



**BANK MUAMALAT MALAYSIA BERHAD**

Company No. 6175-W  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED  
FINANCIAL STATEMENTS FOR HALF YEAR ENDED  
30 SEPTEMBER 2013 (24 ZULKAEDAH 1434H)**

**PUBLIC**

Company No. 6175-W

**BANK MUAMALAT MALAYSIA BERHAD**  
(Incorporated in Malaysia)

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**BANK MUAMALAT MALAYSIA BERHAD**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013 (24 ZULKAEDAH 1434H)**

		Group		Bank	
		As at 30.09.2013	As at 31.03.2013	As at 30.09.2013	As at 31.03.2013
Note		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
		<b>1,547,716</b>	3,236,505	<b>1,547,716</b>	3,236,505
		<b>13,038</b>	105,189	<b>13,038</b>	105,189
	4(a)	<b>88,634</b>	84,373	<b>83,834</b>	79,573
	4(b)	<b>6,507,180</b>	6,466,991	<b>6,507,180</b>	6,466,991
	4(c)	<b>575</b>	575	<b>575</b>	575
	5	<b>12,415</b>	4,488	<b>12,415</b>	4,488
	6	<b>10,663,329</b>	10,352,626	<b>10,716,843</b>	10,365,020
	7	<b>232,349</b>	90,024	<b>181,995</b>	80,493
		<b>651,721</b>	612,721	<b>651,721</b>	612,721
		-	-	<b>6,384</b>	6,384
		-	580	-	1,000
		<b>52,201</b>	34,546	<b>51,459</b>	34,546
		<b>62,053</b>	65,698	<b>61,898</b>	65,642
		<b>244</b>	247	<b>244</b>	247
	8	<b>1,765</b>	17,027	<b>1,765</b>	17,027
		<b>19,833,220</b>	21,071,590	<b>19,837,067</b>	21,076,401
<b>LIABILITIES</b>					
	9	<b>17,278,205</b>	18,744,179	<b>17,285,681</b>	18,750,255
	10	<b>10,644</b>	10,774	<b>10,644</b>	10,774
		<b>291,692</b>	132,750	<b>291,692</b>	132,750
	5	<b>6,421</b>	8,905	<b>6,421</b>	8,905
	11	<b>122,330</b>	94,267	<b>122,111</b>	95,112
	12	<b>2,933</b>	14,505	<b>2,830</b>	14,498
		<b>60,278</b>	61,679	<b>60,278</b>	61,679
	13	<b>406,079</b>	406,055	<b>406,079</b>	406,055
		<b>18,178,582</b>	19,473,114	<b>18,185,736</b>	19,480,028
<b>SHAREHOLDERS' EQUITY</b>					
		<b>1,195,000</b>	1,000,000	<b>1,195,000</b>	1,000,000
		<b>459,638</b>	598,476	<b>456,331</b>	596,373
		<b>1,654,638</b>	1,598,476	<b>1,651,331</b>	1,596,373
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		<b>19,833,220</b>	21,071,590	<b>19,837,067</b>	21,076,401
<b>COMMITMENTS AND CONTINGENCIES</b>					
	23	<b>5,224,815</b>	4,300,031	<b>5,224,815</b>	4,300,031
<b>CAPITAL ADEQUACY *</b>					
	24	<b>13.9%</b>	14.7%	<b>13.8%</b>	14.6%
	24	<b>18.1%</b>	19.2%	<b>18.0%</b>	19.1%

\* The capital adequacy ratios are computed after taking into account the credit, market and operational risks.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2013.

