889	56,414	23,802	85,005	12,618	55,755	20,530	83,677

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2010

The Group 30 June 2010	← Attributable to the equity holders of the Bank →					Revaluation reserves on financial investments available-for-sale RM'000	Retained profit RM'000	Redeemable Preference shares RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Exchange fluctuation reserve RM'000	Statutory reserve RM'000	Options reserve RM'000				
At 1 January 2010	100,000	-	-	155,805	-	-	160,959	10	416,774
Effect of adopting FRS 139 on 1 January 2010	-	-	-	-	-	-	(262)	-	(262)
Adjusted 1 January 2010	100,000	-	-	155,805	-	-	160,697	10	416,512
Profit for the period	-	-	-	-	-	-	23,802	-	23,802
Total comprehensive income for the period	-	-	-	-	-	-	23,802	-	23,802
Dividend paid in respect of the financial year ended 31 December 2009	-	-	-	-	-	-	(52,300)	-	(52,300)
Balance as at 30 June 2010	100,000	-	-	155,805	-	-	132,199	10	388,014

The Group 30 June 2009	← Attributable to the equity holders of the Bank →					Revaluation reserves on financial investments available-for-sale RM'000	Retained profit RM'000	Redeemable Preference shares RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Exchange fluctuation reserve RM'000	Statutory reserve RM'000	Options reserve RM'000				
At 1 January 2009	219,242	33,489	(293)	293,577	17,256	(17,180)	102,473	10	648,574
Bonus Issue	190,758	(33,489)	-	(137,772)	-	-	(19,497)	-	-
Capital repayment	(310,000)	-	-	-	-	-	-	-	(310,000)
Profit for the period	-	-	-	-	-	-	66,594	-	66,594
Other comprehensive income	-	-	-	-	1,231	17,180	-	-	18,411
Total comprehensive income for the period	-	-	-	-	1,231	17,180	66,594	-	85,005
Dividend paid in respect of the financial year ended 31 December 2008	-	-	-	-	-	-	(70,000)	-	(70,000)
Balance as at 30 June 2009	100,000	-	(293)	155,805	18,487	-	79,570	10	353,579

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2010

The Bank 30 June 2010	← Non-Distributable				→ Distributable →					Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Non-Distributable Revaluation reserves on financial investments available-for-sale RM'000	Options reserve RM'000	Capital reserve RM'000	Retained profit RM'000	Redeemable Preference shares RM'000	
At 1 January 2010	100,000	-	155,805	(272,007)	-	-	271,377	146,551	10	401,736
Effect of adopting FRS 139 on 1 January 2010	-	-	-	-	-	-	-	(262)	-	(262)
Adjusted 1 January 2010	100,000	-	155,805	(272,007)	-	-	271,377	146,289	10	401,474
Profit for the period	-	-	-	-	-	-	-	20,530	-	20,530
Total comprehensive income for the period	-	-	-	-	-	-	-	20,530	-	20,530
Dividend paid in respect of the financial year ended 31 December 2009	-	-	-	-	-	-	-	(52,300)	-	(52,300)
Balance as at 30 June 2010	100,000	-	155,805	(272,007)	-	-	271,377	114,519	10	369,704

The Bank 30 June 2009	← Non-Distributable				→ Distributable →					Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Non-Distributable Revaluation reserves on financial investments available-for-sale RM'000	Options reserve RM'000	Capital reserve RM'000	Retained profit RM'000	Redeemable Preference shares RM'000	
At 1 January 2009	219,242	33,489	293,577	(272,007)	(17,180)	17,215	271,377	89,498	10	635,221
Bonus Issue	190,758	(33,489)	(137,772)	-	-	-	-	(19,497)	-	-
Capital repayment	(310,000)	-	-	-	-	-	-	-	-	(310,000)
Profit for the period	-	-	-	-	-	-	-	65,266	-	65,266
Other comprehensive income	-	-	-	-	17,180	1,231	-	-	-	18,411
Total comprehensive income for the period	-	-	-	-	17,180	1,231	-	65,266	-	83,677
Dividend paid in respect of the financial year ended 31 December 2008	-	-	-	-	-	-	-	(70,000)	-	(70,000)
Balance as at 30 June 2009	100,000	-	155,805	(272,007)	-	18,446	271,377	65,267	10	338,898

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2010

	The Group		The Bank	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Profit before taxation	33,896	45,283	29,843	43,629
Adjustments for non-operating and non-cash items	34,567	(4,090)	38,504	(3,745)
Cash flow from operating profit before changes in operating assets and liabilities	68,463	41,193	68,347	39,884
Net changes in operating assets	(156,592)	(244,458)	(156,398)	(245,352)
Net changes in operating liabilities	(1,165,278)	38,741	(1,153,567)	109,917
Cash used in operating activities	(1,253,407)	(164,524)	(1,241,618)	(95,551)
Taxation paid	(38,060)	(11,802)	(38,060)	(11,767)
Net cash flow used in operating activities	(1,291,467)	(176,326)	(1,279,678)	(107,318)
Net cash used in investing activities	(22,155)	561,922	(26,037)	561,965
Net cash used in financing activities	(52,300)	(393,353)	(52,300)	(390,010)
	(74,455)	168,569	(78,337)	171,955
Net decrease in cash and cash equivalents during the financial period	(1,365,922)	(7,757)	(1,358,015)	64,637
Cash and cash equivalents at beginning of the financial period	3,989,771	2,670,410	3,919,473	2,520,836
Effects of exchange rate changes	(8,173)	-	(8,173)	647
Cash and cash equivalents at end of the period	2,615,676	2,662,653	2,553,285	2,586,120
Cash and cash equivalents comprise the following:				
Cash and short term funds	2,867,286	2,855,579	2,804,895	2,779,046
Adjustment for monies held in trust:				
Clients' trust and dealers' representatives' balances	(237,281)	(180,208)	(237,281)	(180,208)
Remisiers' balances	(14,329)	(12,718)	(14,329)	(12,718)
Cash and cash equivalents at end of the period	2,615,676	2,662,653	2,553,285	2,586,120

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

EXPLANATORY NOTES

A1. Basis of Preparation

The unaudited condensed interim financial statements for the financial period ended 30 June 2010 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale and derivative financial instruments, that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with FRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements. These financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2009. The explanatory notes attached to the 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 since the financial year ended 31 December 2009.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2009, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2010:

