

05

ANNUAL REPORT



Bank Islam
بنك اسلام

(98127-X)



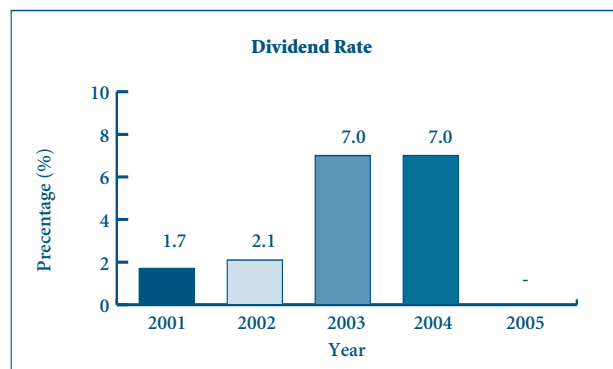
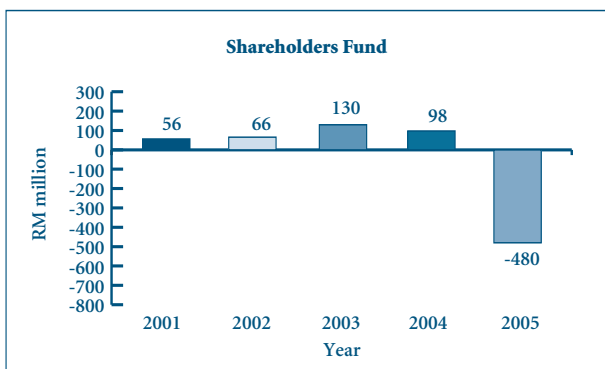
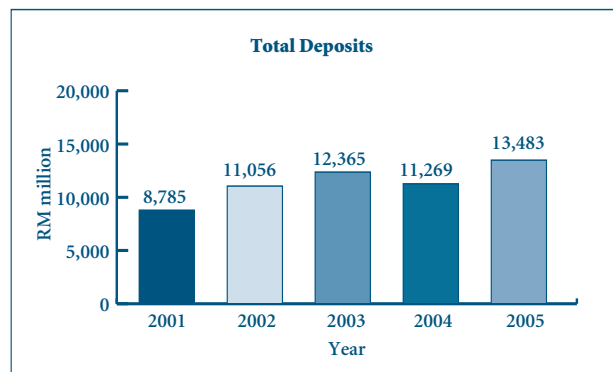
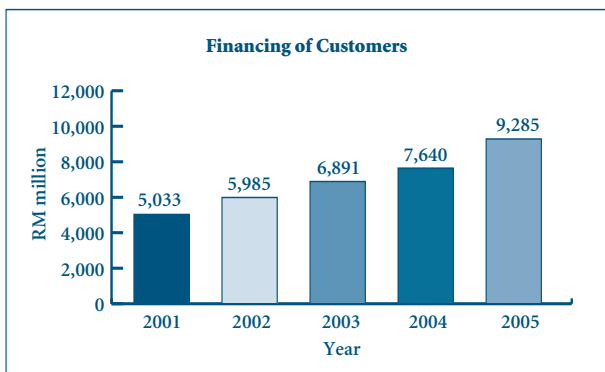
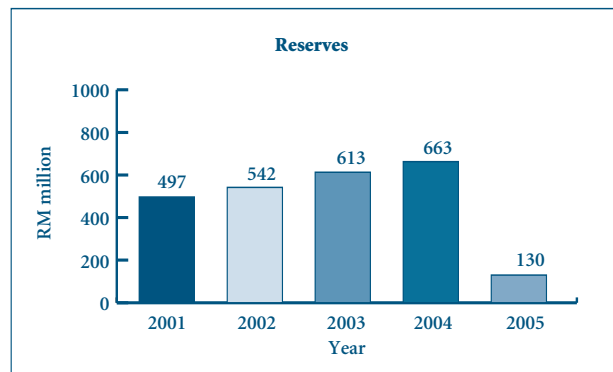
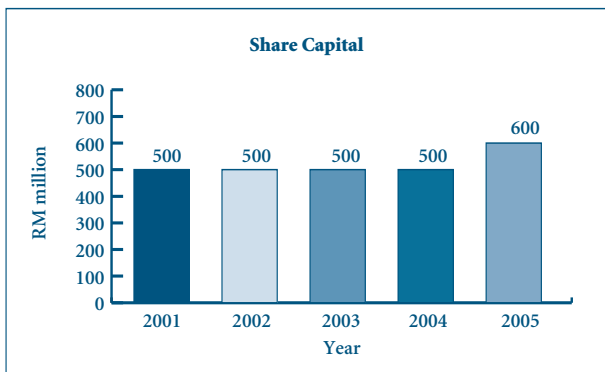
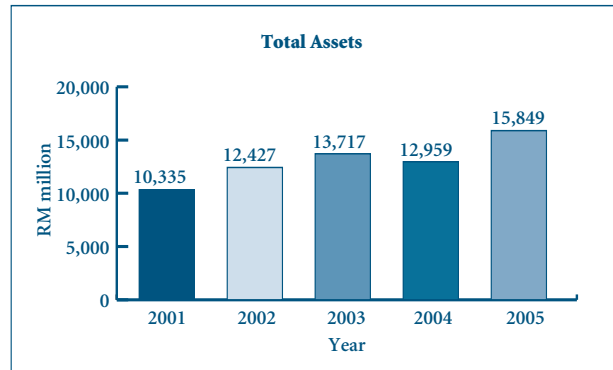
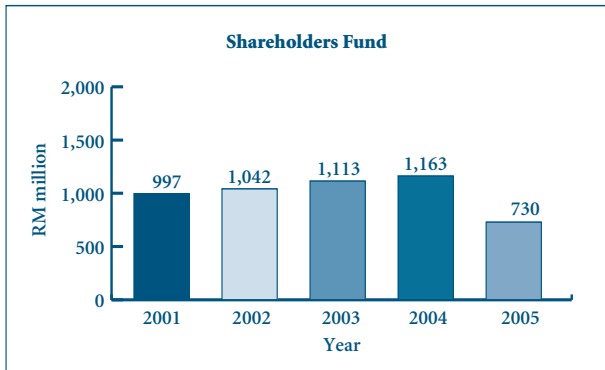
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FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 30 JUNE	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000
SELECTED INCOME ITEMS					
PROFIT BEFORE ZAKAT AND TAX	(479,778)	(98,298)	130,331	66,189	56,383
PROFIT AFTER ZAKAT AND TAX	(507,807)	75,262	78,210	29,948	24,955
SELECTED BALANCE SHEET ITEMS					
ASSETS					
TOTAL ASSETS	15,848,906	12,958,514	13,717,155	12,426,651	10,335,296
FINANCING OF CUSTOMERS	9,284,701	7,640,474	6,890,765	5,984,738	5,033,050
DEALING SECURITIES	1,132,372	1,721,985	2,369,255	1,847,446	1,413,590
INVESTMENT SECURITIES	2,106,764	1,429,164	1,448,426	1,365,591	598,708
LIABILITIES					
TOTAL CUSTOMERS' DEPOSITS	13,483,171	11,268,901	12,365,040	11,056,355	8,784,993
SHAREHOLDERS FUND	730,181	1,163,188	1,113,126	1,042,416	997,288
GROWTH RATE					
PROFIT BEFORE ZAKAT AND TAX	-588.09%	(24.57%)	96.90%	17.39%	31.85%
TOTAL ASSETS	22.30%	(5.53%)	10.38%	20.23%	21.70%
TOTAL FINANCING	21.52%	10.87%	15.13%	18.90%	29.48%
TOTAL SHAREHOLDERS' FUND	-37.23%	4.49%	6.78%	4.52%	1.92%
TOTAL DEPOSITS	19.65%	(8.86%)	11.83%	25.85%	20.41%
RATIOS ANALYSIS					
RETURN ON ASSETS	-302.72%	0.75%	0.95%	0.55%	0.55%
RETURN ON SHAREHOLDERS FUND	-65.71%	8.45%	11.70%	6.44%	5.65%
CAPITAL ADEQUACY RATIO	10.90%	11.6%	12.30%	12.90%	16.10%
NON-PERFORMING FINANCING	16.07%	10.10%	9.90%	10.78%	11.23%
FINANCING TO DEPOSIT RATIO	68.86%	67.80%	55.72%	52.87%	57.29%
EARNINGS PER SHARE (EPS)	-18.13 sen	15.0 sen	15.6 sen	6.8 sen	5.0 sen
NET TANGIBLE ASSETS BACKING	203 sen	232 sen	222 sen	208 sen	199 sen

STATISTICAL REVIEW FOR FIVE YEARS



CORPORATE INFORMATION BOARD OF DIRECTORS

Deputy Chairman

Dato' Mohd Bakke Salleh

DIRECTORS

Dato' Noorazman A. Aziz

Prof. Dr. Muhamad Muda

Zahari @ Mohd Zin Idris

Datuk Dr. Elias Md. Kadir Baba

Datuk Siti Maslamah Osman

Datuk Burhanuddin Ahmad Tajudin

Salih Amaran Jamiaan (appointed on 18 February 2005)

Dato' Mohd Yusoff Hj. Nasir (resigned on 1 December 2004)

Khalid Mahmood Bhaimia (resigned on 12 November 2004)

Dato' Ahmad Tajudin Abdul Rahman (retired on 1 July 2004)

MANAGEMENT COMMITTEE

Dato' Noorazman A. Aziz

Fazlur Rahman Ebrahim

Nazlan Ozizi Ibrahim

Abdullah Arshad

Dato' Wan Ismail Wan Yusoh

Kamal Mohd Ali

Mokhlis Maizan

Mohd Redzuan Devan Abdullah

Mohd Fauzi Rahmat

Jamil Hassan

Maria Mat Said

Nor Azam M. Taib

Shahabudin Helmi M. Badruddin

Mohamed M. Said

Nasrudin Yaakub

Managing Director

Chief Operating Officer

Chief Financial Officer

Director, Human Resource

General Manager, Consumer Banking

General Manager, Corporate & Institutional Banking

General Manager, Trade Services & Cash Management

General Manager, Operations

Acting Chief Risk Officer

Chief Information Technology

Assistant General Manager, Legal & Compliance

Head, Commercial Banking

Acting Head, Strategies & Business Development

Senior Manager, Corporate Communications

Head, Shariah

AUDIT & EXAMINATION COMMITTEE

Chairman

Zahari @ Mohd Zin Idris

Members

Prof. Dr. Muhamad Muda

Datuk Siti Maslamah Osman

Datuk Dr. Elias Md Kadir Baba

SECRETARIES

Saiful Nizam Yasin (LA 08955)

Nor Haimee Zakaria (MIA 11813)

SHARIAH SUPERVISORY COMMITTEE

Chairman

Dr. Abdullah Hj. Ibrahim

Members

Mohd Bakir Hj. Mansor

Dr. Ahmad Shahbari @ Sobri Salamon

Dato' Haji Daud Muhammad

Dr. Yusoff Ramli

Dr. Asmak Ab. Rahman

Secretary

Nasrudin Yaakub

* All information is correct at the date of printing

STATEMENT OF CORPORATE GOVERNANCE

1. PERFORMANCE OVERVIEW

The Bank recorded 22.5% growth in total assets to RM15.8 billion in the current financial year from RM12.9 billion previously following conversion of its Labuan offshore subsidiary [Bank Islam (L) Ltd. (BILL)] into a branch [(BIMB Labuan Offshore Branch (BILOB))] on 10 December 2004. This has contributed RM1.8 billion in the increase, hence capturing 16.3% market share of the Islamic banking industry and 1.8% market share of the total banking industry, respectively. Total deposits also increased by 19.5% to RM13.5 billion as at the current financial year-end from RM11.3 billion previously, of which RM513 million was contributed by BILOB. Total deposits currently represent 18.5% of the Islamic banking industry or 2.1% of the total banking industry.

The Bank recorded a loss before tax and zakat of RM479.8 million compared to a profit of RM98.3 million previously. The loss was due to higher provisioning on non-performing financings (NPF) of RM648 million following the increase in NPF level mainly attributed to BILOB. The conversion of BILL into an offshore branch of the Bank led to the adoption of stricter NPF regulation as well as a more stringent risk management framework, resulting in more prudent financial reporting of BILOB activities

2. STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of Bank Islam Malaysia Berhad (“BIMB” or “the Company”) is fully committed to the principles and best practices of the Malaysian Code of Corporate Governance. The Board constantly strive to ensure that the highest standard of corporate governance are practiced throughout the Group as a fundamental part of discharging its stewardship responsibilities to protect and enhance shareholders value and the financial performance of the Company. During the year, apart from transforming its organization structure and improving its core business practices, the Bank also strengthened its internal control system to ensure checks and balances form an integral part of its business and operations plans.

I. THE BOARD OF DIRECTORS

1) BOARD OF DIRECTORS' COMPOSITION

Pursuant to the company’s Articles of Association and until otherwise determined by the Company at its general meeting, the Company can appoint up to maximum of eleven (11) Directors.

The Board comprises eight Directors: seven non-executive Directors and one executive Director. The board composition is well balanced where three of the eight Directors are Independent Directors. The Bank is led and controlled by an experienced Board made up of mix of skills and experience ranging from business, finance, economics and legal. The mix of skills and experience is essential for the successful direction of the Group.

The roles of the non-executive Chairman and Managing Director are clearly defined. The Chairman heads the Board and is responsible for ensuring the effectiveness of the Board.

The Managing Director has overall executive responsibility for the day-to-day business operations and the implementation of Board’s decisions.

The independent non-executive Directors play a vital role supporting role by contributing their knowledge and experience towards the development of the Bank’s objective. They also provide independent view in the decision making process.

STATEMENT OF CORPORATE GOVERNANCE

2) BOARD MEETINGS

Board meetings are scheduled every month with additional or special board meetings convened as and when required. During the year, a total of nineteen (19) board meetings were held. The followings are a record of attendance of the Board Meetings by the Board of Directors.

Name of Directors	Designation	Total Attendance*	Note
Dato' Mohd Bakke Salleh	Deputy Chairman	17/19	
Dato' Noorazman A. Aziz	Managing Director	3/3	a
Datuk Burhanuddin Ahmad Tajudin	Non-Independent Non-Executive	18/19	
Datuk Dr. Elias Md. Kadir Baba	Non-Independent Non-Executive	19/19	
Salih Amaran Jamiaan	Non-Independent Non-Executive	4/6	b
Zahari @ Mohd Zin Idris	Independent Non-Executive	19/19	
Prof. Dr. Muhamad Muda	Independent Non-Executive	17/19	
Datuk Siti Maslamah Osman	Independent Non-Executive	18/19	
Dato' Mohd Yusoff Hj. Nasir	Chairman Non-Executive Non-Independent	9/9	c
Khalid Mahmood Bhaimia	Non-Independent Non-Executive	2/7	d

*Reflects the number of meetings held during the time the Directors held office.

- a Dato' Noorazman A. Aziz was appointed to the Board on 1 April 2005.
- b Salih Amaran Jamiaan was appointed to the Board on 18 February 2005
- c Dato' Mohd Yusoff Hj. Nasir retired from the Board on 1 December 2004.
- d Khalid Mahmood Bhaimia resigned from the Board on 12 November 2004

3) SUPPLY OF INFORMATION

Board papers providing updates on operational, financial and corporate developments are circulated on a timely basis prior to board meetings to enable them to participate in the deliberations of the issues to be raised at the meetings and to make informed decisions.

Directors have access to all information within the Bank and the advice and services of the Company Secretary who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with. Independent professional advice is also available to Directors, if necessary at the Bank's expense.

4) APPOINTMENT TO THE BOARD

There is a formal and transparent procedure for the appointment of new members to the Board. The appointment of new Board members is assessed and evaluated by the Nomination and Assessment Committee ("NAC") of BIMB Holdings Berhad, the Bank's holding company. The NAC would recommend to the Board for approval and subject to the prior consent of the regulatory authorities.

STATEMENT OF CORPORATE GOVERNANCE

5) RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, all Directors, other than the Managing Director are subject to retirement from office at due intervals by rotation. Being eligible, they may offer themselves for re-election, a process that enables shareholders/ proxy holders to vote them back into office.

The office of Managing Director is exempted from retirement by rotation so as not to expose this office to the vagaries of discontinuity.

Directors who have attained the age of seventy (70) retire at every annual general meeting and shall be eligible for re-appointment to hold office until the next annual general meeting, pursuant to Section 129 of the Companies Act 1965.

II. BOARD COMMITTEES

The Board has delegated certain responsibilities to Board Committees, which operate within clearly defined terms of reference. These Committees are:-

1) BOARD FINANCING REVIEW COMMITTEE

This new committee was established in compliance with BNM's guidelines on best practices in credit risk management. This Committee operates mainly as a review authority with the power to veto decisions on the executive level of financing committee, should it consider such decisions would place the Bank in a vulnerable position.

The Committee comprises the Chairman of the Board as the Chairman and four other directors.