**BANK MUAMALAT MALAYSIA BERHAD**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2013 (24 ZULKAEDAH 1434H)**

<u>Group</u>	<u>Note</u>	3 months ended		6 months ended	
		30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Income derived from investment of depositors' funds and others	15	237,886	218,800	460,444	457,781
Income derived from investment of shareholders' funds	16	19,871	18,750	37,441	35,439
Allowance for impairment on financing	17	2,432	15,024	(13,914)	14,678
Writeback of provision for commitments and contingencies		6,000	-	6,000	-
Impairment loss on investments	18	(4,849)	(7,527)	(6,821)	(6,779)
Share of loss of associate company		(121)	(21)	(580)	(21)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(2,853)	(2,738)	(5,024)	(4,670)
<b>Total distributable income</b>		<b>258,365</b>	<b>242,288</b>	<b>477,546</b>	<b>496,428</b>
Income attributable to depositors	19	(118,013)	(102,004)	(227,785)	(202,652)
<b>Total net income</b>		<b>140,353</b>	<b>140,284</b>	<b>249,761</b>	<b>293,776</b>
Personnel expenses		(51,592)	(45,917)	(103,401)	(101,373)
Other overheads and expenditures		(43,596)	(31,251)	(78,644)	(61,714)
Finance cost		(5,345)	(5,316)	(10,614)	(10,522)
<b>Profit before zakat and taxation</b>		<b>39,820</b>	<b>57,800</b>	<b>57,102</b>	<b>120,167</b>
Zakat	20	(2,173)	(1,445)	(2,555)	(2,983)
Taxation	21	(12,099)	(17,834)	(14,958)	(33,419)
<b>Profit for the period</b>		<b>25,548</b>	<b>38,521</b>	<b>39,590</b>	<b>83,765</b>
<b>Earnings per share (sen):</b>					
Basic		<b>3.3</b>	<b>8.4</b>		

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**BANK MUAMALAT MALAYSIA BERHAD**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2013 (24 ZULKAEDAH 1434H)**

<u>Bank</u>	<u>Note</u>	3 months ended		6 months ended	
		30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Income derived from investment of depositors' funds and others	15	<b>237,886</b>	218,800	<b>460,444</b>	457,781
Income derived from investment of shareholders' funds	16	<b>17,824</b>	18,566	<b>34,020</b>	34,975
Writeback of/(allowance for) impairment on financing	17	<b>2,432</b>	15,024	<b>(13,914)</b>	14,678
Writeback of provision for commitments and contingencies		<b>6,000</b>	-	<b>6,000</b>	-
Impairment loss on investments	18	<b>(4,849)</b>	(7,527)	<b>(6,821)</b>	(6,779)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		<b>(2,853)</b>	(2,738)	<b>(5,024)</b>	(4,670)
<b>Total distributable income</b>		<b>256,440</b>	242,125	<b>474,705</b>	495,985
Income attributable to depositors	19	<b>(118,053)</b>	(102,047)	<b>(227,868)</b>	(202,737)
<b>Total net income</b>		<b>138,387</b>	140,078	<b>246,837</b>	293,248
Personnel expenses		<b>(50,927)</b>	(45,654)	<b>(101,926)</b>	(100,910)
Other overheads and expenditures		<b>(43,786)</b>	(31,439)	<b>(78,961)</b>	(62,739)
Finance cost		<b>(5,178)</b>	(5,178)	<b>(10,323)</b>	(10,300)
<b>Profit before zakat and taxation</b>		<b>38,496</b>	57,807	<b>55,627</b>	119,299
Zakat	20	<b>(2,173)</b>	(1,445)	<b>(2,555)</b>	(2,983)
Taxation	21	<b>(12,001)</b>	(17,818)	<b>(14,687)</b>	(33,387)
<b>Profit / (loss) for the period</b>		<b>24,322</b>	38,544	<b>38,386</b>	82,929

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2013.