- Amendments to FRS 1 "First-time Adoption of Financial Reporting Standards" and FRS 127 "Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
- Amendments to FRS 2 "Share-based Payment Vesting Conditions and Cancellations"
- FRS 7 "Financial Instruments: Disclosures"
- Amendments to FRS 139 "Financial Instruments: Recognition and Measurement", FRS 7 "Financial Instruments: Disclosures" and IC Interpretation 9 "Reassessment of Embedded Derivatives"
- FRS 8 "Operating Segments"
- Amendment to FRS 8 "Operating Segments"
- FRS 101 "Presentation of Financial Statements"
- FRS 139 "Financial Instruments: Recognition and Measurement"
- Amendment to FRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
- Amendment to FRS 117 "Leases"
- Amendment to FRS 119 "Employee Benefits"
- Amendment to FRS 127 "Consolidated and Separate Financial Statements"
- Amendment to FRS 128 "Investments in Associates"
- Amendments to FRS 132 "Financial Instruments: Presentation"
- Amendment to FRS 134 "Interim Financial Reporting"
- Amendment to FRS 138 "Intangible Assets" (effective 1 January 2010)
- IC Interpretation 9 "Reassessment of Embedded Derivatives"
- IC Interpretation 10 "Interim Financial Reporting and Impairment"
- IC Interpretation 11 "FRS 2 Group and Treasury Share Transactions"
- IC Interpretation 14 "FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- TR i-3 "Presentation of Financial Statements of Islamic Financial Institutions"

The following revised FRSs, new IC Interpretations and Amendments to FRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 July 2010, and have yet to be adopted by the Group and the Company:

- FRS 1 "First-time Adoption of Financial Reporting Standards"
- Amendment to FRS 1 "Limited Exemption from Comparative FRS 7 "Disclosures for First-time Adopters"
- Amendment to FRS 1 "Additional Exemptions for First-time Adopters"
- Amendments to FRS 2 "Share-based Payment"
- Amendments to FRS 2 "Group Cash-settled Share-based Payment Transactions"
- FRS 3 "Business Combinations"
- Amendments to FRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (effective 1 July 2010)
- Amendments to FRS 7 "Improving Disclosures about Financial Instruments"
- FRS 127 "Consolidated and Separate Financial Statements"
- Amendments to FRS 138 "Intangible Assets" (effective 1 July 2010)
- Amendments to IC Interpretation 9 "Reassessment of Embedded Derivatives"
- IC Interpretation 4 "Determining Whether an Arrangement contains a Lease"
- IC Interpretation 12 "Service Concession Arrangements"
- IC Interpretation 15 "Agreements for the Construction of Real Estate"
- IC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation"
- IC Interpretation 17 "Distributions of Non-cash Assets to Owners"
- IC Interpretation 18 "Transfers of Assets from Customers"
- TR i-4 "Shariah Compliant Sale Contract"

EXPLANATORY NOTES (Continued)

A1. Basis of Preparation (continued)

The unaudited condensed interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Group. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

The preparation of unaudited interim financial statements in conformity with the Financial Reporting Standards and BNM Guidelines requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

A2. Changes in Estimates

There were no material changes to financial estimates made in respect of the current financial period that had previously been announced or disclosed.

A3. Dividends

A final gross dividend of 69.73 sen per ordinary share, less 25% income tax, amounting to RM52,300,000 was paid on 19 April 2010, in respect of the financial year ended 31 December 2009.

A4. Significant Events After Balance Sheet Date

There were no significant events that had occurred between 30 June 2010 and the date of this announcement.

A5. Financial Assets Held for Trading

	The Group and The Bank	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
<u>At fair value</u>		
Quoted securities		
<i>In Malaysia</i>		
Shares	1,074	7,128
Unquoted securities		
<i>In Malaysia</i>		
Private and Islamic debt securities	72,510	79,152
Total financial assets held for trading	73,584	86,280

A6. Financial Investments Available-for-Sale

	The Group		The Bank	
	30 June 2010	31 Dec 2009	30 June 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
<u>At fair value</u>				
Unquoted securities				
<i>In Malaysia</i>				
Shares	2,200	2,200	-	-
<i>Outside Malaysia</i>				
Shares	6,625	6,625	6,331	6,331
Total financial investments available-for-sale	8,825	8,825	6,331	6,331

EXPLANATORY NOTES (Continued)

A7. Loans, Advances and Financing

	The Group and The Bank	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
(i) By type		
Staff loans *	44,112	45,268
Other loans	815	792
Gross loans, advances and financing	<u>44,927</u>	<u>46,060</u>
Allowance for impairment losses:		
- Individual impairment allowance	(814)	-
- Portfolio impairment allowance	(666)	-
- Specific allowance	-	(437)
- General allowance	-	(683)
Total net financing, advances and other loans	<u>43,447</u>	<u>44,940</u>
All loans, advances and financing are measured at amortised cost using the effective interest method.		
* Included in staff loans of the Group are loans to Directors amounting to RM250,007 (2009: RM264,147).		
(ii) By type of customers		
Individuals	<u>44,927</u>	<u>46,060</u>
(iii) By interest/profit rate sensitivity		
Fixed rate		
- Other fixed rate loan/financing	<u>44,927</u>	<u>46,060</u>
(iv) By economic purposes		
Personal use	4	6
Purchase of residential landed property	33,752	36,232
Purchase of transport vehicles	11,171	9,822
Gross loans, advances and financing	<u>44,927</u>	<u>46,060</u>
(v) By geographical distribution		
Malaysia	<u>44,927</u>	<u>46,060</u>
(vi) By residual contractual maturity		
Within one year	151	336
One year to less than three years	2,579	2,187
Three years to less than five years	5,281	5,447
Five years and more	36,916	38,090
	<u>44,927</u>	<u>46,060</u>

EXPLANATORY NOTES (Continued)

A7. Loans, Advances and Financing (continued)	The Group and The Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000
(vii) Impaired loans/non-performing loans by economic purpose		
Purchase of residential landed property	641	574
Purchase of transport vehicles	173	217
Gross impaired loans/non-performing loans, advances and financing	814	791
(viii) Impaired loans/non-performing loans by geographical distribution		
Malaysia	814	791
(ix) Movement in the impaired loans/non-performing loans, advances and financing:		
At 1 January	791	458
Classified as impaired due to adoption of FRS 139*	86	-
At 1 January, as restated	877	458
Impaired/non-performing during the period/year	206	384
Amount written back in respect of recoveries/reclassification	(269)	(51)
At 30 June/31 December	814	791
Gross impaired loans as a percentage of gross loans, advances and financing	1.8%	1.7%
* Represents restatement of interest-in-suspense		
(x) Movements in the allowance for impaired loans/bad and doubtful debts and accounts are as follows:		
<u>Individual impairment allowance</u>		
At 1 January, as previously stated	-	-
Effect of adopting FRS 139	877	-
At 1 January, as restated	877	-
Allowance made during the year	206	-
Amounts written back to income statement	(269)	-
At 30 June/31 December	814	-
<u>Portfolio impairment allowance</u>		
At 1 January, as previously stated	-	-
Effect of adopting FRS 139	679	-
At 1 January, as restated	679	-
Amounts written back to income statement	(13)	-
At 30 June/31 December	666	-
Portfolio impairment allowance as % of gross loans, advances and financing less individual impairment allowance	1.5%	-
<u>Specific allowance</u>		
At 1 January, as previously stated	437	218
Effect of adopting FRS 139	(437)	-
At 1 January, as restated	-	218
Allowance made during the year	-	219
At 30 June/31 December	-	437