2) AUDIT AND EXAMINATION COMMITTEE

The Audit and Examination Committee ("Committee") comprises four Non-Executive Directors (three of whom, including the Chairman, are Independent Non-Executive Director). Details of the members and their attendance at the Committee meetings are as follows:

Members	No. of Meetings Attended
Zahari @ Mohd Zin Idris <i>Chairman</i> <i>Independent Non-Executive Director</i>	18/18
Prof. Dr. Muhamad Muda <i>Independent Non-Executive Director</i>	14/18
Datuk Dr. Elias Md. Kadir Baba <i>Non-Independent Non-Executive Director</i>	17/18
Datuk Siti Maslamah Osman <i>Independent Non-Executive Director</i>	16/18

STATEMENT OF CORPORATE GOVERNANCE

Terms of Reference

The terms of reference of the Committee are as follows:-

- **Composition**

The Committee shall comprise at least three non-executive directors, a majority of whom shall be independent non-executive director. The Chairman shall be independent non-executive director.

The Committee shall not consist of any alternate director of the Bank.

The members of the Committee shall elect a Chairman from among their members who shall be an independent non-executive director.

- **Meetings**

a. The Committee holds regularly monthly meetings with additional meeting being convened when necessary. The external auditors may request a meeting if they consider that one is necessary.

b. The quorum shall be 2, the majority of whom shall be independent non-executive directors.

c. The Managing Director, Chief Finance Officer and Chief Internal Auditor shall attend meetings by invitation of the Committee. Other Board members shall have the right of attendance. At least once a year the Committee shall meet with the external auditors without Executive Board members present.

d. The Company Secretary of BIMB shall act as Secretary to the Committee.

- **Authority**

The Committee is authorized by the Board and shall:-

a. Investigate any activities of the Bank and its subsidiaries within its terms of reference.

b. Have full and unrestricted access to any information and documents relevant to its activities.

c. Have direct access to the Bank's auditors and provide a link between the auditors and the Board

d. Convene meeting with the external auditors without the presence of the executives, whenever deemed necessary.

- **Reporting Procedures**

The minutes of the AEC Meeting will be tabled to the Board for their information and to update the relevant, ongoing cases. The AEC members will deliberate papers/ reports tabled and presented by the internal auditors and recommend actions to be taken by the management.

STATEMENT OF CORPORATE GOVERNANCE

- **Duties and Responsibilities**

The principal duties and responsibilities of the AEC:-

- Review the quarterly and year-end financial statements of the Bank and the consolidated financial statement of the Group to ensure compliance with appropriate accounting policies, accounting standard and disclosure requirements before submission to the Board.
- Act upon the Board's request to investigate and report on any issues or concerns with regard to the Management of the Bank and its subsidiaries.
- Maintain a direct line of communication with the Board and the internal as well as external auditors through regular scheduled meetings.
- Examine the internal audit findings and ensure that appropriate action is taken by the Management on the recommendations of the internal auditor.
- Review the scope of audits, audit plans and audit reports of both external and internal auditors.
- Review the performance of the internal audit team and ensure they have the standing to exercise independence and professionalism in discharging their duties.
- Ensure the adequacy of the scope, functions and resources of the internal audit functions and that they have the necessary authorities to carry out their work.
- Review the adequacy of the established policies, procedures and guidelines on internal control systems.
- Review any significant transaction that is not within the normal course of business, particularly related party transactions and potential conflicts of interest that may arise within the Bank and its subsidiaries or associate company.
- To consider and approve the recommendation for appointment of external auditors and their audit fees.

- **Summary of Activities of the Committee**

In line with the terms of reference of the AEC, the following activities were carried out by the AEC during the financial year :-

- Reviewed and approved the external auditor's scope of their annual audit plan.
- Reviewed and approved the Internal Audit Department's annual audit plan, including its resource and training needs.
- Reviewed the Internal Audit Department's methodology in assessing and rating the risk levels of the various auditable areas and ensured that audit emphasis was given on high and critical risk areas.
- Reviewed the reports of the Internal Audit Department (including internal investigations), Bank Negara Malaysia, external auditors and other external parties, considered Management's response and accordingly directed the Management to take the necessary remedial action.
- Reviewed the quarterly results and financial statements of the companies.
- Monitored the progress of the Internal Audit Department in completing its audit plan and assessed the performance of the Department.

STATEMENT OF CORPORATE GOVERNANCE

3) NOMINATION & ASSESSMENT COMMITTEE

The Nomination & Assessment Committee has been established at BIMB Holdings Berhad (the ultimate holdings company) to identify and make recommendations on the appointments of Directors to the Board of BIMB Holdings and its subsidiaries, including the Bank. This function extends to the recommendations on the appointments of senior management posts of General Manager, Assistant General Manager and Chief Executive Officer within the Group. It is also mandated to undertake an annual assessment of the Board as a whole and its various standing committees as well as the contribution of individual Directors.

Membership:

- i. Prof. Dr. Muhamad Muda Chairman (Independent Non-Executive Director)
- ii. Zahari @ Mohd Zin Idris Member (Independent Non-Executive Director)
- iii. Datuk Siti Maslamah Osman Member (Independent-Non Executive Director)

4) REMUNERATION COMMITTEE

The Remuneration Committee has been established at BIMB Holdings Berhad (the ultimate holdings company). The Committee is entrusted with the specific task to undertake reviews on, and recommend changes to the remuneration packages of all Directors and the Managing Director. The Board is ultimately responsible for the approval of the remuneration package. Details of the remuneration of Directors for the year ended 30 June 2004 are set out in Note 31 of these financial statements.

Membership:

- i. Prof. Dr. Muhamad Muda Chairman (Independent Non-Executive Director)
- ii. Zahari @ Mohd Zin Idris Member (Independent Non-Executive Director)
- iii. Datuk Siti Maslamah Osman Member (Independent Non-Executive Director)

5) RISK MANAGEMENT COMMITTEE

The Risk Management Committee ("RMC" or "the Committee") was established to assist the Board in discharging its functions by having a more focused forum that deliberates on issues pertaining to risks. The Committee constantly reviews risk issues to ensure effective management of risks and enforcement of risk tolerance at the Bank. In addition, the Committee is entrusted to review and assess the adequacy of the existing risk management framework in addressing the various risk factors faced by the Bank. The Bank is in the process of finalising its integrated risk management framework which would address all the main risk issues within the Group.

The Committee consists of all Non-Executive Directors and is chaired by an Independent Non-Executive Director. The composition of the Committee during the year is as follows:-

Members	No. of Meetings Attended
Prof. Dr. Muhamad Muda <i>Chairman</i> <i>Independent Non-Executive Director</i>	12/12
Zahari @ Mohd Zin Idris <i>Member</i> <i>Independent Non-Executive Director</i>	12/12
Datuk Dr. Elias Md. Kadir Baba <i>Member</i> <i>Non-Independent Non-Executive Director</i>	7/7
Datuk Siti Maslamah Osman <i>Member</i> <i>Independent Non-Executive Director</i>	6/7

The Committee meetings are scheduled every month with additional or special meetings convened as and when required. The Committee convened twelve (12) meetings during the financial year ended 30 June 2005.

STATEMENT OF CORPORATE GOVERNANCE

- **Risk Management Organization Structure**

The responsibilities of the Board of Directors include the establishment of policies on the management of all risk categories. The Board is also accountable for ensuring effective management of internal control mechanisms. Assisting the Board in discharging these roles are the two board committees, i.e. the Risk Management Committee and the Audit and Examination Committee.

In addition, the Bank has also established a risk committee at the management level known as the Management Risk Control Committee (MRCC). The main responsibilities of the MRCC are to ensure proper implementation of policies approved by the Risk Management Committee / Board of Directors and effective management of operational issues.

- **Risk Management Policy Framework**

The policy framework in managing credit, market, liquidity and operational risks that arise in the conduct of business activities are as follows:

- a. **Credit Risk**

Credit risk is the potential loss of revenue, principal and capital in the form of specific allowances as a result of defaults or the inability to meet the terms of a contract by the customers or counter parties through financing, dealing and investment activities.

The primary exposure to credit risk arises from financing activities. The credit policy and the related guidelines to govern the Bank's activities are rigorously enhanced with the objectives of improving the quality of assets originated and preserved.

Under the credit process flow, credit administration, credit control, review and analysis are performed independent of individuals involved in business origination. In addition, independent evaluation of credit proposals before approval has been established for all proposals involving corporate and commercial financings.

The Bank has also embarked on a reengineering exercise which cuts across the entire credit system. The exercise involves the separation of sales from the credit functions and the centralization of processing, documentation, administration, collection and recovery activities. The Bank is also in the process of enhancing its credit assessment and rating tools in an effort to improve its existing credit culture.

- b. **Market Risk**

Market risk is the risk of loss arising from the adverse movement in the level of market prices or rates. The market risk components are foreign exchange risk, profit rate risk and equity risk.

- i. **Foreign exchange risk**

This risk refers to the adverse exchange rate movements on foreign currency positions taken by the Bank. Foreign currency open position is monitored against predetermined position limits and cut-loss limits.

- ii. **Profit rate risk**

Profit rate risk refers to the potential impact on the Bank's net income or net income margin or market value of equity caused by unexpected changes in rate of returns.

The Bank's policy is to measure and manage its profit rate sensitivity positions to ensure that the Bank's profits are optimised and its long-run earning power sustained. The Bank will review the volatility of its assets and liabilities portfolio using appropriate tools and techniques.

STATEMENT OF CORPORATE GOVERNANCE

iii. Equity risk

Equity risk refers to the adverse movements in the price of equities on equity positions. Equity position is marked to the market and monitored by the Risk Management Division and reported to the Risk Management Committee.

Risks arising from dealing and investment activities are managed by the establishment of limits that include trading limits, counterparty limits, as well as product and sub-product limits, i.e. permissible acquisition of single-A rated papers and above.

c. Liquidity Risk

Liquidity risk refers to the potential inability of the Bank to meet its funding requirements arising from cash flow mismatches at a reasonable cost. In managing this, the Bank adopts the liquidity framework introduced by Bank Negara Malaysia that ascertains liquidity based on the contractual and behavioral assumptions of cash flows derived from the Bank's assets, liabilities and off-balance sheet commitments.

d. Operational Risk

This risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems and external events. In managing this risk, a dedicated team has been established within the Bank to undertake the identification, assessment and measurement, establishing a control framework, monitoring and reporting of operational risks.

As part of the Bank's effort to improve its operational risk management, risk assessment using Management Awareness Self Assessment (MASA) was introduced. The main objective of MASA is to create a risk awareness culture throughout the organization. This would enable and facilitate line managers to identify, assess, manage and report operational risks inherent in their day-to-day activities.

III. INTERNAL AUDIT FUNCTION

The Bank has a well established Internal Audit Department with appropriate standing to conduct independent operational, risk management and management audits. The Department undertakes the audit of the Group's operating units as well as subsidiaries within the Group based on the audit plan that is reviewed and approved by the Committee. The audit plan covers reviews of adequacy of risk management, operational controls, compliance with laws and regulations quality of assets management efficacy, highlighting weaknesses and making appropriate recommendations for improvement to the Management.

Its authority is provided in the Audit Charter, which formally documents the roles, duties and responsibilities of the internal auditors and their relationship with the Board, Audit Committee, all levels of Management, the external auditors and the regulators. The annual Audit Plan that adopts a risk-based approach to audit is approved by the Audit Committee.

The Internal Audit function covers all units and operations within the Group with major emphasis being placed on high risk units.

The Internal Audit function is subject to continuous self assessment with a view of ensuring audit processes are in line with recommended best practices in internal auditing. Overall, the Internal Audit function serves to assist the Bank to maintain a sound internal control environment through a comprehensive audit reporting system.

Going forward, the Department will further enhance its risk-based audit techniques and staff competencies as well as benchmark itself against global best practices in internal auditing.

STATEMENT OF CORPORATE GOVERNANCE

IV. ACCOUNTABILITY AND AUDIT

1) FINANCIAL REPORTING

The Board takes responsibility for presenting a balanced and comprehensive assessment of the Bank's operations and prospects each time it releases its quarterly annual financial statements to its shareholders. The Board ensures financial statements are properly drawn up in accordance with the provision of the Companies Act 1965, approved accounting standards in Malaysia, Bank Negara Malaysia Guidelines and Shariah requirements. The Board is assisted by the Audit Committee in scrutinizing information to be disclosed to ensure accuracy, adequacy, completeness and transparency.

2) INTERNAL CONTROL

The Board exercises overall responsibility in identifying, evaluating and reviewing the adequacy and integrity of the Bank's internal controls and its effectiveness. The Board recognizes that risks cannot be eliminated completely.

As such, systems and processes have been put in place to minimize and manage risks. The Board is of the view that the system of internal controls that has been instituted throughout the Bank's Group is sound and sufficient to safeguard shareholders' investment, customers' interest and the Bank's assets. Nevertheless, reviews are continuously carried out to ensure the effectiveness of the system.

The key processes that the Directors have established in reviewing the adequacy and integrity of the system of internal control are as follows:-

- i) The Bank's risk management principles, procedures and practices are systematically documented and made available to all employees setting out the Board's position on risks.
- ii) The Board receives and reviews regular reports from the Management on the adequacy and integrity of the Bank's internal control systems and management information system including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- iii) The Bank's annual business plan and budget are submitted to the Board for approval. In addition, variances between actual and targeted results are also presented on a monthly basis. This allows for timely responses and corrective actions to be taken to mitigate risks.
- iv) The Bank's internal audit team reporting to the Audit and Examination Committee of the Board performs regular reviews of the business processes to assess the effectiveness of internal control and highlight significant risks affecting the Bank. The Audit and Examination Committee of the Board conducts annual reviews on the adequacy of the internal audit department's scope of work and resources.
- v) The Audit and Examination Committee of the Board regularly reviews and holds discussions with the Management on actions taken on internal controls, issues identified in reports prepared by the internal audit department, the external auditor, regulatory authorities and the management.

3) RELATIONSHIP WITH THE AUDITORS

The Bank has established a formal and transparent relationship with its auditors, both internal and external, through the Audit Committee of the Board. The external auditors are invited to attend meetings on special matters, when necessary. In addition, the external auditors also meet the Board at least once a year when the annual audited accounts and reports are presented to the Board of Directors.

STATEMENT OF CORPORATE GOVERNANCE

V. SHARIAH SUPERVISORY COUNCIL.

The Shariah Supervisory Council (SSC) was established under the provision of Section 3(5)(b) of the Islamic Banking Act 1983 to ensure that the operation of the Bank have been conducted in conformity with the Shariah principles.

The SSC advises the Directors on matters pertaining to the operational issues of the Bank. The SSC also takes the views of Shariah Committees of relevant authorities such as Bank Negara Malaysia and Securities Commission from time to time on issues relating to the industry.

The duties and responsibilities of SSC are to review, appraise and advise the Directors on the operations of the Bank's business in order to ensure that the operations of the Bank have been conducted in conformity with the Shariah principles.

The roles of SSC in monitoring the Bank's activities are as follow:-

- i) Review the products and services to ensure conformity with Shariah requirements.
- ii) Deliberate on Shariah issues pertaining to the day-to-day operation of the Bank and provide advice accordingly.
- iii) Form opinions on the operations of the Bank on whether they are Shariah compliant.
- iv) Provide training and education on muamalat or Islamic transactions based on Shariah principles.

The roles of SSC with respect to zakat are as follow:-

- i) Review computation of zakat and approve the amount to be paid according to Shariah.
- ii) Advise on the distribution of zakat to the appropriate 'asnaf'.

The members of SSC are as follow:

- i. Dr. Abdullah Haji Ibrahim (Chairman)
- ii. Mohd Bakir Haji Mansor
- iii. Dr. Ahmad Shahbari @ Sobri Salamon

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005

The Directors hereby submit their report and the audited financial statements of the Bank for the year ended 30 June 2005.

Principal activities

The Bank is principally engaged in Islamic banking business and the provision of related services. The principal activities of the subsidiaries are as stated in Note 12 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Results

RM'000

Net loss for the year	507,807
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Reserves and provisions

There were no material transfers to or from reserves and provisions during the year except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Bank paid a final ordinary dividend of 7% less tax totalling RM25,200,000 in respect of the year ended 30 June 2004 on 10 December 2004.

The Directors do not recommend the payment of final dividend in respect of the year ended 30 June 2005.

Business plan, strategy and future outlook

High oil prices will continue to hinder global economic growth as it exerts an upward pressure on inflation and interest rates. Consequently, profit margins and purchasing power will steadily decline.

Given these downside risks in the external environment, Malaysia's economic prospects, too, will be affected. Highly dependent on external trade, Malaysia's GDP growth would be adversely affected by the slowdown in external demand. In order to offset this, domestic demand will act as a cushion to ensure growth momentum will remain uninterrupted. Towards this end, the private sector is expected to be the main impetus of growth.

After registering an impressive 7.1% growth in 2004, the Malaysian economy is moderating in 2005. Following a rapid growth of 8.0% during the first half of 2004, the quarterly GDP growth had slowed to 5.7% in 1Q05. However, being a net oil exporter, the rise in oil prices has actually helped cushion part of the economic slowdown. Consequently, the increase in oil prices has induced inflationary pressure. The Consumer Price Index (CPI), which measures inflation rate, rose by 3.2% in June 2005, the highest in six years. The inflation level has resulted in negative real rate in the short-term. The inflation was mainly due to cost-push factor rather than demand-pull.