EXPLANATORY NOTES (Continued)

A7. Loans, Advances and Financing (continued)

(x) Movements in the allowance for impaired loans/bad and doubtful debts and accounts are as follows: (continued)

	The Group and The Bank	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
<u>General allowance</u>		
At 1 January, as previously stated	683	870
Effect of adopting FRS 139	(683)	-
At 1 January, as restated	-	870
Amount written back to income statement	-	(187)
At 30 June/31 December	-	683
As % of gross loans, advances and financing less specific allowance	-	1.50%

	The Group		The Bank	
	30 June 2010	31 Dec 2009	30 June 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
A8. Other Assets				
Interest and dividend receivable	6,403	7,489	6,397	7,485
Due from brokers and clients				
net of allowance for doubtful debts	647,459	712,018	647,418	712,000
Other debtors, deposits and prepayments				
net of allowance for doubtful debts	306,520	313,013	305,543	312,093
	960,382	1,032,520	959,358	1,031,578

	The Group and The Bank	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
A9. Deposits from Customers		
<u>By type of deposit</u>		
Fixed deposits	828,023	249,250
Negotiable instruments of deposit	507,930	1,102,280
Others	102,067	1,242,156
	1,438,020	2,593,686

(i) <u>By type of customers</u>		
Local government and statutory authorities	96,000	144,400
Business enterprises	720,590	1,281,806
Individuals	575,230	1,157,180
Others	46,200	10,300
	1,438,020	2,593,686

(ii) <u>The maturity structure of fixed deposits and negotiable instruments of deposits</u>		
Due within six months	680,673	552,850
Six months to less than one year	-	96,000
One year to less than three years	411,930	201,000
Three years to less than five years	-	252,430
More than five years	243,350	249,250
	1,335,953	1,351,530

A10. Deposits and Placements of Banks and Other Financial Institutions		
Licensed banks	2,768,958	2,697,875
Other financial institutions	704,546	450,671
	3,473,504	3,148,546

	The Group		The Bank	
	30 June 2010	31 Dec 2009	30 June 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
A11. Other Liabilities				
Interest and dividend payable	5,824	5,136	5,798	5,136
Due to brokers and clients	895,622	1,155,232	846,768	1,098,112
Others	189,352	168,950	181,608	161,873
	1,090,798	1,329,318	1,034,174	1,265,121

EXPLANATORY NOTES (Continued)

	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
A12. Interest Income				
<u>Group</u>				
Loans, advances and financing				
- Interest income other than recoveries	387	416	771	839
Money at call and deposit placements with financial institutions	9,297	4,843	18,235	11,828
Reverse repurchase agreements	1,394	934	2,578	2,265
Financial assets held for trading	1,163	1,636	2,334	3,501
Financial investments available-for-sale	-	2,449	-	9,870
Financial investments held-to-maturity	-	632	-	5,386
Others	266	592	770	1,100
	12,507	11,502	24,688	34,789
Amortisation of premium less accretion of discount	649	638	1,307	1,281
	13,156	12,140	25,995	36,070
<u>Bank</u>				
Loans, advances and financing				
- Interest income other than recoveries	387	416	771	839
Money at call and deposit placements with financial institutions	9,105	4,573	17,823	11,117
Reverse repurchase agreements	1,394	934	2,578	2,265
Financial assets held for trading	1,163	1,636	2,334	3,501
Financial investments available-for-sale	-	2,449	-	9,870
Financial investments held-to-maturity	-	632	-	5,386
Others	265	592	769	1,100
	12,314	11,232	24,275	34,078
Amortisation of premium less accretion of discount	649	638	1,307	1,281
	12,963	11,870	25,582	35,359
A13. Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	7,486	5,093	14,003	11,510
Deposits from customers	5,368	2,828	9,742	6,806
Subordinated notes	-	436	-	6,499
Negotiable certificates of deposits	-	-	-	42
Others	-	-	-	71
	12,854	8,357	23,745	24,928
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	7,486	5,093	14,003	11,510
Deposits from customers	5,368	2,828	9,742	6,806
Subordinated notes	-	436	-	6,499
Negotiable certificates of deposits	-	-	-	42
	12,854	8,357	23,745	24,857

EXPLANATORY NOTES (Continued)

A14. Non interest income

<u>Group</u>	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
a) Fee income:				
Fee on loans and advances	561	73	7,054	261
Portfolio management fees	2,091	3,322	6,624	5,206
Corporate advisory and arrangement fees	15,991	9,695	24,279	36,837
Placement fee	17,570	4,081	25,058	4,012
Underwriting commissions	4,989	4,113	9,749	4,113
Other fee income	5,833	1,244	6,857	5,162
	47,035	22,528	79,621	55,591
b) Net trading income:				
(Loss)/ gain arising from financial assets held for trading	(1,462)	3,505	2,477	9,101
- realised	458	972	191	1,218
- unrealised	(1,920)	2,533	2,286	7,883
Gain/(loss) arising from derivative financial instruments	5	(294)	98	(229)
- realised	-	(190)	90	(132)
- unrealised	5	(104)	8	(97)
	(1,457)	3,211	2,575	8,872
c) Net gain from sale of financial investments available-for-sale	-	-	-	3
d) Gross dividend income from: Financial assets held for trading	1	435	2	435
e) Other income:				
Foreign exchange gain/(loss):				
- realised	2,318	685	2,749	848
- unrealised	677	(3,819)	(8,166)	1,477
Gain on disposal of property, plant and equipment	689	24	868	119
Asset management and securities services	6,609	7,250	12,245	12,244
Net brokerage fee	34,707	36,278	69,951	52,131
Other non operating income	1,052	743	1,856	1,278
	46,052	41,161	79,503	68,097
Total non interest income	91,631	67,335	161,701	132,998

EXPLANATORY NOTES (Continued)

A14. Non interest income (continued)

	2nd quarter ended		Six months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Bank				
a) Fee income:				
Fee on loans and advances	561	73	7,054	261
Portfolio management fees	2,091	3,322	6,624	5,206
Corporate advisory and arrangement fees	15,991	9,695	24,279	36,837
Placement fee	17,570	4,081	25,058	4,012
Underwriting commissions	4,989	4,113	9,749	4,113
Other fee income	5,833	1,244	6,857	5,162
	47,035	22,528	79,621	55,591
b) Net trading income:				
(Loss)/ gain arising from financial assets held for trading	(1,462)	3,505	2,477	9,101
- realised	458	972	191	1,218
- unrealised	(1,920)	2,533	2,286	7,883
Gain/(loss) arising from derivative financial instruments	5	(294)	98	(229)
- realised	-	(190)	90	(132)
- unrealised	5	(104)	8	(97)
	(1,457)	3,211	2,575	8,872
c) Net gain from sale of financial investments available-for-sale	-	-	-	3
d) Gross dividend income from:				
Financial assets held for trading	1	435	2	435
Subsidiary	(2,457)	-	(2,457)	-
	(2,456)	435	(2,455)	435
e) Other income:				
Foreign exchange gain/(loss)				
- realised	2,318	685	2,749	848
- unrealised	677	(3,819)	(8,166)	1,477
Gain on disposal of property, plant and equipment	689	24	868	119
Asset management and securities services	6,609	7,250	12,245	12,244
Net brokerage fee	34,081	35,377	68,670	50,572
Other non operating income	1,051	743	1,231	1,278
	45,425	40,260	77,597	66,538
Total non interest income	88,547	66,434	157,338	131,439

EXPLANATORY NOTES (Continued)

A15. Overheads

Group	2nd quarter ended		Six months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Personnel costs				
- Salaries, allowances and bonuses	36,685	21,565	67,092	48,922
- EPF	5,417	2,756	9,893	5,976
- Others	5,910	3,890	7,053	6,397
Establishment costs				
- Depreciation	6,357	5,134	12,568	10,387
- Amortisation of prepaid lease payment	93	93	186	186
- Rental	899	1,479	4,440	4,613
- Others	2,297	3,039	6,002	5,687
Marketing expenses				
- Advertisement and publicity	3,351	722	3,580	952
- Others	(396)	1,177	871	1,842
Administration and general expenses				
- Legal and other professional fees	3,329	1,917	4,406	3,536
- Others	9,116	6,401	20,090	10,718
	73,058	48,173	136,181	99,216

Bank

Personnel costs				
- Salaries, allowances and bonuses	36,430	21,299	66,578	48,586
- EPF	5,385	2,718	9,830	5,902
- Others	5,887	3,865	7,007	6,356
Establishment costs				
- Depreciation	6,334	5,098	12,523	10,317
- Amortisation of prepaid lease payment	93	93	186	186
- Rental	695	1,229	4,004	4,119
- Others	2,288	3,027	5,977	5,667
Marketing expenses				
- Advertisement and publicity	3,351	721	3,580	951
- Others	(400)	1,172	863	1,831
Administration and general expenses				
- Legal and other professional fees	3,323	1,912	4,402	3,525
- Others	9,084	6,312	20,004	10,553
	72,470	47,446	134,954	97,993

A16. (Allowance for)/write back of impairment losses on loans and advances

The Group and The Bank	2nd quarter ended		Six months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Allowance for impaired loans and financing:				
Individual impairment allowance	(207)	-	63	-
- made during the period	(206)	-	(206)	-
- written back	(1)	-	269	-
Portfolio impairment allowance	(3)	-	13	-
- written back	(3)	-	13	-
Specific allowance	-	(2)	-	(191)
- made during the period	-	(2)	-	(201)
- written back	-	-	-	10
General allowance	-	39	-	55
- written back	-	39	-	55
	(210)	37	76	(136)

EXPLANATORY NOTES (Continued)

A17. Derivative Financial Instruments and Commitment and Contingencies

i) Derivative Financial Instruments

The following tables summarise the contractual or underlying principal amounts of trading derivatives and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at balance sheet date, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Derivative Financial Instruments" Assets and Liabilities respectively.

	The Group and The Bank		
	Principal	Fair values	
	amount	Assets	Liabilities
	RM'000	RM'000	RM'000
At 30 June 2010			
Trading derivative			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- Less than 1 year	575,300	9,046	-
- 1 year to 3 years	440,560	31,240	-
- More than 3 years	730,050	48,371	(9,889)
	1,745,910	88,657	(9,889)
<u>Equity derivatives</u>			
Equity options			
- Less than 1 year	1,358,329	104,715	(104,715)
- 1 year to 3 years	298,629	19,320	(19,320)
- More than 3 years	400,054	18,334	(18,334)
<u>Index futures</u>			
- Less than 1 year	392	5	-
	2,057,404	142,374	(142,369)
Total derivative assets/(liabilities)	3,803,314	231,031	(152,258)
At 31 December 2009			
Trading derivative			
<u>Interest rate derivatives</u>			
Interest rate swaps	2,962,310	110,913	(4,107)
<u>Equity derivatives</u>			
Equity options	2,333,448	170,257	(170,257)
Index futures	4,505	-	(4)
	2,337,953	170,257	(170,261)
Total derivative assets/(liabilities)	5,300,263	281,170	(174,368)

The Group's derivative financial instruments are subject to market and credit risk, as follows:

Market Risk

Market risk is defined as any fluctuation in the value arising from changes in value of market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. The Group's risk management department monitors and manages market risk exposure via stress testing of the Group's Value-at-Risk (VaR) model, in addition to reviewing and analysing its treasury trading strategy, positions and activities vis-à-vis changes in the financial market, monitoring limit usage, assessing limit adequacy, and verifying transaction prices.

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group and the Bank the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2010, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM231,031,000 (31 December 2009: RM281,170,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

There have been no changes since the end of the previous financial year in respect of the following:

- the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2009 and the Risk Management section of the 2009 Annual Report.

EXPLANATORY NOTES (Continued)

A17. Derivative Financial Instruments and Commitment and Contingencies (continued)

ii) Commitment and Contingencies

In the normal course of business, the Group and the Bank enters into various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured over the Group and the Bank assets except for certain Financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

The commitments and contingencies constitute the following :

	30 June 2010			31 December 2009		
	Principal amount RM'000	Credit Equivalent RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit Equivalent RM'000	Risk weighted amount RM'000
<u>Credit-related</u>						
Obligations under underwriting agreements	24,750	12,375	12,375	-	-	-
Irrevocable commitments to extend credit:						
- Maturity not exceeding 1 year	19	-	-	19	-	-
- Maturity exceeding 1 year	538	-	-	489	-	-
Miscellaneous commitments and contingencies	136,887	68,443	68,443	102,750	102,750	20,550
Total credit-related commitments and contingencies	162,194	80,818	80,818	103,258	102,750	20,550
<u>Treasury-related</u>						
Interest Rate Related Contracts						
- Less than one year	575,300	4,293	859	1,307,700	5,704	1,141
- One year to less than 5 years	440,560	16,729	3,346	906,860	31,509	6,302
- Five years and above	730,050	43,958	21,979	747,750	39,002	19,501
Equity Related Contracts						
- Less than one year	1,358,721	7,384	1,477	1,680,389	20,183	4,037
- One year to less than 5 years	298,629	11,945	2,389	441,184	26,027	5,205
- Five years and above	400,054	45,637	9,127	216,380	37,468	7,494
Total treasury-related commitments and contingencies	3,803,314	129,946	39,177	5,300,263	159,893	43,680
	3,965,508	210,764	119,995	5,403,521	262,643	64,230

Effective 1 October 2008, the following approaches have been adopted for computation of risk weighted assets:

- adoption of bilateral netting as provided under the Standardised Approach Framework which involves the weighting of net claims rather than gross claims with the same counterparties arising out of the full range of forwards, swaps, options and similar derivative contracts.
- irrevocable commitments to extend credit (undrawn loans) have been revised to include only those undrawn loans whereby all conditions precedent have been met.