In response to the changes in the global economy, the inflationary threat, and also the strength of domestic economy and the Ringgit value, the Government had on 21 July 2005, uplifted the pegging of the Ringgit against the US Dollar. With the lifting of this seven-year currency peg, the Ringgit is now transacted on a managed-float policy. Going forward, the new currency policy will promote stability in the Malaysian economy, which is vital in order to brave the challenge of external imbalances.

Given the above operating environment, Bank Negara Malaysia has for now maintained its accommodative monetary stance, in order to induce private consumption. As a result, the banking sector has focused their activities in the retail segment, thus creating intense competition among players.

The Islamic banking industry (IBI) continues to expand amidst the moderate operating environment. As of May 2005, financing activities in IBS increased by 17.2% to RM63.1 billion and accounted for 11.9% of total loans in the banking system (BS). Similarly, deposits increased by 18.5% to RM60.2 billion and accounted for 9.0% of total deposits in the BS. The growth rates recorded by IBI surpassed that of BS which recorded only a single digit growth of 8.6% in loans and 15.4% in deposits for the same period. Against this backdrop, we envisage that growth in IBI will remain strong albeit intense competition with the increase in number of new players.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005

In line with the industry outlook, BIMB has outlined a strategic plan which concentrates on four main areas; franchise or business strategies, for consumer as well as corporate and commercial banking, people/manpower, risk and controls and financials.

For consumer banking, focus will be given to credit card business, home and vehicle financing with the aim of increasing market share.

For commercial banking, focus will be on the origination team with emphasis on improving sales, distribution, treasury and cash management activities. The division will also focus on selective top-tier listed companies, government-linked companies and multinational companies in its bid to contribute towards overall performance of BIMB.

As for manpower resources, BIMB will rely on its existing pool of talents while continuing to hire experts in strategic business areas. Nonetheless a reorganization exercise has been implemented to improve focus and increase staff productivity. Training will be a priority and staff performance will be on merit basis.

In the area of risk and controls, BIMB will conduct continuous reviews on existing policies and procedures. A process re-engineering exercise will be undertaken to enhance a compliance culture within the Bank and inculcate risk appreciation. Data reliability and compliance to Basel II accord will be the top priority going forward.

BIMB will continue to introduce and adopt appropriate measures to improve its financial standing. These will include cost control measures, enhancement of fee-based activities, controlling of non-performing financings (NPF) as well as to improve staff productivity in order to enhance its revenue/ cost ratio.

With the implementation of all the above strategies, the BIMB is expected to chart commendable growth and uphold its position as Malaysia's premier Islamic bank despite the threats of new competitors and sooner than expected market liberalisation.

Rating by external rating agency

Details of rating conducted by an external agency on the Bank are as follows:

Rating Agency	Date	Rating Classification	Rating Received (reaffirmed)
Malaysian Rating Corporation Berhad	April 2005	* Financial Institution * Short-term	A MARC-1

Bad and Doubtful financing

Before the income statement and balance sheet of the Bank were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad financing and the making of provisions for doubtful financing, and have satisfied themselves that all known bad financing have been written off and adequate provisions had been made for bad and doubtful financing.

At the date of this report, the Directors are not aware of any circumstances that would render the amount written off for bad financing, or amount of the provision for doubtful financing in the financial statements of the Bank, inadequate to any substantial extent.

Current assets

Before the income statement and balance sheet of the Bank were made out, the Directors took reasonable steps to ascertain that any current assets, other than financing, which were unlikely to be realised in the ordinary course of business, their value as shown in the accounting records of the Bank have been written down to their estimated realisable value.

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Bank misleading.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005

Valuation methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Bank's misleading or inappropriate.

Contingent and other liabilities

At the date of this report, there does not exist:

- (a) any charge on the assets of the Bank which has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (b) any contingent liabilities in respect of the Bank that has arisen since the end of the financial year other than those incurred in the ordinary course of the banking business.

No contingent or other liability of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank to meet its obligations as and when they fall due.

Change of circumstances

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Bank misleading.

Items of an unusual nature

Other than as disclosed in the financial statements, the results of the operations of the Bank for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature, likely to affect substantially the results of the operations of the Bank for the current financial year in which this report is made.

Directors

Directors who served since the date of the last report are:

Dato' Mohd Bakke Salleh
Datuk Burhanuddin Ahmad Tajudin
Datuk Dr. Elias Md. Kadir Baba
Datuk Siti Maslamah Osman
Zahari @ Mohd Zin Idris
Prof. Dr. Muhamad Muda
Salih Amaran Jamiaan (appointed on 18.2.2005)
Dato' Noorazman A. Aziz (appointed on 1.4.2005)
Khalid Mahmood Bhaimia (resigned on 12.11.2004)
Dato' Mohd Yusoff Hj. Nasir (resigned on 1.12.2004)

None of the Directors holding office at 30 June 2005 had any interest in ordinary shares of the Bank and of its related corporations during the financial year.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005**Directors' benefits**

Since the end of the previous financial year, no Director of the Bank has received nor become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full time employee of the Bank) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Issue of shares and debentures

During the financial year, the Bank issued 100 million ordinary shares of RM1.00 each for cash for working capital purposes. There were no other changes in the issued and paid-up capital of the Bank during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Bank during the year.

Auditors

The auditors, Messrs KPMG Desa Megat & Co., have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

.....
Dato' Mohd Bakke Salleh

.....
Dato' Noorazman A. Aziz

Kuala Lumpur,

Date: 20 October 2005

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 22 to 61 are drawn up in accordance with the provisions of the Companies Act, 1965 with such modifications and exceptions as have been determined by Bank Negara Malaysia pursuant to subsection 19 of Section 169 of the said Act and applicable approved accounting standards in Malaysia, so as to give a true and fair view of the state of affairs of the Bank at 30 June 2005 and of its results and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

.....
Dato' Mohd Bakke Salleh

.....
Dato' Noorazman A. Aziz

Kuala Lumpur,

Date: 20 October 2005

REPORT OF THE SHARIAH SUPERVISORY COUNCIL

We, **Dr. Ahmad Shahbari @ Sobri Salamon** and **Mohd Bakir Hj Mansor**, being two of the members of Shariah Supervisory Council of Bank Islam Malaysia Berhad, do hereby confirm on behalf of the members of the Council, that in our opinion, the operations of the Bank for the year ended 30 June 2005 have been conducted in conformity with the Shariah principles.

On behalf of the Council:

.....
Dr. Ahmad Shahbari @ Sobri Salamon

.....
Mohd Bakir Hj Mansor

Kuala Lumpur,

Date: 20 October 2005

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Nazlan Ozizi Ibrahim, the officer primarily responsible for the financial management of Bank Islam Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 22 to 61 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 20 October 2005.

.....
Nazlan Ozizi Ibrahim

Before me:

Mohd Radzi bin Yasin (W327)
Commissioner for Oaths
Malaysia

REPORTS OF THE AUDITORS TO THE MEMBERS OF BANK ISLAM MALAYSIA BERHAD

We have audited the financial statements set out on pages 22 to 61. The preparation of the financial statements is the responsibility of the Bank's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 with such modifications and exceptions as have been determined by Bank Negara Malaysia pursuant to subsection 19 of Section 169 of the said Act and applicable approved accounting standards in Malaysia, so as to give a true and fair view of:
 - i) the state of affairs of the Bank at 30 June 2005 and the results of its operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Bank; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Bank have been properly kept in accordance with the provisions of the said Act.

KPMG Desa Megat & Co.
Firm Number: AF 0759
Chartered Accountants

Abdullah Abu Samah
Partner
Approval Number: 2013/06/06(J)

Kuala Lumpur,

Date: 20 October 2005

BALANCE SHEET AT 30 JUNE 2005

	Note	2005 RM'000	2004 RM'000
ASSETS			
Cash and short-term funds	4	2,723,061	1,410,529
Deposits and placements with banks and other financial institutions	5	-	79,974
Dealing securities	6	1,132,372	1,721,985
Investment securities	7	2,106,764	1,429,164
Financing, advances and other loans	8	9,284,701	7,640,474
Other assets	10	67,307	135,056
Bills receivable		9,069	12,064
Statutory deposits with Bank Negara Malaysia	11	428,467	372,678
Investment in subsidiary companies	12	13,075	64,673
Investment in associated company	13	1,900	1,900
Property, plant and equipment	14	82,190	90,017
TOTAL ASSETS		15,848,906	12,958,514
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	15	13,483,171	11,268,901
Deposits and placements of banks and other financial institutions	16	1,357,526	349,122
Bills payable		86,471	79,522
Other payables	17	85,204	80,293
Subordinated financing	18	100,000	-
Zakat and taxation	19	1,259	10,468
Deferred tax liabilities	20	5,094	7,020
TOTAL LIABILITIES		15,118,725	11,795,326
Share capital	21	600,000	500,000
Reserves		130,181	663,188
SHAREHOLDERS' FUNDS		730,181	1,163,188
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		15,848,906	12,958,514
COMMITMENTS AND CONTINGENCIES	36	4,594,983	3,090,557
Capital Adequacy	41		
Core capital ratio before proposed dividends		6.77%	10.6%
Risk-weighted capital ratio before proposed dividends		9.06%	11.6%
Core capital ratio after proposed dividends		6.77%	10.3%
Risk-weighted capital ratio after proposed dividends		9.06%	11.4%

The notes set out on pages 27 to 61 form an integral part of, and should be read in conjunction with, these financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 RM'000	2004 RM'000
Income derived from investment of depositors' funds	24	741,921	611,655
Allowance for losses on financing	25	(648,030)	(103,376)
Profit equalisation reserve		(7,148)	(25,832)
Total distributable income		86,743	482,447
Income attributable to depositors	27	(269,361)	(237,106)
(Loss)/Income attributable to shareholder		(182,618)	245,341
Income derived from investment of shareholders' funds	28	131,222	75,593
Total net (loss)/income		(51,396)	320,934
Personnel expenses	29	(132,128)	(93,865)
Other overhead expenses	30	(245,351)	(128,771)
Impairment loss on investment in a subsidiary		(51,848)	-
Loss Reversal of impairment loss on investment securities		945	-
(Loss)/Profit before zakat and tax expense		(479,778)	98,298
Zakat		(2,520)	(4,663)
Tax expense	32	(25,509)	(18,373)
Net (loss)/profit for the financial year		(507,807)	75,262
(Loss)/Earnings per ordinary share (sen) basic	33	(92.3)	15.0
Dividends per ordinary share - net (sen)	34	-	5.0

The notes set out on pages 27 to 61 form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2005

	Note	← Non-distributable →		Reserve fund RM'000	Distributable Retained profits/ (Accumulated loss) RM'000	Total RM'000
		Share capital RM'000	Share premium RM'000			
At 1 July 2003		500,000	331,375	162,901	118,850	1,113,126
Net profit for the year		-	-	-	75,262	75,262
Transfer to Reserve Fund		-	-	37,632	(37,632)	-
Dividends - 2003 final	34	-	-	-	(25,200)	(25,200)
At 30 June 2004		500,000	331,375	200,533	131,280	1,163,188
Net loss for the year		-	-	-	(507,807)	(507,807)
Issue of shares		100,000	-	-	-	100,000
Dividends - 2004 final	34	-	-	-	(25,200)	(25,200)
At 30 June 2005		600,000	331,375	200,533	(401,727)	730,181
		Note 21		Note 22	Note 23	

The notes set out on pages 27 to 61 form an integral part of, and should be read in conjunction with, these financial statements.

CASHFLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 RM'000	2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before zakat and taxation	(479,778)	98,298
Adjustments for:		
Depreciation	18,126	19,928
Allowance for doubtful debts	78,900	-
Allowance for diminution of value in investment	51,848	-
Allowance for losses on financing	648,030	103,376
Dividends	(1,969)	(4,492)
Impairment of property, plant & equipment	918	-
Income from Malaysian Government Investment Issues and Islamic Debt Securities	(80,635)	(65,953)
Gain on disposal of property, plant and equipment	(14)	(149)
Gain/(loss) on disposal of investments	1,338	(780)
Write back of allowance for diminution of value	(945)	-
Operating profit before working capital changes	235,819	150,228
Changes in working capital:		
Deposit and placements with banks and other financial institutions	1,008,404	317,028
Financing and advances	(2,292,257)	(853,085)
Bills receivable	2,996	(3,276)
Statutory deposits with Bank Negara Malaysia	(55,789)	17,591
Other receivables	(11,151)	2,414
Deposits from customers	2,214,270	(1,096,139)
Bills payable	6,949	5,550
Other payables	4,911	(3,138)
Cash generated from/ (used in)operations	1,114,152	(1,462,827)
Zakat paid	(3,117)	(4,693)
Income taxes paid	(30,602)	(50,347)
Net cash generated from / (used in)operating activities	1,080,433	(1,517,867)

CASHFLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 RM'000	2004 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary	(250)	-
Acquisition of associate	-	(1,900)
Purchase of property, plant and equipment	(19,105)	(32,219)
Proceeds from disposal of property, plant and equipment	8,621	332
Dividends received	1,969	4,492
Income from Malaysian Government Investment Issues and Islamic Debt Securities	80,635	65,953
(Purchase)/proceeds from sales of investments (net)	(93,826)	667,313
Transfer of net assets from subsidiary	(719)	-
Net cash (used in)/generated from investing activities	(22,675)	703,971
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(25,200)	(25,200)
Proceeds from issuance of shares	100,000	-
Subordinated financing from holding company	100,000	-
Net cash generated from/ (used in) investing activities	174,800	(25,200)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,232,558	(839,096)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,490,503	2,329,599
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,723,061	1,490,503
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and short-term funds	2,723,061	1,410,529
Deposits and placements with banks and other financial institutions	-	79,974
	2,723,061	1,490,503

The notes set out on pages 27 to 61 form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Bank is principally engaged in Islamic banking business and the provision of related services. The principal activities of the subsidiaries are stated in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 October 2005.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accounting policies adopted by the Bank are consistent with those adopted in the previous years.

The financial statements of the Bank have been prepared in accordance with the provisions of the Companies Act 1965, Bank Negara Malaysia Guidelines, applicable approved accounting standards in Malaysia and Shariah requirements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the Bank are prepared on the historical cost basis except as disclosed in the notes to the financial statements.

(b) Basis of consolidation

(i) Subsidiaries.

Subsidiaries are those enterprises controlled by the Bank. Control exists when the Bank has the power directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

The financial statements of the subsidiaries have not been consolidated as the Bank is a wholly owned subsidiary of BIMB Holdings Berhad, a company incorporated in Malaysia with a registered address at Level 14, Darul Takaful, Jalan Sultan Ismail, 50250 Kuala Lumpur

(ii) Associate

Associate is a company in which the Bank has a long term equity interest and exercise significant influence through management participation in the policy decisions of the associate.

(c) Investment in subsidiaries and associate

Long term investments in subsidiaries and associate are stated at cost in the Bank, less impairment loss where applicable.

(d) Financing, advances and other loans

Financing

Financing are stated after deducting the allowance for possible losses.

NOTES TO THE FINANCIAL STATEMENTS

Allowance for bad and doubtful financing

Specific allowances are made for doubtful financing, which have been individually reviewed and specifically identified as bad and doubtful.

A general allowance based on a percentage of the financing portfolio is also made. These percentages are reviewed annually in light of past experiences and prevailing circumstances and an adjustment is made to the overall general provision, if necessary.

An uncollectible financing or portion of a financing classified as bad is written off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

Provision for bad and doubtful financing has been made in full compliance with the revised BNM GP3 (September 1998). Any provision during the year is charged to the income statement.

(e) Dealing securities and Investment securities

Dealing securities

Dealing securities are marketable securities that are acquired and held with the intention of resale in the short term, and are stated at market value.

Transfer, if any, between dealing and investment securities are made at the lower of cost and market value.

Investment securities

Investment securities are securities that are acquired and held for yield or capital growth or to meet minimum liquid assets requirement pursuant to Section 16 of the Islamic Banking Act 1983 and are usually held to maturity.

Malaysian Government Investment Issues, Cagamas Islamic Bonds, other Government Islamic Securities, and Islamic Debt Securities held for investment are stated at cost adjusted for amortisation of premium or accretion of discount to maturity dates. Other quoted investments are stated at cost.

Unquoted investments are stated at cost and where applicable, adjusted for amortisation of premium or accretion of discount to maturity dates.

Allowance is made for diminution in value when such diminution in value is other than temporary.

(f) Property, plant and equipment.

Long term leasehold land, Management Information System development costs and all work-in-progress are stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

Depreciation

Long term leasehold land is not amortised. Leasehold land with tenure of less than 50 years is amortised in equal instalments over the period of the respective leases. Management Information System development costs and all work-in-progress are not depreciated. The straight line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Building improvements and renovations	16.7%
Furniture, fixtures, fittings and equipment	16.7% - 50%
Motor vehicles	25%

(g) Impairment

The carrying amount of the Bank's assets, other than deferred tax assets and financial assets (excluding investments in subsidiaries and associate), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement

(h) Leases

The Bank accounts for its Ijarah leasing contracts as operating leases and Ijarah Muntahia Bittamlik as finance leases.

(i) Bills and other receivables

Bills and other receivables are stated at cost less allowance for doubtful debts.

(j) Bills and acceptance payables

Bills and acceptances payable represent the Bank's own bills and acceptances rediscounted and outstanding in the market.

(k) Liabilities

Deposits from customers and deposits and placements of banks and financial institutions are stated at placement values.

Bills payable represent the Bank's own bills rediscounted and outstanding in the market. Other payables are stated at cost.

NOTES TO THE FINANCIAL STATEMENTS

(l) Income recognition

Finance income

Finance income is recognised on an accrual basis.

Income on cash line, house and term financing is accounted for on a constant rate of return basis by reference to the rest periods as stipulated in the financing agreement.

Where an account is classified as non-performing, income is not recognised until it is realised on a cash basis. Financing income recognised prior to the non-performing classification is not clawed-back to the first day of default in conformity with Bank Negara Malaysia guidelines. Customers' accounts are classified as non-performing where repayments are in arrears for more than six months from the first day of default for financing, cash line and advances; and three months from the first day of default for trade bills, credit cards, bankers acceptances, trust receipts and other instruments of similar nature.

Fee and other income recognition

Financing arrangement, management and participation fees, underwriting commissions and brokerage fees are recognised as income based on contractual arrangements. Guarantee fee is recognised as income upon issuance of the guarantee. Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the assignment.

Dividend income from subsidiary and associated companies and other investments are recognised when the Bank's right to receive payment is established.

(m) Foreign currency translations

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

1USD	RM3.80	(2004:	1USD	RM3.80)
1EUR	RM4.58	(2004:	1EUR	RM4.61)
1SAR	RM1.01	(2004:	1SAR	RM1.01)

(n) Income tax

Tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

(o) Zakat

This represents business zakat. It is an obligatory amount payable by the Bank to comply with the principles of Shariah. Zakat provision is calculated based on 2.5775% of the net asset method.

(p) Cash and cash equivalents

Cash and cash equivalents include cash and short-term funds, and deposits and placement with banks and other financial institutions.

(q) Profit Equalisation Reserve (“PER”)

PER is a mechanism to reduce the fluctuations in the profit rates payable to the depositors. It is provided based on the Framework of the Rate of Return or BNM/GP2-i issued by Bank Negara Malaysia. The amount of PER is appropriated from and written back to the total gross income. PER is reflected under other liabilities of the Bank.

(r) Employee benefits

(i) Short term employee benefits

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Bank. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

4. CASH AND SHORT-TERM FUNDS

	2005 RM'000	2004 RM'000
Cash and balances with banks and other financial institutions	393,978	274,651
Money at call and inter-bank placements with remaining maturity not exceeding one month	2,329,083	1,135,878
	2,723,061	1,410,529

5. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2005 RM'000	2004 RM'000
Subsidiary	-	79,974

NOTES TO THE FINANCIAL STATEMENTS

6. DEALING SECURITIES

	2005 RM'000	2004 RM'000
Quoted securities:		
In Malaysia		
Quoted shares	24,572	21,868
Unquoted securities:		
In Malaysia		
Bank Negara Negotiable Notes	50,845	79,491
Islamic Commercial Papers	149,719	253,231
Short-term Negotiable Islamic Debt Certificates	485,322	766,081
Banker acceptance	421,914	601,314
	1,132,372	1,721,985
Market value		
Quoted shares	24,572	21,868

7. INVESTMENT SECURITIES

	2005 RM'000	2004 RM'000
Quoted securities:		
In Malaysia		
Amanah Saham Bank Islam	3,183	18,593
Quoted shares	128,919	-
Unquoted securities:		
In Malaysia		
Malaysian Government Investment Issues	637,270	437,270
Unquoted shares	28,360	11,260
Islamic Debt Securities - Government Guaranteed	125,000	77,000
Islamic Debt Securities	1,245,913	961,435
Promissory notes	6,022	-
Negotiable Islamic Debt Certificates	35,000	-
	2,209,667	1,505,558
Unquoted securities:		
Outside Malaysia		
Islamic Development Bank Unit Trust	1,350	1,350
Unquoted shares	28,109	1,509
	29,459	2,859
	2,239,126	1,508,417

NOTES TO THE FINANCIAL STATEMENTS

	2005 RM'000	2004 RM'000
Add: Dividend receivable	14,656	13,536
Dividend advance	347	1,176
Less: Premium less discounts	(105,759)	(78,014)
Less: Accumulated impairment loss		
- Amanah Saham Bank Islam	(291)	(1,236)
- Islamic Debt Securities	(14,715)	(14,715)
- Unquoted shares	(26,600)	-
Total investment securities	2,106,764	1,429,164
Market value of quoted securities		
In Malaysia		
Amanah Saham Bank Islam	2,892	17,537
Quoted shares	109,263	-
	112,155	17,537

8. FINANCING, ADVANCES AND OTHER LOANS

(i) By Type

	2005 RM'000	2004 RM'000
Cash line	27,808	34,779
Term financing		
House financing	2,630,495	2,381,694
Syndicated financing	327,805	326,974
Leasing receivables	80,039	139,467
Bridging financing	1,039,722	392,224
Personal Financing	970,321	470,808
Other term financing	3,180,027	2,296,457
Staff financing	108,324	104,978
Credit Cards	144,402	109,153
Revolving credit	1,505,035	1,684,363
Others	336,760	45,062
	10,350,738	7,985,959
Less: Allowance for bad and doubtful financing:		
- General	(160,533)	(112,413)
- Specific	(879,931)	(282,349)
Income in suspense	(193,071)	(209,432)
Add: Deferred allowance for bad and doubtful financing	167,498	258,709
Total net financing, advances and other loans	9,284,701	7,640,474

NOTES TO THE FINANCIAL STATEMENTS

(ii) By contract

	2005 RM'000	2004 RM'000
Bai' Bithaman Ajil (deferred payment sale)	6,773,866	5,531,705
Ijarah (operating lease)	42,070	47,576
Ijarah Muntahia Bittamlik/AITAB (finance lease)	309,439	95,838
Mudharabah (profit sharing)	21,994	34,382
Murabahah (cost-plus)	1,927,568	1,580,234
Musarakah (profit and loss sharing)	50,000	50,000
Qard (benevolent loan)	835,999	540,355
Bai Al-Inah	142,194	101,793
Istisna'	209,068	-
Others	38,450	4,076
	10,350,738	7,985,959

(iii) By type of customer

	2005 RM'000	2004 RM'000
Domestic non-bank financial institutions	310,758	82,611
Domestic business enterprise	1,897,699	2,117,850
Small medium industries	1,346,481	1,268,243
Government	81,639	54,334
Individuals	5,567,086	4,380,151
Other domestic entities	53,261	56,810
Foreign entities	1,093,814	25,960
	10,350,738	7,985,959

(iv) By profit rate sensitivity

	2005 RM'000	2004 RM'000
Fixed rate:		
House financing	2,648,670	2,554,363
Others	7,702,068	5,431,596
	10,350,738	7,985,959

NOTES TO THE FINANCIAL STATEMENTS

(v) By sector

	2005 RM'000	2004 RM'000
Agriculture, hunting, forestry and fishing	267,455	171,415
Mining and quarrying	14,105	14,375
Manufacturing	1,446,748	1,005,063
Electricity, gas and water	300,762	132,611
Construction	1,055,851	904,120
Real Estate	48,241	88,012
Purchase of landed property		
- Residential	2,763,468	2,503,093
- Non-residential	669,522	669,009
Wholesale, retail trade, restaurants and hotels	401,034	273,267
Transport, storage and communication	172,983	122,851
Finance, insurance and business services	186,389	207,790
Purchase of securities	578,655	182,495
Purchase of transport vehicles	1,319,907	919,526
Consumption credit	931,817	605,646
Community social and personal service	64,308	68,188
Others	129,493	118,498
	10,350,738	7,985,959

9. NON-PERFORMING FINANCING

(i) Movements in the non-performing financing, advances and other loans (including income receivable)

	2005 RM'000	2004 RM'000
At 1 July	1,247,328	1,114,026
Amount transferred from BILL	206,956	-
Classified as non-performing during the year	1,114,670	392,941
Reclassified as performing during the year	(136,724)	(82,653)
Amount recovered	(90,193)	(78,703)
Amount written off	(112,726)	(98,146)
Other adjustments	-	(137)
At 30 June	2,229,311	1,247,328
Less: Specific allowance (SA)	(879,931)	(282,349)
Income in suspense (IIS)	(193,071)	(209,432)
Net non-performing financing, advances and other loans	1,156,309	755,547
Ratio of net non-performing financing and other loans to total net financing and other loans	12.45%	9.89%

NOTES TO THE FINANCIAL STATEMENTS

(ii) Movements in the allowance and deferred allowance for bad and doubtful financing and income in suspense:

	2005 RM'000	2004 RM'000
General allowance:		
At 1 July	112,413	134,969
Amount transferred from BILL	28,804	-
Allowance made during the year	19,316	4,179
Transfer	-	22,214
Write-back made during the year	-	(48,949)
At 30 June	160,533	112,413
As % of total financing less SA and IIS	1.73%	1.50%
Specific allowance:		
As at 1 July	282,349	252,650
Amount transferred from BILL	114,350	-
Allowance made during the year	613,088	161,944
Amount recovered	(36,362)	(48,800)
Amount written off	(93,494)	(83,416)
Others	-	(29)
At 30 June	879,931	282,349
Deferred allowance for bad and doubtful financing:		
At 1 July	258,709	277,358
Allowance deferred during the year	-	17,351
Amount amortised	(72,498)	(36,000)
Transfer to PER	(12,114)	-
Sharing of amount recovered from Danaharta	(6,599)	-
At 30 June	167,498	258,709
Income in suspense:		
At 1 July	209,432	193,360
Allowance made during the year	63,373	103,657
Reversal claw back*	(46,286)	-
Amount recovered	(14,215)	(72,855)
Amount written off	(19,233)	(14,730)
At 30 June	193,071	209,432

* In prior years, financing income recognised prior to the non-performing classification is clawed back to the first day of default. However, in the current financial year, the Bank changed the income recognition whereby financing income recognised prior to the non-performing classification is not clawed back to the first day of default, to conform with Bank Negara Malaysia Guidelines. As a result, such claw back of income has been reversed.

NOTES TO THE FINANCIAL STATEMENTS

(iii) Non-performing financing by sector

	2005 RM'000	2004 RM'000
Agriculture, hunting, forestry and fishing	94,388	30,981
Mining and quarrying	5,366	4,873
Manufacturing	243,744	164,238
Electricity, gas and water	280,172	2,074
Construction	335,276	332,455
Real estate	135	252
Purchase of landed property:		
- Residential	291,689	228,033
- Non-residential	196,473	151,940
Wholesales, retail trades, restaurants and hotels	120,231	47,748
Transport, storage and communication	96,175	40,609
Finance, insurance, real estate and business services	10,909	5,094
Purchase of securities	297,023	26,348
Purchase of transport vehicles	58,351	69,360
Consumption credit	140,075	121,193
Community social and personal services	22,096	19,770
Others	37,208	2,360
	2,229,311	1,247,328

10. OTHER ASSETS

	2005 RM'000	2004 RM'000
Other receivables	81,730	105,613
Deposits and prepayments	6,240	5,979
Related companies	48,705	8,926
Sundry debtors	29,430	34,873
	166,105	155,391
Allowance for bad and doubtful debts	(98,798)	(20,335)
	67,307	135,056

11. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amount of which are determined as set percentages of total eligible liabilities.

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENT IN SUBSIDIARY COMPANIES

	2005 RM'000	2004 RM'000
In Malaysia		
Unquoted shares		
At Cost	64,923	64,673
Less: Impairment loss	(51,848)	-
	13,075	64,673

The principal activities of the subsidiaries, all incorporated in Malaysia and the interest of the Bank are as follows:

Name	Principal Activities	Effective ownership interest		Paid up capital 30 June 2005 RM'000
		2005 %	2004 %	
Al-Wakalah Nominees (Tempatan) Sendirian Berhad	Provide nominee services	100	100	25
BIMB Unit Trust Management Berhad	Manager of BIMB Unit Trust Fund	100	100	5,000
BIMB International IslamicTrust(Labuan) Sendirian Berhad and its subsidiary:	Provides trust and related services	100	100	250
BIMB Offshore Company Management Services Sdn. Bhd.	Dormant	100	100	*
Bank Islam (L) Ltd. (BILL)	Ceased operation during the year	100	100	57,000
BIMB Trust Ltd	Provides trust and related services	100	100	250
BIMB Foreign Currency Clearing Agency Sendirian Berhad	Foreign currency clearing house	75.5	75.5	10,000

* Represents RM2.00

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT IN ASSOCIATED COMPANY

	2005 RM'000	2004 RM'000
Unquoted shares, at cost In Malaysia	1,900	1,900

The principal activities of the associate and the interest of the Bank are as follows:

Name	Principal Activities	Effective ownership interest		Paid up capital 30 June 2005
		2005 %	2004 %	RM'000
MySPEED. com Sdn. Bhd.	e-business activities	20.54	20.54	9,250

The carrying amount of the investment in associate as at 30 June 2004 and 2005, had equity method been applied, would have been nil as the associate had negative shareholders' funds as at these dates.

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT

	Long term leasehold land RM'000	Buildings in progress RM'000	Improvement and renovations RM'000	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Renovation work-in-progress RM'000	Management information system development cost RM'000	Total RM'000
Cost									
At 1 July 2004	14,147	13,065	9,906	17,624	92,927	653	15,064	14,460	177,846
Transfer from BILL	-	-	1,566	-	4,013	277	-	-	5,856
Additions	2	104	295	4,204	8,220	370	6,008	743	19,946
Disposal	-	-	-	-	(160)	(263)	-	(8,562)	(8,985)
Written off	(2)	(839)	-	-	-	-	-	-	(841)
At 30 June 2005	14,147	12,330	11,767	21,828	105,000	1,037	21,072	6,641	193,822
Accumulated depreciation and impairment losses									
At 1 July 2004	-	-	7,938	14,722	64,516	653	-	-	87,829
Transfer from BILL	-	-	1,246	-	3,735	156	-	-	5,137
Depreciation charge for the year	-	-	702	1,457	15,909	58	-	-	18,126
Disposal	-	-	-	-	(115)	(263)	-	-	(378)
Impairment losses for the year	-	918	-	-	-	-	-	-	918
Accumulated depreciation	-	-	9,886	16,179	84,045	604	-	-	110,714
Accumulated impairment losses	-	918	-	-	-	-	-	-	918
At 30 June 2005	-	918	9,886	16,179	84,045	604	-	-	111,632
Net Book Value									
At 30 June 2005	14,147	11,412	1,881	5,649	20,955	433	21,072	6,641	82,190
At 30 June 2004	14,147	13,065	1,968	2,902	28,411	-	15,064	14,460	90,017
Depreciation charge for the year ended 30 June 2004	-	-	484	850	18,500	94	-	-	19,928

NOTES TO THE FINANCIAL STATEMENTS

15. DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	2005 RM'000	2004 RM'000
Non-Mudharabah fund		
Demand deposits	2,954,160	2,686,075
Savings deposits	1,385,432	1,264,025
Negotiable instrument of deposits	747,951	328,026
Others	18,999	21,156
	5,106,542	4,299,282
Mudharabah fund		
Saving deposits	433,229	364,763
General investment deposits	3,110,483	2,903,708
Special investment deposits	4,823,817	3,692,048
Others	9,100	9,100
	8,376,629	6,969,619
	13,483,171	11,268,901

(ii) By type of customer

	2005 RM'000	2004 RM'000
Government and statutory bodies	2,405,840	2,316,604
Business enterprises	4,832,010	3,790,872
Individuals	2,144,688	1,951,383
Others	4,100,633	3,210,042
	13,483,171	11,268,901

Included in deposits from customers are the following amounts due to related companies:

	2005 RM'000	2004 RM'000
Due to holding company	899	9,049
Due to other related companies	363,958	422,271
Due to subsidiaries	3,260	9,793

NOTES TO THE FINANCIAL STATEMENTS

16. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	2005 RM'000	2004 RM'000
Mudharabah fund		
Licensed banks	1,098,647	232,000
Licensed merchant banks	75,045	36,750
Other financial institutions	183,834	80,372
	1,357,526	349,122

17. OTHER PAYABLES

	2005 RM'000	2004 RM'000
Sundry creditors	84,881	47,583
Profit equalisation reserve ("PER")-(i)	-	32,710
Amount due to a subsidiary	323	-
	85,204	80,293

(i) Profit equalisation reserve

	2005 RM'000	2004 RM'000
At 1 July	32,710	7,433
Recognised in the income statement	25,939	47,103
Written back in the financial year	(18,791)	(21,271)
Transferred to deferred allowance	(12,114)	-
Transferred to profit payable to depositors	(27,744)	(555)
At 30 June	-	32,710

18. SUBORDINATED FINANCING

The amount refers to a subordinated Mudharabah financing facility granted by the holding company which is subordinated to all other liabilities and matures in year 2010.