EXPLANATORY NOTES (Continued)

A18. Capital Adequacy

(i) The capital adequacy ratios of the Bank's banking operations are as follows:

	30 June 2010	31 Dec 2009
	RM'000	RM'000
<u>Before deducting proposed dividends:</u>		
Core capital ratio	18.78%	19.77%
Risk-weighted capital ratio	18.78%	19.77%
<u>After deducting dividends:</u>		
Core capital ratio	18.78% *	17.11%
Risk-weighted capital ratio	18.78% *	17.11%

Components of Tier I and Tier II capital :

Tier I capital

Paid-up capital	100,000	100,000
Retained profits	114,519	146,551
Other reserves	155,175	155,175
Tier-I Minority interest	369,694	401,726
Less: Deferred tax, net, as restated	(19,988)	(5,019)
Total Tier I capital	349,706	396,707

Tier II capital

Cumulative Preference Shares	10	10
Portfolio impairment allowance/General allowance and allowance for doubtful debts	986	918
Total Eligible Tier II capital	996	928

Less:

Investments in subsidiary companies

Total capital base	341,652	388,585
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Less:

Dividend

Total capital base (net of dividend)	341,652	336,285
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Breakdown of risk-weighted assets in the various categories of risk-weights:

	30 June 2010		31 Dec 2009	
	Principal	Risk weighted	Principal	Risk weighted
	RM'000	RM'000	RM'000	RM'000
0%	282,782	-	427,170	-
20%	4,800,933	960,187	5,949,667	1,189,933
50%	69,700	34,850	66,764	33,382
100%	572,485	572,485	417,380	417,380
	5,725,899	1,567,521	6,860,981	1,640,695
Counterparty risk requirement		1,648		1
Total risk weighted assets equivalent for credit risk		1,569,169		1,640,696
Total risk weighted assets equivalent for market risk		249,791		324,340
		1,818,960		1,965,036

The capital adequacy ratios had incorporated market risk pursuant to BNM's guideline on Market Risk Capital Adequacy Framework which was effective from 1 April 2005. Effective 1 October 2008, the following approaches have been adopted for the computation of risk weighted assets:

- adoption of bilateral netting as provided under the Standardised Approach Framework which involves the weighting of net claims rather than gross claims with the same counterparties arising out of the full range of forwards, swaps, options and similar derivative contracts.
- irrevocable commitments to extend credit (undrawn loans) have been revised to include only those undrawn loans whereby all conditions precedent have been met.

* Dividend for financial year ended 31 December 2009 was paid on 19 April 2010

EXPLANATORY NOTES (Continued)

A19. Interest/Profit Rate Risk

Group	Non-trading book						Trading Book	Total	Effective interest rate			
	Up to 1 month	>1-3 months	>3-12 months	1-5 years	Over 5 years	Non interest sensitive			MYR	USD	EUR	SGD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			%	%	%	%
As at 30 June 2010												
Assets												
Cash and short term funds	2,705,465	-	-	-	-	161,821	-	2,867,286	2.31	0.45	-	0.19
Reverse repurchase agreements	279,807	-	-	-	-	-	-	279,807	2.53	-	-	-
Deposits and placements with banks and other financial institutions	19,437	1,351,451	535,430	-	-	28	-	1,906,346	1.86	0.71	-	-
Financial assets held for trading	-	-	-	-	-	1,074	72,510	73,584	5.25	16.68	-	-
Financial investments available-for-sale	-	-	-	-	-	8,825	-	8,825	-	-	-	-
Derivative financial instruments	-	-	-	-	-	142,373	88,658	231,031	-	-	-	-
Loans, advances and financing	-	2	141	7,391	35,913	-	-	43,447	3.93	-	-	-
Other assets *	-	-	-	-	-	1,155,561	-	1,155,561	10.00	-	-	-
Total assets	3,004,709	1,351,453	535,571	7,391	35,913	1,469,682	161,168	6,565,887				
* Other assets include statutory deposits with Bank Negara Malaysia, deferred tax assets, tax recoverable, investment in associated companies, amount due from related companies and immediate holding company, prepaid land lease payments, property, plant and equipment and goodwill.												
Liabilities												
Deposits from customers	737,740	45,000	191,650	220,280	243,350	-	-	1,438,020	1.72	0.23	-	-
Deposits and placements of banks and other financial institutions	1,445,708	1,321,310	706,486	-	-	-	-	3,473,504	2.58	0.65	0.22	-
Derivative financial instruments	-	-	-	-	-	142,369	9,889	152,258	-	-	-	-
Other liabilities #	60	78	-	-	-	1,113,953	-	1,114,091	-	-	-	-
Total liabilities	2,183,508	1,366,388	898,136	220,280	243,350	1,256,322	9,889	6,177,873				
Total interest sensitivity gap	821,201	(14,935)	(362,565)	(212,889)	(207,437)	213,360	151,279					

Other liabilities include provision for taxation and zakat, amount due to related companies and ultimate holding company.

EXPLANATORY NOTES (Continued)

A19. Interest/Profit Rate Risk (continued)

Group	Non-trading book						Trading Book	Total	Effective interest rate		
	Up to 1 month	>1-3 months	>3-12 months	1-5 years	Over 5 years	Non interest sensitive			MYR %	USD %	EUR %
As at 31 December 2009	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Assets											
Cash and short term funds	3,862,949	-	-	-	-	343,235	-	4,206,184	2.01	0.38	0.31
Reverse repurchase agreements	199,807	93,915	-	-	-	-	-	293,722	2.01	-	-
Deposits and placements with banks and other financial institutions	1,074	1,274,938	440,100	-	-	28	-	1,716,140	2.18	0.42	-
Financial assets held for trading	-	-	-	-	-	7,128	79,152	86,280	5.47	16.68	-
Financial investments available-for-sale	-	-	-	-	-	8,825	-	8,825	-	-	-
Derivative financial instruments	-	-	-	-	-	170,257	110,913	281,170	-	-	-
Loans, advances and financing	1	6	127	7,414	37,038	354	-	44,940	3.93	-	-
Other assets *	-	-	-	-	-	1,122,737	-	1,122,737	10.00	-	-
Total assets	4,063,831	1,368,859	440,227	7,414	37,038	1,652,564	190,065	7,759,998			
* Other assets include statutory deposits with Bank Negara Malaysia, deferred tax assets, tax recoverable, investment in associated company, amount due from related companies, prepaid land lease payment, property, plant and equipment and goodwill.											
Liabilities											
Deposits from customers	1,242,156	-	648,850	453,430	249,250	-	-	2,593,686	1.79	-	-
Deposits and placements of banks and other financial institutions	1,663,771	1,279,775	205,000	-	-	-	-	3,148,546	2.17	0.41	-
Derivative financial instruments	-	-	-	-	-	170,261	4,107	174,368	-	-	-
Other liabilities #	-	-	-	-	-	1,426,624	-	1,426,624	-	-	-
Total liabilities	2,905,927	1,279,775	853,850	453,430	249,250	1,596,885	4,107	7,343,224			
Total interest sensitivity gap	1,157,904	89,084	(413,623)	(446,016)	(212,212)	55,679	185,958				