19. ZAKAT AND TAXATION

	2005 RM'000	2004 RM'000
Zakat	2,932	3,529
Taxation	(1,673)	6,939
	1,259	10,468

NOTES TO THE FINANCIAL STATEMENTS

20. DEFERRED TAX LIABILITIES

	2005 RM'000	2004 RM'000
At 1 July	7,020	7,375
Recognised in income statement	(1,926)	(355)
At 30 June	5,094	7,020

The components and movements of deferred tax assets and liabilities during the financial year prior to (before offsetting) are as follows:

Deferred tax assets of the Bank:

	Allowance for losses on financing RM'000	Other temporary differences RM'000	Total RM'000
At 1 July	9,442	7,078	16,520
Recognised in income statement	2,245	(16,236)	(13,991)
At 30 June	11,687	(9,158)	2,529

Deferred tax liabilities of the Bank:

	Excess of capital allowances over depreciation RM'000	Other temporary differences RM'000	Total RM'000
At 1 July	9,676	13,864	23,540
Recognised in income statement	2,486	(18,403)	(15,917)
At 30 June	12,162	(4,539)	7,623

21. SHARE CAPITAL

	2005 RM'000	2004 RM'000
Authorised:		
Ordinary shares of RM1.00 each	2,000,000	2,000,000
One Special Rights Redeemable Preference Share of RM1.00	*	*
	2,000,000	2,000,000

NOTES TO THE FINANCIAL STATEMENTS

	2005 RM'000	2004 RM'000
Issued and fully paid:		
Ordinary shares of RM1.00 each.		
As at 1 July	500,000	500,000
Issued during the year	100,000	-
As at 30 June	600,000	500,000
One Special Rights Redeemable Preference Share of RM1.00	-	*
	600,000	500,000

* Represents RM1.00

During the year end, the Bank has redeemed the Special Rights Redeemable Preference Share upon receiving written notice from the holder, Menteri Kewangan Diperbadankan.

22. RESERVE FUND

Reserve Fund is statutory reserves maintained in compliance with Section 15 of the Islamic Banking Act 1983 and is not distributable as cash dividends.

23. SECTION 108 TAX CREDIT AND TAX EXEMPT INCOME ACCOUNT

Subject to agreement by the Inland Revenue Board, the Bank has sufficient Section 108 tax credit and tax exempt income to frank up to approximately RM562,610,000 as dividend subject to availability of sufficient profits.

24. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	2005 RM'000	2004 RM'000
Income derived from investment of:		
(i) General investment deposits	208,047	206,427
(ii) Other deposits	533,874	405,228
	741,921	611,655

(i) Income derived from investment of general investment deposits:

	2005 RM'000	2004 RM'000
Financing income and hibah:		
Financing, advances and other loans	170,359	161,433
Dealing securities	6,484	10,603
Investment securities	5,914	8,646
Money at call and deposit with financial institutions	9,206	6,487
	191,963	187,169
Amortisation of premium less accretion of discounts	4,995	4,833
	196,958	192,002

NOTES TO THE FINANCIAL STATEMENTS

	2005 RM'000	2004 RM'000
Other dealing income:		
Net gain from foreign exchange transactions	141	283
Net gain from sale of dealing securities	9,356	8,147
Net (loss)/gain on revaluation of dealing securities	(357)	1,615
	206,098	202,047
Other operating income:		
Net gain from sale of investment securities	1,529	2,892
Gross dividend income from securities		
- quoted in Malaysia	98	32
- quoted outside Malaysia	-	17
- unquoted in Malaysia	-	662
	207,725	205,650
Other income	322	777
	208,047	206,427

(ii) Income derived from investment of other deposits:

	2005 RM'000	2004 RM'000
Financing income and hibah:		
Financing, advances and other loans	428,381	316,902
Dealing securities	18,388	20,815
Investment securities	17,028	16,973
Money at call and deposit with financial institutions	27,898	12,733
	491,695	367,423
Amortisation of premium less accretion of discounts	13,499	9,488
	505,194	376,911
Other dealing income:		
Net gain from foreign exchange transactions	394	555
Net gain from sale of dealing securities	24,667	15,994
Net (loss)/gain on revaluation of dealing securities	(1,491)	3,170
	528,764	396,630
Other operating income:		
Net gain from sale of investment securities	4,243	5,676
Gross dividend income from securities		
- quoted in Malaysia	-	63
- quoted outside Malaysia	-	34
- unquoted in Malaysia	209	1,300
	533,216	403,703
Other income	658	1,525
	533,874	405,228

NOTES TO THE FINANCIAL STATEMENTS

25. ALLOWANCE FOR LOSSES ON FINANCING

	2005 RM'000	2004 RM'000
Allowance for bad and doubtful financing:		
Specific allowance		
- Made in the financial year *	613,088	161,944
- Written back	(36,362)	(48,800)
General allowance		
- Made in the financial year	19,316	4,179
- Written back	-	(48,949)
Deferred allowance for bad and doubtful financing	72,498	36,000
Bad debts and financing:		
- Recovered	(16,278)	(998)
	652,262	103,376
Allowance for amounts recoverable from Danaharta reversed in the financial year	(4,232)	-
	648,030	103,376

* Included is RM398,537,000 allowances on non-performing financing accounts relating to the Labuan offshore operation resulting from the deterioration in credit quality of certain financing portfolio, the adoption of a more prudent risk management control framework and a more stringent provisioning requirements upon the conversion of the then Bank Islam (L) Ltd. into an offshore branch

26. ALLOWANCE FOR DIMINUTION IN VALUE OF INVESTMENT SECURITIES

	2005 RM'000	2004 RM'000
Investment securities		
At 1 July	15,951	15,951
Amount transferred from BILL	26,600	
Reversal during the year	(945)	-
At 30 June	41,606	15,951

27. INCOME ATTRIBUTABLE TO DEPOSITORS

	2005 RM'000	2004 RM'000
Deposits from customers		
- Mudharabah Fund	194,247	175,692
- Non- Mudharabah Fund	50,617	53,455
Deposits and placements of banks and other financial institutions		
- Mudharabah Fund	24,497	7,959
	269,361	237,106

NOTES TO THE FINANCIAL STATEMENTS

28. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

	2005 RM'000	2004 RM'000
Financing income and hibah:		
Financing, advances and other loans	3,719	3,591
Dealing securities	-	-
Investment securities	37,362	16,521
Money at call and deposit with financial institutions	12,457	9,989
	53,538	30,101
Amortisation of premium less accretion of discounts	8,480	3,517
	62,018	33,618
Other dealing income:		
Net gain from foreign exchange transactions	231	1,052
Net (loss)/gain from sale of dealing securities	(24)	873
Net gain on revaluation of dealing securities	1,425	1,492
	63,650	37,035
Other operating income:		
Net gain from sale of investment securities	26,326	-
Gross dividend income from securities		
- quoted in Malaysia	778	939
- quoted outside Malaysia	71	-
- unquoted in Malaysia	1,334	-
- unit trust in Malaysia	914	-
Gross dividend income		
- subsidiary companies	149	701
	93,222	38,675
Fees and commission:		
Processing fees	211	4,478
Commitment fees	177	268
Corporate advisory fees	2,442	1,015
Others	25,942	27,574
	121,994	72,010
Other Income:		
Net (loss)/gain on disposal of property, plant and equipment	(17)	149
Rental income	357	348
Others	8,888	3,086
	131,222	75,593

NOTES TO THE FINANCIAL STATEMENTS

29. PERSONNEL EXPENSES

	2005 RM'000	2004 RM'000
Salaries and wages	77,221	59,692
Allowance and bonuses	20,940	11,090
Others	33,967	23,083
	132,128	93,865

The number of employees of the Bank (including Executive Director) at the end of the year was 2,906 (2004 - 2,381). Staff costs include contributions to the Employees' Provident Fund of RM13,748,000 (2004 - RM10,714,000).

30. OTHER OVERHEAD EXPENSES

	2005 RM'000	2004 RM'000
Promotion		
Advertisement and publicity	4,730	3,715
Establishment		
Rental	17,330	14,964
Depreciation	18,126	19,928
EDP expenses	882	766
Lease rental	20,737	21,568
Hire of equipment	2,978	576
General expenses		
Auditors' fees		
- Audit work	191	140
- Non-audit work	20	128
Professional fees	1,941	1,776
Directors' remuneration	404	599
Allowance for doubtful debt	78,900	-
Impairment loss on property, plant and equipment	918	-
Others	98,194	64,611
	245,351	128,771

* Included in the allowance for doubtful debts for the financial year is RM74.9 million allowance on inter-branch reconciling items that remain outstanding for more than three months.

NOTES TO THE FINANCIAL STATEMENTS

31. DIRECTORS AND SHARIAH SUPERVISORY COUNCIL MEMBERS' REMUNERATION

(a) (i) Aggregate remuneration of all Directors for the Bank categorised into appropriate components are as follows:

	2005 RM'000	2004 RM'000
Executive Director:		
Allowances	60	48
Salaries, bonuses and EPF contributions	219	454
Benefits-in-kind	38	26
	317	528
Non-Executive Directors:		
Fees and allowances	125	97
Total	442	625
Total (excluding benefits-in-kind)	404	599
(ii) Shariah Supervisory Council	110	117

(b) (i) Number of Directors whose remuneration fall into the following bands:

	2005	2004
Number of Executive Director		
Below RM300,000	-	-
RM300,001 to RM400,000	1	1
Number of Non-Executive Directors		
Below RM50,000	9	9
Total	10	10
(ii) Number of Shariah Supervisory Council Members	5	5

32. TAX EXPENSE

	2005 RM'000	2004 RM'000
Current tax expense:		
Malaysian - current	22,579	33,997
- prior year	4,856	(15,269)
	27,435	18,728
Deferred tax expense:		
Origination and reversal of temporary differences (Note 20)	(1,926)	(355)
	25,509	18,373

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of effective tax expense:

	2005	2004
	RM'000	RM'000
(Loss)/Profit before taxation	(479,778)	98,298
Income tax using Malaysian tax rates	(134,338)	27,523
Non-deductible expenses	154,991	6,119
Under/(Over) provision in prior years	20,653	33,642
	4,856	(15,269)
Tax expense	25,509	18,373

33. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share of the Bank is calculated based on the net loss attributable to the ordinary shareholders of RM507,807,000 (2004 - net profit of RM75,262,000) and the weighted average number of ordinary shares outstanding during the year of 550,000,000 (2004 - 500,000,000).

34. DIVIDENDS

	2005	2004
	RM'000	RM'000
Ordinary		
Final paid:		
2004 - 7% per share less tax (2003 - 7% per share less tax)	25,200	25,200

35. RELATED PARTY TRANSACTIONS

Controlling related party relationships are as follows:

- (i) The holding company as disclosed in Note 45
- (ii) Its subsidiaries as disclosed in Note 12

NOTES TO THE FINANCIAL STATEMENTS

Significant transactions and balances with related parties other than disclosed elsewhere in the financial statements are as follows:

	2005 RM'000	2004 RM'000
<i>Subsidiary companies</i>		
Income:		
Income on financing, advances and other loans	2,711	2,487
Management fees	71	71
Office rental	232	241
Others	214	686
Expenditure:		
Income on deposits and placements of banks and other financial institutions	454	639
Others	-	109
Amounts due from:		
Financing, advances and other loans	50,000	74,819
Investment and deposit placements with banks and other financial institutions	-	79,800
Others	95	-
Amount due to:		
Current account and investment deposits	5,730	14,733
Others	48,945	-
<i>Other related companies</i>		
Income:		
Income on financing, advances and other loans	5,670	5,970
Management fees	248	248
Office rental	38	53
Lease rental	36	221
Others	167	-
Expenditure:		
Income on deposits and placements of Banks and other financial institutions	6,715	9,174
Office rental	7,957	8,858
Lease rental	20,866	21,341
Dividend paid	35,000	35,000
Others	1,014	541
Amount due from:		
Financing, advances and other loans	51,531	61,905
Investment and deposit and placements with banks and other financial institutions	12,567	45,295
Others	20,527	-
Amount due to:		
Current account and investment deposits	300,238	306,620
Others	3,428	3,417

NOTES TO THE FINANCIAL STATEMENTS

36. COMMITMENT AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

Risk Weighted Exposures of the Bank as at 30 June are as follows:

	2005		2004	
	Principal amount RM'000	Credit equivalent amount* RM'000	Principal amount RM'000	Credit equivalent amount* RM'000
Direct credit substitutes	380,548	380,548	435,162	435,162
Transaction-related contingent items	396,004	198,002	311,482	155,741
Short-term self-liquidating trade-related contingencies	1,390,308	278,062	1,064,740	212,948
Other assets sold with recourse and commitments with certain drawdown	121	121	119	119
Obligation under underwriting agreement	70,000	35,000	75,000	37,500
Foreign exchange related contracts - less than one year	720,034	14,401	149,690	2,994
Miscellaneous	1,637,968	483,707	1,054,364	440,884
Total	4,594,983	1,389,841	3,090,557	1,285,348

* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines.

	2005		2004	
	Principal amount RM'000	Credit equivalent amount* RM'000	Principal amount RM'000	Credit equivalent amount* RM'000
Foreign exchange contracts				
- Forward contracts	400,299	8,006	38,089	762
- Others	319,735	6,395	111,601	2,232
Total	720,034	14,401	149,690	2,994

Foreign exchange related contracts are subject to market risk and credit 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 these types 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 is a risk that a counter party will be unable to meet the terms of a contract in which the Bank has a gain position.

NOTES TO THE FINANCIAL STATEMENTS

37. PROFIT RATE RISK

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market profit rates on its financial position and cash flows. The following table summarises the Bank's exposure to profit rate risk. This asset and liabilities at carrying amount are categorised by the earlier contractual repricing or maturity dates.

	Up to 6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non profit sensitive RM'000	Total RM'000	Effective profit rate %
As at 30 June 2005							
Assets							
Cash and short-term funds	2,723,061	-	-	-	-	2,723,061	2.44
Deposits and placement with banks and other financial institutions	-	-	-	-	-	-	0.00
Dealing securities	1,132,372	-	-	-	-	1,132,372	4.10
Investment securities	391,299	47,000	960,373	708,092	-	2,106,764	6.80
Financing, advances and other loans	1,939,860	969,930	1,454,895	3,364,963	1,555,053	9,284,701	6.95
Other assets	-	-	-	-	602,008	602,008	0.00
	6,186,592	1,016,930	2,415,268	4,073,055	2,157,061	15,848,906	
Liabilities							
Deposits from customers	6,518,677	306,363	331,440	1,553,870	4,772,821	13,483,171	1.98
Deposits and placements of banks and other financial institutions	1,357,526	-	-	-	-	1,357,526	2.87
Bills and acceptance payable	86,471	-	-	-	-	86,471	2.75
Subordinated financing	-	-	100,000	-	-	100,000	0.00
Other payables	-	-	-	-	91,557	91,557	0.00
	7,962,674	306,363	431,440	1,553,870	4,864,378	15,118,725	
Total liabilities							
Equity	-	-	-	-	730,181	730,181	
	7,962,674	306,363	431,440	1,553,870	5,594,559	15,848,906	
Total liabilities and equity							
On-balance sheet profit sensitivity gap	(1,776,082)	710,567	1,983,828	2,519,185	-	-	
Off-balance sheet profit sensitivity gap	1,390,308	720,034	2,484,641	-	-	-	
	(385,774)	1,430,601	4,468,469	2,519,185			
Total profit sensitivity gap							

NOTES TO THE FINANCIAL STATEMENTS

37. PROFIT RATE RISK (continued)

	Up to 6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non profit sensitive RM'000	Total RM'000	Effective profit rate %
As at 30 June 2004							
Assets							
Cash and short-term funds	1,213,971	-	-	-	196,558	1,410,529	1.57
Deposits and placement with banks and other financial institutions	79,974	-	-	-	-	79,974	1.66
Dealing securities	1,629,520	92,465	-	-	-	1,721,985	3.12
Investment securities	91,532	40,303	791,490	505,839	-	1,429,164	3.52
Financing, advances and other loans	1,721,724	78,919	938,810	3,653,693	1,247,328	7,640,474	6.63
Other assets	-	-	-	-	676,388	676,388	0.00
	4,736,721	211,687	1,730,300	4,159,532	2,120,274	12,958,514	
Liabilities							
Deposits from customers	4,668,390	1,827,810	128,296	337,126	4,307,279	11,268,901	1.94
Deposits and placements of banks and other financial institutions	349,122	-	-	-	-	349,122	4.18
Bills and acceptance payable	79,522	-	-	-	-	79,522	2.63
Other payables	-	-	-	-	97,781	97,781	0.00
	5,097,034	1,827,810	128,296	337,126	4,405,060	11,795,326	
Total liabilities	-	-	-	-	1,163,188	1,163,188	0.00
Equity							
Total liabilities and equity	5,097,034	1,827,810	128,296	337,126	5,568,248	12,958,514	
On-balance sheet profit sensitivity gap	(360,313)	(1,616,123)	1,602,004	3,822,406			
Off-balance sheet profit sensitivity gap	1,064,740	149,809	1,876,008	-			
Total profit sensitivity gap	704,427	(1,466,314)	3,478,012	3,822,406			