Other liabilities include provision for taxation and zakat, amount due to related companies, ultimate holding and holding company.

EXPLANATORY NOTES (Continued)

A19. Interest/Profit Rate Risk (continued)

Bank	Non-trading book						Trading Book	Total	Effective interest rate			
	Up to 1 month	>1-3 months	>3-12 months	1-5 years	Over 5 years	Non interest sensitive			MYR	USD	EUR	SGD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			%	%	%	%
As at 30 June 2010												
Assets												
Cash and short term funds	2,643,279	-	-	-	-	161,616	-	2,804,895	2.33	0.45	-	0.19
Reverse repurchase agreements	279,807	-	-	-	-	-	-	279,807	2.53	-	-	-
Deposits and placements with banks and other financial institutions	18,352	1,351,367	535,430	-	-	-	-	1,905,149	1.86	0.71	-	-
Financial assets held for trading	-	-	-	-	-	1,074	72,510	73,584	5.25	16.68	-	-
Financial investments available-for-sale	-	-	-	-	-	6,331	-	6,331	-	-	-	-
Derivative financial instruments	-	-	-	-	-	142,374	88,657	231,031	-	-	-	-
Loans, advances and financing	-	2	141	7,391	35,913	-	-	43,447	3.93	-	-	-
Other assets *	-	-	-	-	-	1,158,675	-	1,158,675	10.00	-	-	-
Total assets	2,941,438	1,351,369	535,571	7,391	35,913	1,470,070	161,167	6,502,919				
* Other assets include statutory deposits with Bank Negara Malaysia, deferred tax assets, investment in subsidiary companies, amount due from subsidiaries, related companies and immediate holding company, prepaid lease payments and property, plant and equipment.												
Liabilities												
Deposits from customers	737,740	45,000	191,650	220,280	243,350	-	-	1,438,020	1.72	0.23	-	-
Deposits and placements of banks and other financial institutions	1,445,708	1,321,310	706,486	-	-	-	-	3,473,504	2.58	0.65	0.22	-
Derivative financial instruments	-	-	-	-	-	142,369	9,889	152,258	-	-	-	-
Other liabilities #	-	-	-	-	-	1,069,433	-	1,069,433	-	-	-	-
Total liabilities	2,183,448	1,366,310	898,136	220,280	243,350	1,211,802	9,889	6,133,215				
Total interest sensitivity gap	757,990	(14,941)	(362,565)	(212,889)	(207,437)	258,268	151,278					

Other liabilities include amount due to subsidiaries, related companies and ultimate holding company and provision for taxation and zakat.

EXPLANATORY NOTES (Continued)

A19. Interest/Profit Rate Risk (continued)

Bank	Non-trading book						Trading Book	Total	Effective interest rate		
	Up to 1 month	>1-3 months	>3-12 months	1-5 years	Over 5 years	Non interest sensitive			MYR %	USD %	EUR %
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000					
As at 31 December 2009											
Assets											
Cash and short term funds	3,792,871	-	-	-	-	343,015	-	4,135,886	2.03	0.38	0.31
Reverse repurchase agreements	199,807	93,915	-	-	-	-	-	293,722	2.01	-	-
Deposits and placements with banks and other financial institutions	-	1,274,875	440,100	-	-	-	-	1,714,975	2.18	0.42	-
Financial assets held for trading	-	-	-	-	-	7,128	79,152	86,280	5.47	16.68	-
Financial investments available-for-sale	-	-	-	-	-	6,331	-	6,331	-	-	-
Derivative financial instruments	-	-	-	-	-	170,257	110,913	281,170	-	-	-
Loans, advances and financing	1	6	127	7,414	37,038	354	-	44,940	3.93	-	-
Other assets *	-	-	-	-	-	1,125,904	-	1,125,904	10.00	-	-
Total assets	3,992,679	1,368,796	440,227	7,414	37,038	1,652,989	190,065	7,689,208			
* Other assets include statutory deposits with Bank Negara Malaysia, deferred tax assets, investment in subsidiary companies, amount due from subsidiaries and related companies, prepaid lease payments and property, plant and equipment.											
Liabilities											
Deposits from customers	1,242,156	-	648,850	453,430	249,250	-	-	2,593,686	1.79	-	-
Deposits and placements of banks and other financial institutions	1,663,771	1,279,775	205,000	-	-	-	-	3,148,546	2.17	0.41	-
Derivative financial instruments	-	-	-	-	-	170,261	4,107	174,368	-	-	-
Other liabilities #	-	-	-	-	-	1,370,872	-	1,370,872	-	-	-
Total liabilities	2,905,927	1,279,775	853,850	453,430	249,250	1,541,133	4,107	7,287,472			
Total interest sensitivity gap	1,086,752	89,021	(413,623)	(446,016)	(212,212)	111,856	185,958				

Other liabilities include amount due to subsidiaries, related companies and ultimate holding company and provision for taxation and zakat.

EXPLANATORY NOTES (Continued)

A20. Segment reporting

The Group is divided into five major business lines - Financial advisory, underwriting and other fees, Debt related, Equity related, Investments and securities services and Others. The business lines are the basis on which the Group reports its primary segment information.

Financial advisory, underwriting and other fees mainly comprise fees derived from structured financial solutions, origination of capital market products including debt and equity, mergers and acquisitions, secondary offerings, asset backed securities, debt restructurings, corporate advisory, Islamic capital market products and project advisory. In addition, this segment also includes underwriting of primary equities and debt products.

Debt related mainly comprises proprietary trading and market making in the secondary market for debt, debt related derivatives and structured products. It also invests in proprietary capital.

Equity related mainly comprises institutional and retail broking business for securities listed on the Exchange. It also includes income from trading and investing in domestic and regional equities market.

Investments and securities services mainly comprise annuity income derived from fund management, agency and securities services.

Others mainly comprise income derived from Islamic Banking operations undertaken by the Group.

The Group 30 June 2010	Financial advisory, underwriting and other fees	Debt related	Equity related	Investments and securities services	Others	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
External net interest income	-	2,250	-	-	-	2,250
Non interest income:						
- Fee income	65,408	12,971	-	111	1,131	79,621
- Net trading income	-	2,575	-	-	-	2,575
- Brokerage income	-	-	69,951	-	-	69,951
- Income from assets management and securities services	-	-	-	12,245	-	12,245
Other income	126	4,019	-	-	(236)	3,909
Total income	65,534	21,815	69,951	12,356	895	170,551
Segment result	48,428	(36,653)	25,725	2,065	423	39,988
Unallocated costs*						(6,455)
Share of results of associates						363
Profit before taxation						33,896
Taxation and zakat						(10,094)
Net profit for the financial year after minority interest						23,802

The Group 30 June 2009	Financial advisory, underwriting and other fees	Debt related	Equity related	Investments and securities services	Others	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
External net interest income	-	11,142	-	-	-	11,142
Non interest income:						
- Fee income	47,982	6,792	-	-	817	55,591
- Net trading income	-	8,872	-	-	-	8,872
- Loss arising from sale of financial investments available-for-sale	-	3	-	-	-	3
- Brokerage income	-	-	52,131	-	-	52,131
- Income from assets management and securities services	-	-	-	12,244	-	12,244
Other income	83	4,728	-	-	3,722	8,533
Total income	48,065	31,537	52,131	12,244	4,539	148,516
Segment result	33,534	(7,521)	24,501	(7,904)	10,660	53,270
Unallocated costs*						(8,338)
Share of results of associates						351
Profit before taxation						45,283
Taxation and zakat						(21,311)
Net profit for the financial year after minority interest						66,594

* The unallocated cost refer to expenditure arising from the Chief Executive Officer's office and the Corporate Client Solutions Department which are related to the Group as a whole, hence they are not directly allocated to respective segments.

EXPLANATORY NOTES (Continued)

A21. Operations of Islamic Banking

A21a. Unaudited Statement of Financial Position as at 30 June 2010

	Notes	The Group and The Bank	
		30 June 2010	31 Dec 2009
		RM'000	RM'000
Assets			
Cash and short-term funds		233,360	331,711
Deposit and placements with banks and other financial institutions		590,000	910,000
Islamic derivative financial instruments		136,883	195,927
Other assets		259,166	462,471
Amount due from related companies		1,995	322
Property, plant and equipment		210	1,547
TOTAL ASSETS		1,221,614	1,901,978
Liabilities			
Deposits from customers	A21c	751,280	1,351,530
Deposits and placements of banks and other financial institutions		155,900	35,450
Islamic derivative financial instruments		58,116	89,121
Provision for taxation and zakat		45,412	44,276
Other liabilities		12,131	210,724
Amount due to related companies		24,715	223
TOTAL LIABILITIES		1,047,553	1,731,324
Islamic banking capital funds		55,000	55,000
Reserves		119,060	115,654
Islamic banking capital funds		174,060	170,654
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		1,221,614	1,901,978

A21b. Unaudited Statements of Comprehensive Income for Period Ended 30 June 2010

	The Group and The Bank			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	1,015	(20)	1,852	773
Income derived from investment of shareholders' funds	8,335	6,487	16,557	16,487
Provision for other receivables	(14)	(14)	(61)	(24)
Total attributable income	9,336	6,453	18,348	17,236
Income attributable to the depositors	(6,282)	(5,483)	(11,808)	(12,884)
Total net income	3,054	970	6,540	4,352
Personnel expenses	(96)	(139)	(208)	(271)
Other overheads and expenditures	(694)	(658)	(1,789)	(1,231)
Profit before zakat and tax expense	2,264	173	4,543	2,850
Taxation	(566)	(42)	(1,136)	(712)
Net profit for the financial period	1,698	131	3,407	2,138

A21c. Deposits from customers

By type of deposits	The Group and The Bank	
	31 June 2010	31 Dec 2009
	RM'000	RM'000
Non-Mudharabah Fund		
Variable rate deposits	507,930	1,102,280
Equity Linked Sukuk	243,350	249,250
	751,280	1,351,530

EXPLANATORY NOTES (Continued)

A22. Change in accounting policies and comparatives

(a) Change in accounting policies

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

- i) FRS 139 "Financial Instruments : Recognition and Measurement"
- ii) IC Interpretation 9 "Reassessment of Embedded Derivatives"
- iii) FRS 7 "Financial Instruments : Disclosures "
- iv) Amendments to FRS 139 "Financial Instruments: Recognition and Measurement", FRS 7 "Financial Instruments: Disclosures" and IC Interpretation 9 "Reassessment of Embedded Derivatives"

The objective of FRS 139 is to establish principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. FRS 139 also deals with derecognition of financial assets and financial liabilities and hedge accounting. A significant portion of the requirements under FRS 139 had been addressed on 1 January 2005, with the adoption of BNM's revised GP8 : Guidelines on Financial Reporting for Licensed Institutions. These include principles which address the conditions of recognition, derecognition and measurement of financial instruments and hedge accounting. With the full adoption of FRS 139 on 1 January 2010, the additional requirements implemented by the Group and the Bank are as follows:

Impairment of financial assets

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Loan Impairment

Impairment losses are calculated on individual loans and on loans assessed collectively.

Losses for impaired loans are recognised promptly when there is objective evidence that impairment of a portfolio of loans has occurred. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default of delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Group and the Bank assess individually whether objective evidence of impairment exists individually for all assets deemed to be individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the individual impairment allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest income.

Loans that have been individually assessed and for which no evidence of loss has been specifically identified on an individual basis are grouped together for portfolio impairment assessment. These loans are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

The Group and the Bank are currently reporting under the BNM's transitional arrangement as prescribed in the guidelines on 'Classification and Impairment Provision for Loans/Financing' issued on 8 January 2010. However, the Group and the Bank financial statements are prepared in full compliance with FRS 139 principles.

EXPLANATORY NOTES (Continued)

A22. Change in accounting policies and comparatives (continued)

(a) Change in accounting policies (continued)

Interest Income Recognition

For all financial instruments measured at amortised cost, interest bearing financial assets classified as financial investments available-for-sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the effective interest rate ("EIR"), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

In accordance with the transitional arrangement under paragraph 103AA of FRS 139, the changes arising from the implementation of FRS 139 has been accounted for prospectively.

Recognition of Embedded Derivatives

In accordance with FRS 139 and IC Interpretation 9, embedded derivatives are to be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract and the fair value of the resulting derivative can be reliably measured. This assessment is made when the entity first becomes a party to the contract.