NOTES TO THE FINANCIAL STATEMENTS

38. LIQUIDITY RISK

The maturities of on-balance sheet assets and liabilities as well as other off balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing liquidity of the reporting institution. The table below provides analysis of assets and liabilities into relevant maturity tenures based on their behavioural profile:

Maturities of assets and liabilities by behavioural maturity profile:

As at 30 June 2005

	Up to 6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Assets					
Cash and short-term funds	2,723,061	-	-	-	2,723,061
Deposits and placements with banks and other financial institutions	-	-	-	-	-
Dealing securities	1,132,372	-	-	-	1,132,372
Investment securities	391,299	47,000	960,373	708,092	2,106,764
Financing, advances and other loans	1,939,860	969,930	1,454,895	4,920,016	9,284,701
Other assets	504,843	-	-	97,165	602,008
Total assets	6,691,435	1,016,930	2,415,268	5,725,273	15,848,906
Liabilities					
Deposits from customers	11,291,498	306,363	331,440	1,553,870	13,483,171
Deposits and placements of banks and other financial institutions	1,357,526	-	-	-	1,357,526
Bills and acceptance payable	86,471	-	-	-	86,471
Subordinated financing	-	-	100,000	-	100,000
Other payables	91,557	-	-	-	91,557
Total liabilities	12,827,052	306,363	431,440	1,553,870	5,118,725
Equity	-	-	-	730,181	730,181
Total liabilities and equity	12,827,052	306,363	431,440	2,284,051	15,848,906
Off-balance sheet liabilities					
Commitment and contingencies	1,390,308	720,034	2,484,641	-	4,594,983
Net maturity mismatch	(7,525,925)	(9,467)	(500,813)	3,441,222	(4,594,983)

NOTES TO THE FINANCIAL STATEMENTS

Maturities of assets and liabilities by behavioural maturity profile:

As at 30 June 2004

	Up to 6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Assets					
Cash and short-term funds	1,410,529	-	-	-	1,410,529
Deposits and placement with banks and other financial institutions	79,974	-	-	-	79,974
Dealing securities	1,629,520	92,465	-	-	1,721,985
Investment securities	91,532	40,303	791,490	505,839	1,429,164
Financing, advances and other loans	1,721,724	78,919	938,810	4,901,021	7,640,474
Other assets	519,798	-	-	156,590	676,388
Total assets	5,453,077	211,687	1,730,300	5,563,450	12,958,514
Liabilities					
Deposits from customers	8,975,669	1,827,810	128,296	337,126	11,268,901
Deposits and placements of banks and other financial institutions	349,122	-	-	-	349,122
Bills and acceptance payable	79,522	-	-	-	79,522
Other payables	97,781	-	-	-	97,781
Total liabilities	9,502,094	1,827,810	128,296	337,126	11,795,326
Equity	-	-	-	1,163,188	1,163,188
Total liabilities and equity	9,502,094	1,827,810	128,296	1,500,314	12,958,514
Off-balance sheet liabilities					
Commitment and contingencies	1,064,740	149,809	1,876,008	-	3,090,557
Net maturity mismatch	(5,113,757)	(1,765,932)	(274,004)	4,063,136	(3,090,557)

39. LEASE COMMITMENTS

The Bank has lease commitments in respect of vehicle and equipment on hire, all of which are classified as operating leases. A summary of the non-cancellable long term commitment are as follows:

As lessee:

	2005 RM'000	2004 RM'000
Year		
Within one year	20,600	20,580
Between one and five years	61,683	80,445
	82,283	101,025

NOTES TO THE FINANCIAL STATEMENTS

40. CAPITAL COMMITMENTS

	2005 RM'000	2004 RM'000
Property, plant and equipment Contracted but not provided for in the financial statements	7,935	19,662

41. CAPITAL ADEQUACY

(i) The capital adequacy ratios of the Bank are as follows:

	2005 RM'000	2004 RM'000
Tier-I capital		
Paid-up share capital	600,000	500,000
Share premium	331,375	331,375
Other reserves	(201,194)	321,880
Total Tier-I capital	730,181	1,153,255
Tier-II capital		
Irredeemable subordinated Mudharabah financing	100,000	-
General allowance for bad and doubtful debts	160,533	131,337
Total capital	990,714	1,284,592
Less: Investment in subsidiaries	(13,075)	(12,825)
Capital base	977,639	1,271,767
Core capital ratio before proposed dividends	6.77%	10.6%
Risk weighted capital ratio before proposed dividends	9.06%	11.6%
Core capital ratio after proposed dividends	6.77%	10.3%
Risk weighted capital ratio after proposed dividends	9.06%	11.4%

(ii) Breakdown of gross risk weighted assets in the various categories of risk weights:

	2005		2004	
	Principal amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Risk weighted amount RM'000
0%	3,844,975	-	2,513,128	-
10%	33,640	3,364	33,640	3,364
20%	1,841,988	368,398	1,895,509	379,102
50%	2,446,854	1,223,427	2,564,394	1,282,197
100%	9,195,799	9,195,799	9,261,487	9,261,487
Total	17,363,256	10,790,988	16,268,158	10,926,150

NOTES TO THE FINANCIAL STATEMENTS

42. SEGMENT INFORMATION

Business segments

30 June 2005	Corporate and Institutional Banking		Commercial Banking	Consumer Banking	Others	Total
	Offshore RM'000	Domestic RM'000	RM'000	RM'000	RM'000	RM'000
External income	29,838	298,957	162,430	378,419	3,499	873,143
Result:						
Segment result	(449,226)	105,167	18,741	31,188	3,505	(290,625)
Unallocated corporate expenses	-	-	-	-	-	(189,153)
Loss from operation						(479,778)
Zakat and tax expense	-	-	-	-	-	(28,029)
Net loss for the financial year						(507,807)
Other information:						
Segment assets	1,496,531	6,092,264	2,455,882	5,737,752	-	15,782,429
Investment in associates	-	-	-	-	-	1,900
Unallocated corporate assets	-	-	-	-	-	64,577
Total assets						15,848,906
Segment liabilities	1,893,909	1,383,552	23,909	11,645,115	-	14,946,485
Unallocated corporate liabilities	-	-	-	-	-	172,240
Total Liabilities						15,118,725
Other segment items:						
Capital expenditure	-	3,313	3,044	7,111	6,478	19,946
Depreciation	-	3,011	2,766	6,462	5,887	18,126
Amortisation	-	-	-	-	72,498	72,498

NOTES TO THE FINANCIAL STATEMENTS

Business segments

	Corporate and Institutional Banking Domestic RM'000	Commercial Banking RM'000	Consumer Banking RM'000	Others RM'000	Total RM'000
30 June 2004					
External income	290,922	129,069	263,366	3,891	687,248
Result:					
Segment result	171,232	13,022	37,679	3,921	225,854
Unallocated corporate expenses	-	-	-	-	(127,556)
Profit from operation					98,298
Zakat and tax expense	-	-	-	-	(23,036)
Net profit for the financial year					75,262
Other information:					
Segment assets	6,270,493	1,251,433	2,199,381	-	9,721,307
Investment in associates					1,900
Unallocated corporate assets	-	-	-	-	3,235,307
Total assets	-	-	-	-	12,958,514
Segment liabilities	374,606	25,388	11,313,521		11,713,515
Unallocated corporate liabilities	-	-	-	-	81,811
Total Liabilities	-	-	-	-	11,795,326
Other segment items:					
Capital expenditure	5,106	5,087	8,941	13,085	32,219
Depreciation	3,151	3,139	5,517	8,121	19,928
Amortisation	-	-	-	36,000	36,000

43. FINANCIAL RISK MANAGEMENT POLICIES

The guidelines and policies adopted by the Bank to manage the following risks that arise in the conduct of the business activities are as follows:

Operational risk

This risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems and external events. In managing this risk a dedicated team has been established. The team is responsible for identification, assessment and measurement, control framework, monitoring and reporting of operational risks.

NOTES TO THE FINANCIAL STATEMENTS

Credit risk

Credit risk is the potential loss of revenue and principal in the form of specific allowances as a result of defaults by the customers or counter parties through the financing, dealing and investing activities.

The primary exposure to credit risk arises from financing activities. Credit policy to govern the activities is rigorously being enhanced with the objectives of improving the quality of assets originated and preserved. This is in line with the on-going organisation transformation.

Under the credit process flow, credit administration, credit control, review and analysis are performed independently of individuals involved in business origination. In addition, an independent evaluation of credit proposal before approval has been established for all proposal involving corporate and commercial. This function is performed by risk management division.

Credit risk arising from dealing and investing activities are managed by the establishment of limits which includes, counter parties limits, permissible acquisition of not less than A-rated private entities' instruments. Furthermore, the dealing and investing activities are monitored by an independent middle office unit.

Market risk

Market risk is the risk of loss arising from the adverse movement in the level of market prices or rates. The market risk components are foreign exchange risk, profit rate risk and equity risk.

(i) Foreign exchange risk

This risk refers to the adverse exchange rate movements on foreign currency positions taken by the Bank. Foreign currency open position is monitored against predetermined position limits and cut-loss limits.

(ii) Profit rate risk

This risk refers to volatility in the net profit income as a result of changes in the levels of profit rate and shift in the composition of the assets and liabilities. The profit rate risk, however, is self-mitigated when most of the financing assets are based on fixed rate while profit paid to depositors are not contractual. Profit paid to depositors/investors depend on the profit generated from the Bank's activities and the profit sharing distribution.

The Bank is not exposed directly to interest rate risk because interest is prohibited under Islamic banking. The indirect interest rate risk exists arising from competition with other banks. This is managed by regularly reviewing the Bank profit rates

(iii) Equity risk

Equity risk refers to the adverse movements in the price of equities on equity positions. Equity position is marked to market and monitored Risk Management Division and reported to Risk Management Committee.

Liquidity risk

Liquidity risk is related to the risk arising mainly from withdrawals of deposits. In managing this, the Bank is adopting the liquidity framework introduced by Bank Negara Malaysia which ascertain liquidity based on the contractual and behavioural cash flow of assets, liabilities and off-balance sheet commitments.

NOTES TO THE FINANCIAL STATEMENTS

44. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying and fair values of the financial asset and liabilities on the balance sheets date:

	Carrying value		Fair value	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Financial assets				
Cash and short-term funds	2,723,061	1,410,259	2,723,061	1,410,259
Deposits and placements with banks and other financial institutions	-	79,974	-	79,974
Dealing securities	1,132,372	1,721,985	1,132,372	1,721,985
Investments securities	2,106,764	1,429,164	2,163,300	1,452,995
Financing, advances and other loans	9,284,701	7,640,474	9,423,971	7,752,887
Financial liabilities				
Deposit from customers	13,483,171	11,268,901	13,483,171	11,268,901
Deposits and placements of banks and other financial institutions	1,357,526	349,122	1,357,526	349,122
Bills and acceptance payable	86,471	79,522	86,471	79,522
Subordinated financing	100,000	-	74,726	-

45. HOLDING COMPANY

The holding company is BIMB Holdings Berhad, a public limited liability company incorporated in Malaysia listed on the Main Board of Bursa Malaysia Securities Berhad.

46. SIGNIFICANT EVENTS DURING THE YEAR

- (i) On 10 December 2004, as part of the Bank Reconstruction Exercise which was approved by the High Court of Malaya pursuant to the Offshore Companies Act 1990 on 26 October 2004, the banking business of Bank Islam (L) Ltd has been assumed and operated by Bank Islam Labuan Offshore Branch. As such, all the assets and liabilities of Bank Islam (L) Ltd have been transferred to Bank Islam Labuan Offshore Branch effective from 10 December 2004. Total assets and liabilities transferred were approximately RM1.836 billion and RM1.837 billion respectively.
- (ii) The Bank is undertaking an exercise to transfer a portfolio of Distressed Financial Assets ("Portfolio"), originally originated by the Bank, to an independent special purpose entity. The transaction will be transacted at the net book value of the portfolio transferred for cash consideration. For this purpose, the special purpose entity will issue debt securities to investors (to be identified later) to raise the necessary funds to acquire the Portfolio from the Bank. The Bank is currently in the midst of identifying specific financings to be included in the Portfolio and finalising the structure for the exercise. This is subject to approvals from the relevant authorities.

47. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

The bank had been served with a Writ of Summons and a Statement of Claims from Tan Sri Dato' Abdul Khalid Ibrahim (TSK) on 26 July 2005. Based on legal advice, the Directors are of the opinion that such claim by TSK is unlikely to succeed.

**HEAD OFFICE, SUBSIDIARIES, SERVICE OUTLETS,
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Commercial Banking

Nor Azam M. Taib

Head, Commercial Banking

Tel: 03 - 2616 8006

Fax: 03 - 2693 3442

Information Technology

Jamil Hassan

Chief Information Officer

Tel: 03 - 2616 8023

Fax: 03 - 2691 2270

Risk Management

Mohd Fauzi Rahman

Acting Chief Risk Officer

Tel: 03 - 2616 8027

Fax: 03 - 2616 8347

Trade Services & Cash Management

Mokhlis Maizan

General Manager

Tel: 03 - 2615 1578

Fax: 03 - 2615 1560

Legal & Compliance

Maria Mat Said

Assistant General Manager

Tel: 03 - 2616 8029

Fax: 03 - 2691 2270

Corporate Communications

Mohamed M.Said

Head, Corporate Communications

Tel: 03 - 2616 8386

Fax: 03 - 2698 0587

Strategies & Business Development

Shahabudin Helmi M. Badruddin

Acting Head, Strategies & Business Development

Tel: 03 - 2616 8171

Fax: 03 - 2694 3518

Internal Audit

Zahid Ahmad Zawawi

Acting Chief Internal Auditor

Tel: 03 - 2616 8165

Fax: 03 - 2693 2506

Shariah

Nasrudin Yaakub

Head, Shariah

Tel: 03 - 2616 8270

Fax: 03 - 2691 2287

* All information is correct at the date of printing

SUBSIDIARIES

AL-WAKALAH NOMINEES (TEMPATAN) SDN BHD (122372-P)

5th Floor, Darul Takaful
Jalan Sultan Ismail
50250 KUALA LUMPUR
Tel: 03 - 2616 8000
Fax: 03 - 2693 7062

BIMB UNIT TRUST MANAGEMENT BERHAD (276246-X)

5th Floor, Darul Takaful
Jalan Sultan Ismail
50250 KUALA LUMPUR
Tel: 03 - 2694 6617
Fax: 03 - 2694 3516

BIMB INTERNATIONAL ISLAMIC TRUST (LABUAN) SDN BHD (419794-W)

Level 15, Block 4
Financial Park Office
Jalan Merdeka
87000 LABUAN I.O.E.C
Tel: 087 - 451801
Fax: 087 - 453077

BIMB FOREIGN CURRENCY CLEARING AGENCY SDN BHD (507913-V)

9th Floor, Menara Tun Razak
Jalan Raja Laut
Peti Surat 11080
50734 KUALA LUMPUR
Tel: 03 - 2693 4287
Fax: 03 - 2693 4115

BIMB TRUST LIMITED (LL04013)

Level 15, Block 4
Financial Park Office
Jalan Merdeka
87000 LABUAN I.O.E.C
Tel: 087 - 451806
Fax: 087 - 451808

SERVICE OUTLETS

KUALA LUMPUR

SO Medan MARA - 017

Tingkat Bawah, Blok Podium
Medan MARA
No. 21, Jalan Raja Laut
Peti Surat 11698
50754 KUALA LUMPUR

Tel : 03-26919079, 26919082,
26919086/88
Fax : 03-26921890
[SOM : Nurihani Zahari]

SO Selayang - 074

Tingkat Bawah, Bangunan Persatuan Nelayan
Kebangsaan (NEKMAT)
Lot 150A, 152A & 154A
Jalan 2/3A, Pusat Bandar Utara
KM12, Off Jalan Ipoh
68100 Batu Caves
KUALA LUMPUR

Tel : 03-61352655, 61352934, 61352935
Fax : 03-61379199
[SOM : Azman Hasan]

SO Jalan Raja Laut - 001

Tingkat Bawah & Plaza
Menara Tun Razak, Jalan Raja Laut
Peti Surat 11080
50734 KUALA LUMPUR

Tel : 03-26935062, 26937176/77/78/79,
Fax : 03-26937336, 5326.
[SOM : Hashila Ahmad]

SO UIA, Gombak - 082

C1, Central Komplek
Universiti Islam Antarabangsa Malaysia
Jalan Sungai Pusu
53100 Gombak
KUALA LUMPUR

Tel : 03-61853150, 61853262, 61853282
Fax : 03-61853402
[SOM : Fadzilah Elham @ Alhim]

SO Jalan Tun Razak - 010

Tingkat Bawah & 13
Bangunan Ibupejabat Tabung Haji
Jalan Tun Razak, Peti Surat 11590
50750 KUALA LUMPUR

Tel : 03-21611333, 21611340,
21611341
Fax : 03-21611360, 21648450.
[SOM : Abdul Ghani Abdul Wahab]

SO KL Sentral - 007

Unit No. CS/3B/G
Ground Floor, Blok 3B
Plaza Sentral,
50470 KUALA LUMPUR

Tel : 03-22749878, 22749899,
22749901/6430
Fax : 03-22749902/4324
[SOM : Ahmad Fahmi Mohd Yusof]

SO Taman Melawati - 079

No. 312, Lorong Selangor
Taman Melawati
Hulu Klang
53100 KUALA LUMPUR

Tel : 03-41077800, 41076842/52
Fax : 03-41077181
[SOM : Fauziah Hashim]

SO Universiti Malaya - 085

Tingkat Bawah
Bangunan Peperiksaan UM
Jalan Pantai Baru
50603 KUALA LUMPUR

Tel : 03-79608934/6235/9943/7429
Fax : 03-79604320
[SOM : Ramlan Othman]

SO Bandar Wawasan - 081

Tingkat Satu & Dua, Darul Takaful
Jalan Sultan Ismail
50250 KUALA LUMPUR

Tel : 03-26948175, 26948192/8244
Fax : 03-26948291
[SOM : Abd Aziz Md Zain]

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SERVICE OUTLETS

SO Menara Telekom - 086

LG1, Menara Telekom
Jalan Pantai Baru
50672 KUALA LUMPUR

Tel : 03-22402020/0296
Fax : 03-22402391
[SOM : Nora Asma Mat]

SO Taman Tun Dr. Ismail - 088

Tingkat Bawah
No. 5 & 7, Jalan Wan Kadir 2
Taman Tun Dr. Ismail
60000 KUALA LUMPUR

Tel : 03-7726 5744, 7728 7894, 7728 5270
Fax : 03-7722 4539
[SOM : Shamsul Azlan Mohd Noor]

LABUAN**SO Labuan - 051**

Lot 13 & 14
Tingkat Bawah & Satu
Lazenda Phase 3
Jalan OKK Abdullah
87008 WP LABUAN

Tel : 087-419205, 44901/667
Fax : 087-419206
[SOM : Ag Nordin Ag Bahar]

Labuan Offshore Branch

Level 15 (A)
Main Office Tower
Financial Park Complex
Jalan Merdeka
87000 LABUAN I.O.F.C

Tel : 087-451802/801
Fax : 087-4518000
[Head : Engku Afandi Engku Taib]

PERAK**SO Teluk Intan - 056**

Tingkat Bawah & Satu
No. 24, Jalan Ah Cheong
Peti Surat 309
36000 Teluk Intan
PERAK DARUL RIDZUAN

Tel : 05-6221700, 6221200, 6221411
Fax : 05-622148
[SOM : Abdul Razak Khalid]

SO Ipoh - 014

Tingkat Bawah,
Kompleks Islam Darul Ridzuan
Jalan Panglima Bukit Gantang Wahab
Peti Surat 671
30770 Ipoh
PERAK DARUL RIDZUAN

Tel : 05-2553866, 2553867, 2553868
Fax : 05-2535760
[SOM : Mohd Khairi Taha]

SO Parit Buntar - 021

No. 1 & 2, Bangunan YPEIM
Jalan Kelichap
Pekan Baru Parit Buntar
34200 Parit Buntar
PERAK DARUL RIDZUAN

Tel : 05-7164493, 7164494, 7172896
Fax : 05-7164495
[SOM : Abdul Mutalib Abdul Rahman]

SO Taiping - 055

Lot 29 & 30
Tingkat 1 & 2, Lot 29
Pusat Perniagaan, Jalan Tupai
34000 Taiping
PERAK DARUL RIDZUAN

Tel : 05-8065441, 8065442, 8065443
Fax : 05-8065436
[SOM : Aziz Zaini]

SERVICE OUTLETS

SO Sri Manjung - 042 (M)

2408 Taman Samudera
32040 Sri Manjung
PERAK DARUL RIDZUAN

Tel : 05-6881227,6889071
Fax : 05-6881672
[SOM : Mohd Azhar Mohd Rafiei]

SO Tanjung Malim - 045 (M)

Tingkat Bawah & Satu
No 33 & 35
Jalan Bunga Anggerik
35900 Tanjung Malim
PERAK DARUL RIDZUAN

Tel : 05-4598237, 4595127/22/25
Fax : 05-4598241
[SOM : Nurul Azmi Adnan]

SO Bagan Serai - 075 (S)

No. 126/128, Jalan Setia
Pusat Bandar Bagan Serai
34300 Bagan Serai
PERAK DARUL RIDZUAN

Tel : 05-7218509, 7218513, 7218512
Fax : 05-7518515
[SOM : Nor Azmi Hasbullah]

PUTRAJAYA**SO WP Putrajaya - 083**

Anjung Perdana, Blok E16
Parcel E Precinct 1, Anjung
62000 Putrajaya
PUTRAJAYA, WP

Tel : 03-88893192/193/194
Fax : 03-88893189
[SOM : Faaizul Othman]

PERLIS**SO Jalan Raja Syed Alwi - 012**

Lot 49 & 51, Lorong Seruling
Off Jalan Raja Syed Alwi
Peti Surat 30, 01700 Kangar
PERLIS INDERA KAYANGAN

Tel : 04-9763711, 9763712
Fax : 04-9760951
[SOM : Mohamad Saidin Ismail]

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KEDAH**SO Alor Setar -004**

No. 4197, Jalan Teluk Wanjah
05200 Alor Setar
KEDAH DARUL AMAN

Tel : 04-7335126, 7335136, 7319813
Fax : 04-7335128
[SOM : Ahmad Yasir Abdul Razak]

SO Guar Chempedak - 073

Lot No. 00681, Jalan Besar
Bangunan Tabung Haji
08800 Guar Chempedak
KEDAH DARUL AMAN

Tel : 04-4680880, 4684827, 4684829/30
Fax : 04-4680884
[SOM : Azhan Syamil Ghazali]

SO Pokok Sena - 050(M)

Tingkat Bawah
Lot 1247, Mukim Jabi
06400 Pokok Sena
KEDAH DARUL AMAN

Tel : 04-7821033
Fax : 04-7821022
[SOM : Muhammad Yusri Saidin]

SO Sungai Petani - 018

No. 11 & 12, Tingkat Bawah & Satu
Kompleks Seri Temin
Jalan Ibrahim
Peti Surat 77
08007 Sungai Petani
KEDAH DARUL AMAN

Tel : 04-4220620, 4220621, 4220622
Fax : 04-4213912
[SOM : Ashida Abdullah]

SO Kulim - 043

Tingkat Bawah
No. 8, Taman Manggis
Jalan Kilang Lama
09000 Kulim
KEDAH DARUL AMAN

Tel : 04-4900022, 4913975, 4913976/80
Fax : 04-4900030
[SOM : Hashim Mustafa]

SERVICE OUTLETS

SO Baling - 032 (M)

Tingkat Bawah, Lot B
Bangunan Tabung Haji Baling
Jalan Bandar Baru Baling
09100 Baling
KEDAH DARUL AMAN

Tel : 04-4701678,4707052
Fax : 04-4701679
[SOM : Mohd Nabil Yahaya]

SO Jitra - 031

No. 64 & 65
Kompleks Jitra
Jalan Sungai Korok
06000 Jitra
KEDAH DARUL AMAN

Tel : 04-9174404, 9171151, 9173453
Fax : 04-9174225
[SOM : Norlida Mohd Noor]

SO Langkawi - 072

No. 43 & 45
Jalan Pandak Mayah 5
Pusat Bandar Kuah
07000 LANGKAWI
KEDAH DARUL AMAN

Tel : 04-9662463, 9662464, 9662466
Fax : 04-9662469
[SOM : Abd Halim Ramlee]

SO Universiti Utara Malaysia, Sintok - 089

Tingkat Bawah
Institut Pembangunan Keusahawanan
Kompleks Konvensyen
Universiti Utara Malaysia
06010 Sintok
KEDAH DARUL AMAN

Tel : 04-9246 271, 9246 272, 9246 273
Fax : 04-9246 270
[SOM : Sharifah Sabrina Syed Mansor]

PULAU PINANG**SO Georgetown - 057**

64D, Lebuhr Bishop
10200 Georgetown
PULAU PINANG

Tel : 04-2624724, 2624933, 2625019
Fax : 04-2622594
[SOM : Rasidi Omar]

SO Jalan Bagan Luar, Butterworth - 005

No. 71 & 73, Jalan Taman Selat
Off Jalan Bagan Luar
Peti Surat 303
12720 Butterworth
PULAU PINANG

Tel : 04-3312358, 3321301/17,
Fax : 04-3312360
[SOM : Farizal Zakariah]

SO Kepala Batas - 062

No. 2146 & 2147, Tingkat Bawah
Jalan Bertam
13200 Kepala Batas
Seberang Perai
PULAU PINANG

Tel : 04-5754463, 5755517,
5755579/3376
Fax : 04-5753986
[SOM : Anizah Hasan]

SO Bayan Baru - 063

No. 122, Jalan Mayang Pasir
Taman Sri Tunas
11950 Bayan Baru
PULAU PINANG

Tel : 04-6425094, 6425095, 6425096/97
Fax : 04-6425098
[SOM : Mahathir Hashim]

SERVICE OUTLETS

SELANGOR

SO Seksyen 14, PJ - 026

Tingkat Bawah & Satu
No. 2 & 4, Jalan 14/22
Seksyen 14
46100 Petaling Jaya
SELANGOR DARUL EHSAN

Te : 03-79573131, 79573834

Fax : 03-79574141

[SOM : Muhamad Khairulail Zaki Sarwani]

SO Banting - 038

Tingkat Bawah
No 16 & 18, Jalan Chempaka
42700 Banting
SELANGOR DARUL EHSAN

Tel : 03-31873772, 31874772, 8613776

Fax : 03-31873776

[SOM : Rohaida Daud]

SO Subang Jaya - 037

Tingkat Bawah & Satu
No 24, Jalan USJ 10/1B
47620 UEP Subang Jaya
SELANGOR DARUL EHSAN

Tel : 03-56364258, 56368136, 56364261

Fax : 03-56364278

[SOM : Adli Mahamud]

SO Bandar Baru Salak Tinggi - 071 (M)

No. 1, Medan 23
Bandar Baru Salak Tinggi
43900 Sepang
SELANGOR DARUL EHSAN

Tel : 03-8462534

Fax : 03-8462537

[SOM : Musa Nadzir @ Ali]

SO Kajang - 065

No. 58, Jalan Raja Harun
43000 Kajang
SELANGOR DARUL EHSAN

Tel : 03-87360798, 87361773, 87362185

Fax : 03-87362362

[SOM : Mohd Yusof Basran]

SO Tanjung Karang - 060 (M)

Tingkat Bawah, Lot 342
Bangunan Tabung Haji
45500 Tanjung Karang
SELANGOR DARUL EHSAN

Tel : 03-8791090

Fax : 03-8791091

[SOM : Mohd Kusni Mohd Superi]

SO Bandar Baru Bangi - 019

No. 2 & 4, Jalan 6C/7
43650 Bandar Baru Bangi
SELANGOR DARUL EHSAN

Tel : 03-89258490, 89258491, 89258492

Fax : 03-89256168

[SOM : Nor Ashikin Mohd Yusoff]

SO Jalan Kapar, Klang - 006

Lot 336, Kompleks Majlis Agama Islam Selangor
Seksyen 23, Jalan Kapar
41400 Klang
SELANGOR DARUL EHSAN

Tel : 03-33421911, 33421912, 33421913

Fax : 03-33421914

[SOM : Mohamad Norwafi Sahroni]

SO Sungai Besar - 052

Tingkat Bawah
Lot 9824, Jalan Mahsuri
45300 Sungai Besar
SELANGOR DARUL EHSAN

Tel : 03-32243478

Fax : 03-32243479

[SOM : Zambri Abdul Majid]

SO Shah Alam - 025

Tingkat Satu, Fasa 1
Kompleks PKNS
40505 Shah Alam
SELANGOR DARUL EHSAN

Tel : 03-55101481, 55101492, 55104509

Fax : 03-55101497

[SOM : Wahidah Ariffin]

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SERVICE OUTLETS

MELAKA

SO Jasin - 041 (M)

Tingkat Bawah, No. JA 1765
Pusat Bandar Baru Jasin
77000 Jasin
MELAKA

Tel : 06-5294859
Fax : 06-5294357
[SOM : Rasul Zainal]

SO Jalan Hang Tuah - 011

Tingkat Bawah, Mezzanine & Satu
Lot 11 & 12, Bangunan Syarikat Takaful
Malaysia Sdn Bhd
Melaka Plaza, Jalan Hang Tuah
75300 Peti Surat 290
MELAKA

Tel : 06-2841366, 2841367, 2841368
Fax : 06-2847257
[SOM : Abdul Razak Osman]

SO Masjid Tanah - 035

Tingkat Bawah & Satu
MT 1357 & 1358
Komplek Perniagaan Masjid Tanah
78300 Masjid Tanah
MELAKA

Tel : 06-3845108, 3848340, 3848332
Fax : 06-3845109
[SOM : Raja Rozain Raja Samah]

NEGERI SEMBILAN

SO Kuala Pilah - 049

Lot 3803 & 3804
Bangunan Darul Takaful
Jalan Dato' Ulu Muar
72000 Kuala Pilah
NEGERI SEMBILAN DARUL KHUSUS

Tel : 06-4814600, 4878482
Fax : 06-4811431
[SOM : Norhalimi Yahya]

SO Tampin - 028

Lot 40 & 41
Jalan Besar
73000 Tampin
NEGERI SEMBILAN DARUL KHUSUS

Tel : 06-4414131, 4414132, 4414133
Fax : 06-4414134
[SOM : Rakiah Bojeng]

SO Nilai - 061 (M)

Tingkat Bawah
No. 4949, Jalan T.S. 2/1A
Taman Semarak
71800 Nilai
NEGERI SEMBILAN DARUL KHUSUS

Tel : 06-7994702
Fax : 06-7994701
[SOM : Kamaruddin Wali Mohamad]

SO Port Dickson - 047 (M)

No. 42, Jalan Mahajaya
PD Centre Point
71000 Port Dickson
NEGERI SEMBILAN DARUL KHUSUS

Tel : 06-6474330
Fax : 06-6475657
[SOM : Maria Ahmad]

SO Seremban - 008

Tingkat Bawah, Satu & Dua
Lot 4981 Jalan Dato Sheikh Ahmad
70000 Seremban
NEGERI SEMBILAN DARUL KHUSUS

Tel : 06-7629814/15/16/17
Fax : 06-7638391
[SOM : Idris Abdullah]

SERVICE OUTLETS

JOHOR

SO Pontian - 084

Tingkat Bawah & Satu
No 29, Jalan Delima
Pusat Perdagangan Pontian
82000 Pontian
JOHOR DARUL TAKZIM

Tel : 07-6881909, 6865666, 6882259
Faks : 07-6883660
[SOM : Haslina Zakaria]

SO Jalan Bukit Timbalan - 015

Tingkat Bawah & Mezzanine
No 8, Menara Perisind
Jalan Bukit Timbalan
80000 Johor Bahru
JOHOR DARUL TAKZIM

Tel : 07-2240242, 2240244, 2240272
Fax : 07-2240243
[SOM : Abdullah Ibrahim]

SO Pasir Gudang - 066

Lot 112719, No. 11
Pusat Perdagangan Pasir Gudang
Jalan Bandar
81700 Pasir Gudang
JOHOR DARUL TAKZIM

Tel : 07-2526671, 2526672, 2526673
Fax : 07-2526676
[SOM : Ahmad Shukri Che Yen]

SO Muar - 027

No. 75-4, 75-5,
Tingkat Bawah & Mezzanine
Jalan Arab
84000 Muar
JOHOR DARUL TAKZIM

Tel : 07-9528301, 9528302, 9528303
Fax : 07-9528304
[SOM : Alwi Mahmud]

SO Kota Tinggi - 040 (M)

Tingkat Bawah
No. 16, Jalan Ibrahim
81900 Kota Tinggi
JOHOR DARUL TAKZIM

Tel : 07-8835582, 8838800, 8826205
Fax : 07-8835802
[SOM : Zaidi Jaafar]

SO Tampoi - 064

Tingkat Bawah
No. 19, & 19A Jalan Pembangunan
(MLO 5583, Jalan Susur Off Jalan Tampoi)
Taman Desa Rahmat
81200 Tampoi
JOHOR DARUL TAKZIM

Tel : 07-2345228, 2345229, 2358785
Fax : 07-2345230
[SOM : Abu Bakar Osman]

SO Segamat - 058

Tingkat Bawah
No. 107, Jalan Genuang
85000 Segamat
JOHOR DARUL TAKZIM

Tel : 07-9322901, 9322862
9322873/4257
Fax : 07-9324273
[SOM : Zuraimi Ayub]

SO Mersing - 053

Tingkat Bawah
No. 30, Jalan Abu Bakar
86800 Mersing
JOHOR DARUL TAKZIM

Tel : 07-7995076, 7996606, 7996607
Fax : 07-7995077, 7996077
[SOM : Md Fazeli Md Johari]

SO Batu Pahat - 023

Tingkat Bawah & Satu
No. 46 & 47, Bangunan YPEIM
Jalan Rahmat
83000 Batu Pahat
JOHOR DARUL TAKZIM