Based on the assessment by the Group and the Bank upon adoption of FRS 139 on 1 January 2010, there were no material embedded derivatives which were not closely related to the host contracts and which required bifurcation.

In accordance with the transitional arrangement under paragraph 103AA of FRS 139, the changes arising from the implementation of FRS 139 has been accounted for prospectively.

(b) Adjustments due to change in accounting policies

The changes in accounting policies as described above which resulted in adjustments to loans, advances and financing and opening retained profits of the Group and the Bank are as follows:

	As previously reported as at 31 December 2009 RM'000	Effects of adoption of FRS 139 RM'000	Adjusted as at 1 January 2010 RM'000
The Group			
<u>Balance sheet</u>			
Loans, advances and financing	44,940	(350)	44,590
Provision for taxation	36,887	(88)	36,799
Retained profit	160,959	(262)	160,697
The Bank			
<u>Balance sheet</u>			
Loans, advances and financing	44,940	(350)	44,590
Provision for taxation	36,887	(88)	36,799
Retained profit	146,551	(262)	146,289

EXPLANATORY NOTES (Continued)

A22. Change in accounting policies and comparatives (continued)

(c) Comparative figures

(i) FRS 101 Presentation of Financial Statements

As a result of the adoption of the revised FRS 101, income statements of the Group and the Bank for the comparative financial period ended 30 June 2009 have been re-presented as a combined statement of total comprehensive income comprising components of profit or loss and other comprehensive income. All non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of total comprehensive income as other comprehensive income. Consequently, components of other comprehensive income are not presented in the statement of changes in equity. Since these changes only affect presentation aspects, there is no impact to the results, performance and earnings per ordinary share of the Group and Bank.

(ii) FRS 7 Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period will result in additional disclosures to be made in the annual accounts of the Group and the Bank. The standard also requires disclosure of the statement of financial position and statement of total comprehensive income to be made by categories of financial assets and liabilities, which has minimal impact on the comparative disclosures of the Group and the Bank, as the current presentation is already made by categories of financial assets and liabilities.

EXPLANATORY NOTES (Continued)**A22. Change in accounting policies and comparatives (Continued)****d) Adoption of FRS 139 Financial Instruments: Recognition and Measurement**

	Audited as at 31 December 2009 RM'000	Effects of adopting FRS 139 RM'000	Adjusted 1 January 2010 RM'000
ASSETS			
Cash and short-term funds	4,206,184		4,206,184
Reverse repurchase agreements	293,722		293,722
Deposits and placements with banks and other financial institutions	1,716,140		1,716,140
Financial assets held for trading	86,280		86,280
Financial investments available-for-sale	8,825		8,825
Derivative financial instruments	281,170		281,170
Loans, advances and financing	44,940	(350)	44,590
Other assets	1,032,520		1,032,520
Tax recoverable	368		368
Deferred tax assets	5,083		5,083
Statutory deposits with Bank Negara Malaysia	1,900		1,900
Investment in subsidiaries	-		-
Investment in associates	4,833		4,833
Amount due from subsidiaries	-		-
Amount due from related companies	6,292		6,292
Amount due from immediate holding company	13		13
Property, plant and equipment	54,883		54,883
Prepaid land lease payments	15,881		15,881
Goodwill	964		964
TOTAL ASSETS	7,759,998	(350)	7,759,648
LIABILITIES			
Deposits from customers	2,593,686		2,593,686
Deposits and placements of banks and other financial institutions	3,148,546		3,148,546
Derivative financial instruments	174,368		174,368
Other liabilities	1,329,318		1,329,318
Provision for taxation and zakat	36,887	(88)	36,799
Amount due to ultimate holding company	173		173
Amount due to holding company	10		10
Amount due to related companies	60,236		60,236
Amount due to subsidiaries	-		-
TOTAL LIABILITIES	7,343,224	(88)	7,343,136
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK			
Share capital	100,000		100,000
Reserves	316,764	(262)	316,502
Redeemable preference shares	10		10
TOTAL EQUITY	416,774	(262)	416,512
TOTAL EQUITY AND LIABILITIES	7,759,998	(350)	7,759,648

EXPLANATORY NOTES (Continued)

A23. Credit transactions and exposures with connected parties

Credit exposures with connected parties as per BNM's revised the "Guidelines on Credit Transactions and Exposures with Connected Parties" which became effective on 1 January 2008 are as follows:

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Outstanding credit exposures with connected parties	148,530	187,764
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	18.7%	21.0%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	0.0%	0.0%

EXPLANATORY NOTES (Continued)

B1. Group Performance Review

The Group achieved a profit after tax of RM23.8 million for the period ended 30 June 2010, a 64.3% decrease compared to profit after tax of RM66.7 million achieved in the same period of 2009 mainly due to lower net interest income by 79.8%, lower net trading income by 71.0% and higher overhead expenses by 37.3%. However this was mitigated by higher brokerage income by 34.2%. The drop in interest income was mainly due to no recognition of interest income from Financial investments held-to-maturity and Financial investments available-for-sale in 2Q2010.

B2. Prospects for the Current Financial Year

The Group's outlook for 2H10 is positive as the pipeline of corporate activity is good.

B3. Tax Expense

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	18,546	(20,793)	25,043	(17,578)
Deferred tax	(11,799)	(1,826)	(14,966)	(3,733)
Under-accrual in prior years	-	-	17	-
	6,747	(22,619)	10,094	(21,311)
Reconciliation				
Profit before taxation	21,636	19,895	33,896	45,283
Tax calculated at a tax rate of 25%	5,409	4,974	8,474	11,321
Income not subject to tax, expenses not deductible for tax purposes and overprovision in prior years	1,338	(27,593)	1,620	(32,632)
	6,747	(22,619)	10,094	(21,311)

	The Bank			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	17,870	(20,941)	24,282	(17,833)
Deferred tax	(11,799)	(1,826)	(14,969)	(3,804)
	6,071	(22,767)	9,313	(21,637)
Reconciliation				
Profit before taxation	18,689	19,088	29,843	43,629
Tax calculated at a tax rate of 25%	4,672	4,772	7,461	10,907
Income not subject to tax, expenses not deductible for tax purposes and overprovision in prior years	1,399	(27,539)	1,852	(32,544)
	6,071	(22,767)	9,313	(21,637)

EXPLANATORY NOTES (Continued)**B4. Computation of Earning Per Share (EPS)****Basic EPS**

The Group's and the Bank's basic EPS is calculated by dividing the net profit for the financial period by the weighted average number of ordinary shares in issue during the financial period.

The Group	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Net profit for the financial period (RM '000)	14,889	42,514	23,802	66,594
Weighted average number of share	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	14.89	42.51	23.80	66.59

The Bank	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Net profit for the financial period (RM '000)	12,618	41,855	20,530	65,266
Weighted average number of share	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	12.62	41.86	20.53	65.27