Tel : 07-4319350, 4319352
Fax : 07-4319351
[SOM : Azlan Abu Kasim]

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SERVICE OUTLETS

SO Kluang - 036

No, 20 Jalan Haji Manan,
86000 Kluang
JOHOR DARUL TAKZIM

Tel : 07-7726878/6417/6423
Fax : 07-7732702
[SOM : Mohd Norizan Mokhtar]

PAHANG

SO Jerantut - 069

No. 4, Lorong Dulang 1
Bandar Baru Jerantut
27000 Jerantut
PAHANG DARUL MAKMUR

Tel : 09-2666120, 2669380, 2669381
Fax : 09-2666380
[SOM : Zamri Daud]

SO Jalan Teluk Sisek, Kuantan - 009

No. 45, Jalan Teluk Sisek
Peti Surat 396
25740 Kuantan
PAHANG DARUL MAKMUR

Tel : 09-5133366, 5133367, 5133368
Fax : 09-5133369
[SOM : Ashharudin Ismail]

SO Raub - 068 (M)

Tingkat Bawah
Bangunan Tabung Haji
No. 56, Jalan Dato' Abdullah
27600 Raub
PAHANG DARUL MAKMUR

Tel : 09-3558300
Fax : 09-3558302
[SOM : Mohd Amir Saripudin Abu Bakar]

SO Bandar Muadzam Shah - 070

No. 9, Medan Mewah
26700 Bandar Muadzam Shah
PAHANG DARUL MAKMUR

Tel : 09-4523175, 4525175, 4525176/71
Fax : 09-4523177
[SOM : Md Sani Ahmad]

SO Bandar Pusat Jengka - 039

No. 33 & 34, Kedai 36 Unit, LKWJ
Nadi Kota
26400 Bandar Jengka
PAHANG DARUL MAKMUR

Tel : 09-4662890, 4662871, 7664837
Fax : 09-4662891
[SOM : Aziz Mohd Noor]

SO Temerloh - 020

No.29 & 31
Pusat Komersil Temerloh
Jln Dato' Bahaman 3
28000 Temerloh
PAHANG DARUL MAKMUR

Tel : 09-2965301, 2963222
Fax : 09-2965300
[SOM : Anuar Kusni]

SO Pekan - 087

No.1 & 2, Lot 61
Seksyen 7, Jln Engku Muda Mansor
26600 Pekan
PAHANG DARUL MAKMUR

Tel : 09-4228622, 4228922
Fax : 09- 4228818
[SOM : Mahamad Bazli Bahador]

TERENGGANU

SO Jalan Sultan Ismail - 002

Tingkat Bawah & Satu
Lot 1128, Bangunan Majlis Agama Islam &
Adat Melayu Terengganu
Jalan Banggol,
Peti Surat 205
20720 Kuala Terengganu
TERENGGANU DARUL IMAN

Tel : 09-6234780, 6224730, 6224744/54
Fax : 09-6233944
[SOM : Sham Faizal Jaafar]

SO Jerteh - 029

Tingkat Bawah & Satu
Lot 180 & 181, Jalan Tuan Hitam
22000 Jerteh
TERENGGANU DARUL IMAN

Tel : 09-6973388
Fax : 09-6971592
[SOM : Sulaima Mohd Zin]

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SERVICE OUTLETS

SO Dungun - 034

Tingkat Bawah & Satu
Lot 7928 & 7929
Jalan Baru Pak Sabah
23000 Dungun
TERENGGANU DARUL IMAN

Tel : 09-8485498, 8453055, 8453302
Fax : 09-8485502
[SOM : Sabri Dollah]

SO Chukai - 022

Tingkat Bawah, Wisma Serangkai
Jalan Sulaimani, Chukai
24000 Kemaman
TERENGGANU DARUL IMAN

Tel : 09-8592795, 8592796, 8584402
Fax : 09-8592794
[SOM : Nik Rosesida Nik Mohd]

KELANTAN
SO Machang - 044

No. 26 & 27, Pasar Baru
Jalan Tanjung
18500 Machang
KELANTAN DARUL NAIM

Tel : 09-975297, 9752800, 9751490
Fax : 09-9752900
[SOM : Meor Abdul Rahman Md Yusof]

SO Kota Bharu II - 080

Tingkat Bawah & Mezzanine
Wisma Abrar International
Lot No. 54, Seksyen 8
Jalan Kebun Sultan
15350 Kota Bharu
KELANTAN DARUL NAIM

Tel : 09-7438825, 7419222, 7419333
Fax : 09-7438826
[SOM : Rosslan Awang Kechik]

SO Tanah Merah - 033 (M)

Lot 4142 Jalan Tasik
Tanah Merah
17500 KELANTAN DARUL NAIM

Tel : 09-9558341
Fax : 09-9558342
[SOM : Aimran Mohd Sharif]

SO Kuala Krai - 046

Tingkat Bawah
Lot 2396
Jalan Tengku Zainal Abidin
18000 Kuala Krai
KELANTAN DARUL NAIM

Tel : 09-9664627, 9603004, 9603002
Fax : 09-9664651
[SOM : Shahrul Azrin Abdul Karim]

SO Gua Musang - 059 (M)

Tingkat Bawah,
Lot 7 & 8 Bangunan Tabung Haji
18300 Gua Musang
KELANTAN DARUL NAIM

Tel : 09-9122003
Fax : 09-9121772
[SOM : Mohd Abdul Ghani]

SO Pasir Mas - 024

Tingkat Bawah & Mezzanine
No. 41 & 42, Jalan Tengku Ahmad
17000 Pasir Mas
KELANTAN DARUL NAIM

Tel : 09-7900750, 7900751
Fax : 09-7900752
[SOM : Mohd Supardi Yatim]

SO Wakaf Siku - 003

Lot 330-331, Wakaf Siku
Jalan Sultan Yahya Petra
Peti Surat 232
15720 Kota Bharu
KELANTAN DARUL NAIM

Tel : 09-7448377, 7448443, 7442503/570
Fax : 09-7443811
[SOM : Fathmawati Mudal]

SO Rantau Panjang - 067 (M)

No.182, Jalan Besar
Lubok Stal
17200 Rantau Panjang
KELANTAN DARUL NAIM

Tel : 09-7950077, 7952768
Fax : 09-7950088
[SOM : Abdul Sukor Osman]

* All information is correct at the date of printing

SERVICE OUTLETS

SO Pasir Puteh - 078

Lot No. 493, Seksyen 1
Bandar Pasir Puteh
16800 Pasir Puteh
KELANTAN DARUL NAIM

Tel : 09-7860067, 7860061, 7860062
Fax : 09-7860068
[SOM : Ahmad Rushdan Md Salleh]

SABAH**SO Tawau - 030**

Tingkat Bawah & Satu
Lot 1 & 2, Block 41, Fajar Commercial Complex
Jalan Haji Karim
91000 Tawau
SABAH

Tel : 089-779917, 778758/966
Fax : 089-779666
[SOM : Herman Aripuddin]

SO Lahad Datu - 076

Lot 54 & 55, Blok 4
Bandar Wilayah
91100 Lahad Datu
SABAH

Tel : 089-889233, 889244, 889255/66
Fax : 089-889277
[SOM : Mahadi Abd Manan]

SO Wisma MUIS - 016

Tingkat Bawah, Wisma MUIS
Jalan Tengku Abdul Rahman
Peti Surat 14427
88850 Kota Kinabalu
SABAH

Tel : 088-223515, 223527, 223537
Fax : 088-218323
[SOM : Ahmad Abir Mohd Noor]

SARAWAK**SO Jalan Kulas, Kuching - 013**

Lot 433, 434, 435
Seksyen II,KTLD
Bangunan Tuanku Muhammad Al-Idrus
Jalan Kulas
93400 Kuching
SARAWAK

Tel : 082-412259, 414159/289/229
Fax : 082-410446
[SOM : Fatimah Idris]

SO Bintulu - 048

Tingkat Bawah Lot 2320,
BTD Shahida Commercial Centre
97000 Bintulu Land
SARAWAK

Tel : 086-337413, 337418, 337434
Fax : 086-337401
[SOM : Raliah Adeni]

SO Kota Samarahan - 077

Lot 6966 & 6967
Blok 59, Muara Tuang Land District
94300 Kota Samarahan
SARAWAK

Tel : 082-672467, 672477, 672462
Fax : 082-672469
[SOM : Dayang Rasidah Awang Abdul Rahman]

SO Miri - 054

Lot 755 , Blok 9
Jalan Merpati
98000 Miri
SARAWAK

Tel : 085-415422, 415424, 415245
Fax : 085-415421
[SOM : Amri Ahmad]

AUTOMOBILE FINANCING CENTRES (PPA)**PPA Kuala Lumpur**

Level 5, Menara SME Bank
Jalan Sultan Ismail
50250 KUALA LUMPUR

Tel : 03-26980834, 26949209, 26980815
26971207

Fax : 03-26988636, 26980832

[Manager : Nashuha Bin Mohamed Ramli]

PPA Kota Bharu

Tingkat 1 Lot 434/444
Jalan Sultan Yahya Petra
Wakaf Siku
15350 Kota Bharu
KELANTAN DARUL NAIM

Tel : 09-7475599, 7479901, 7474242/4949

Fax : 09-7474545

[Manager : Mohd Usoff Bin Zakaria]

PPA Butterworth

No.75, Ground Floor
Jalan Taman Selat, Off Jalan Bagan Luar
12790 Butterworth
PULAU PINANG

Tel : 04-3321333, 3326754

Fax : 04-3323326

[Manager: Nor Mahazir Abd Ghani]

PPA Kuala Terengganu

Ground Floor, Lot 1129-1130
Darul Takaful, Jalan Sultan Ismail
20200 Kuala Terengganu
TERENGGANU DARUL IMAN

Tel : 09-63145544, 6316544, 6317544

Fax : 09-6315455

[Manager : Amirul Hakim Bin Abdullah]

PPA Shah Alam

Ground Floor, Lot G11
Kompleks PKNS Shah Alam
Persiaran Tasik
40450 Shah Alam
SELANGOR DARUL EHSAN

Tel : 03-55195188, 55197188

Fax : 03-55196188

[Manager : Abdul Jalil Bin Sulaiman]

PPA Putrajaya

1st Floor, Block E16
Parcel E,
Percint 1, Anjung
62000 Putrajaya
WILAYAH PERSEKUTUAN

Tel : 03-88891122, 88891207, 88894098

Fax : 03-88893191

[Manager : Zohari Bin Mohamad]

PPA Johor Bahru

4th Floor
No.8 Menara Perisind
Jalan Bukit Timbalan
80000 Johor Bahru
JOHOR DARUL TAKZIM

Tel : 07-2225155, 2224155, 2223155

Fax : 07-2222166

[Manager : Mohd Fadzil Bin Ajmain]

PPA Ipoh

Ground Floor
Kompleks Islam Darul Ridzuan
Jalan Panglima Bukit Gantang Wahab
30000 Ipoh
PERAK DARUL RIDZUAN

Tel : 05-2424866

Fax : 05-2421866

[Manager : Abdul Majid Bin Abd Manaf]

PPA Alor Star

No.1786 Tingkat Bawah
Bangunan LTS Jalan Telok Wanjah
05200 Alor Star
KEDAH DARUL AMAN

Tel : 04-7355966

Fax : 04-7351002

[Manager : Azmi Bin Sharif]

PPA Kuching

Tingkat 2, Lot 433-435, Seksyen 11, KTL D
Bangunan Tuanku Muhammad Al-Idrus
Jalan Kulas
93400 Kuching
SARAWAK

Tel : 082-240499, 254186

Fax : 082-414360

[Manager : Abdul Khalid Khan Bin Hajid Ahmad Khan]

AUTOMOBILE FINANCING CENTRES (PPA)**PPA Pulau Pinang**

3 & 5 Floor,
64D Lebuhr Bishop
Peti Surat 1204
10208 Georgetown
PULAU PINANG

Tel : 04-2636177, 2632077, 2634470
Fax : 04-2615579
[Manager : Muhammad Fajruddin Abdul Salam]

PPA Melaka

Mezzanine & 1st Floor
Lot 11 & 12
Bangunan Syarikat Takaful Malaysia Berhad
Melaka Plaza, Jalan Hang Tuah,
Peti Surat 290
75750 MELAKA

Tel : 06-2881221, 2821221
Fax : 06-2861221
[Manager : Kamarun Hamidy Ahmad]

PPA Kuantan

Tingkat 2, No.45
Jalan Teluk Sisek
25740 Kuantan
PAHANG DARUL MAKMUR

Tel : 09-5136262, 5158624, 5158627
Fax : 09-5158623
[Manager : Khairul Anuar Bin Mohd Shariff]

PPA Seremban

Tingkat 2, Lot 4981, Jalan Dato Sheikh Ahmad
70720 Seremban
NEGERI SEMBILAN DARUL KHUSUS

Tel : 06-7648718, 7642484
Fax : 06-7610400
[Manager: Zulkarnanie Ariffin]

PPA Kota Kinabalu

Lot A 104, Tingkat satu, Wisma MUIS
Jalan Tengku Abdul Rahman
88000 Kota Kinabalu,
SABAH

Tel : 088-272476, 272470, 272471
Fax : 088-272475
[Manager : Zamri Abdul Kumang]

REGIONAL OFFICES

RO Wilayah Persekutuan

Tingkat 22-25,
Menara TH Perdana
1001 Jalan Sultan Ismail
50250 KUALA LUMPUR

Tel : 03-26926994, 26948118, 26151515
Fax : 03-26926380
[Head of RO : Ghazali Md.Isa]

RO Kedah & Perlis

Tingkat 1, 2, & 3
No. 4197 Jln Teluk Wanjah
05200 Alor Setar
KEDAH DARUL AMAN

Tel : 04-7354472/73/75/76/78/79
Fax : 04-7354484/82
[Head of RO : Mohd Tahir Bin Mohd Akib]

RO Perak

Tingkat Mezzanine
Bangunan KWSP Negeri Perak
Jalan Hospital Greentown
30450 Ipoh
PERAK DARUL RIDZUAN

Tel : 05-2400700
Fax : 05-2400701/770/838
[Head of RO : Ab Rahman Bin Ab Hadi]

RO Pulau Pinang

Tingkat Bawah & Mezzanine
Bangunan KWSP Seberang Jaya
No. 3009, Lebuhr Tenggiri 2
Bandar Seberang Jaya
13700 Seberang Jaya
PULAU PINANG

Tel : 04-3829100/111/155/200/222
Fax : 04-3829212,229
[Head of RO : Zulkarnain Bin Ramli]

RO Selangor

Tingkat 2 & 11, Menara MRCB
No. 2, Jalan Majlis 14/10
Seksyen 14
40000 Shah Alam
SELANGOR DARUL EHSAN

Tel : 03-55143800
Fax : 03-55143838
[Head of RO : Bostamam Bin Hassan]

RO Terengganu

Tingkat 4, 7, 8 & 9
Bangunan Darul Takafal
Jalan Sultan Ismail
20200 Kuala Terengganu
TERENGGANU DARUL IMAN

Tel : 09-6272700
Fax : 09-6272818
[Head of RO : Abdul Rahman Bin Ali]

RO Kelantan

Suite 4-8, 9-1 & 1-3, Tingkat 3
Wisma Abrar International
No. 54, Jalan Kebun Sultan
15350 Kota Bharu
KELANTAN DARUL NAIM

Tel : 09-7456600, 7456600
Fax : 09-7456655, 7456611, 7456733
[Head of RO : Mukhtar Ismail]

RO Negeri Sembilan & Melaka

Tingkat 4,
Menara Pertam
Jalan BBP2
Taman Batu Berendam Putra
75350 MELAKA

Tel : 06-3313000
Fax : 06-3313113, 3313001, 3313070
[Head of RO : Abd Rashid Mohyiddin]

RO Johor

Tingkat 15, Menara TH
PTB 20485, Jalan Air Molek
80000 Johor Bharu
JOHOR DARUL TAKZIM

Tel : 07-2258800
Fax : 07-2258901, 2252921
[Head of RO : Abdul Halim Bin Yaakub]

RO Pahang

Tingkat 1, 2, 3 & 4
Wisma Delima
Jalan Haji Abdul Aziz
25000 Kuantan
PAHANG DARUL MAKMUR

Tel : 09-5114200
Fax : 09-5114300
[Head of RO : Abd Rahman Din]

RO Sarawak

Tingkat Bawah, 1 & 7
Lot 370, Menara Zecon
Block 5 KTL D, Jalan Satok
93400 Kuching
SARAWAK

Tel : 082-416215, 425118, 235419, 232749
Fax : 082-233172, 234108, 235521
[Head of RO : Mohd Said Gapor]

RO Sabah & Labuan

Aras 5, 7, 6, Plaza Wawasan
Lorong Plaza Wawasan
88000 Kota Kinabalu
SABAH

Tel : 082-524 888, 524 808, 524 868, 524 878
Fax : 082-524 818, 524 858, 524 889
[Head of RO : Walid Bin Abdul Malek]

* All information is correct at the date of printing



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