**BANK MUAMALAT MALAYSIA BERHAD**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2013 (24 ZULKAEDAH 1434H)**

<b>Group</b>	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>
<b>Profit for the period</b>	<b>25,548</b>	<b>38,521</b>	<b>39,590</b>	<b>83,765</b>
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Net unrealised gain on revaluation of financial investment available-for-sale	<b>41,216</b>	10,650	<b>22,781</b>	27,854
Income tax relating to components of other comprehensive income	<b>(10,391)</b>	(2,434)	<b>(6,000)</b>	(6,347)
Exchange fluctuation reserve	<b>(223)</b>	169	<b>(209)</b>	(640)
<b>Other comprehensive income for the year, net of tax</b>	<b>30,602</b>	8,385	<b>16,572</b>	20,867
<b>Total comprehensive income for the year</b>	<b>56,150</b>	46,906	<b>56,162</b>	104,632

<b>Bank</b>	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>
<b>Profit for the period</b>	<b>24,322</b>	<b>38,544</b>	<b>38,386</b>	<b>82,929</b>
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Net unrealised gain on revaluation of financial investment available-for-sale	<b>41,216</b>	10,650	<b>22,781</b>	27,854
Income tax relating to components of other comprehensive income	<b>(10,391)</b>	(2,434)	<b>(6,000)</b>	(6,347)
Exchange fluctuation reserve	<b>(223)</b>	169	<b>(209)</b>	(640)
<b>Other comprehensive income for the period, net of tax</b>	<b>30,602</b>	8,385	<b>16,572</b>	20,867
<b>Total comprehensive income for the period</b>	<b>54,924</b>	46,929	<b>54,958</b>	103,796

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2013.

**BANK MUAMALAT MALAYSIA BERHAD**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2013 (24 ZULKAEDAH 1434H)**

<u>Group</u>	<u>Note</u>	<u>Share Capital</u>	<u>Non-distributable</u>		<u>Distributable</u>		<u>Total Equity</u> <u>RM'000</u>
		<u>Ordinary shares</u> <u>RM'000</u>	<u>Statutory reserve*</u> <u>RM'000</u>	<u>Exchange fluctuation reserve</u> <u>RM'000</u>	<u>Available-for-sale reserve</u> <u>RM'000</u>	<u>Retained profits</u> <u>RM'000</u>	
<b>At 1 April 2013</b>		<b>1,000,000</b>	<b>398,978</b>	<b>(610)</b>	<b>(25,940)</b>	<b>226,048</b>	<b>1,598,476</b>
Profit for the period		-	-	-	-	39,590	39,590
Other comprehensive income/(loss) for the period		-	-	(209)	16,781	-	16,572
Total comprehensive income for the period		-	-	(209)	16,781	39,590	56,162
Transfer to statutory reserve		-	19,194	-	-	(19,194)	-
Dividend paid during the period	14	-	-	-	-	(195,000)	(195,000)
Issued during the period		195,000	-	-	-	-	195,000
<b>At 30 September 2013</b>		<b>1,195,000</b>	<b>418,172</b>	<b>(819)</b>	<b>(9,159)</b>	<b>51,444</b>	<b>1,654,638</b>
At 1 April 2012		1,000,000	315,385	83	(56,169)	141,247	1,400,546
Profit for the period		-	-	-	-	83,765	83,765
Other comprehensive income/(loss) for the period		-	-	(640)	21,507	-	20,867
Total comprehensive income for the period		-	-	(640)	21,507	83,765	104,632
Transfer to statutory reserve		-	41,464	-	-	(41,464)	-
At 30 September 2012		1,000,000	356,849	(557)	(34,662)	183,548	1,505,178

\* The statutory reserve is maintained in compliance with BNM Guideline of Capital Funds for Islamic Banks and is not distributable as dividends.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2013.

**BANK MUAMALAT MALAYSIA BERHAD**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2013 (24 ZULKAEDAH 1434H)**

		Share Capital	Non-distributable		Distributable		
		Ordinary shares RM'000	Statutory reserve* RM'000	Exchange fluctuation reserve RM'000	Available-for-sale reserve RM'000	Retained profits RM'000	Total Equity RM'000
Bank	Note						
At 1 April 2013		1,000,000	397,381	(610)	(25,940)	225,542	1,596,373
Profit for the period		-	-	-	-	38,386	38,386
Other comprehensive income/(loss) for the period		-	-	(209)	16,781	-	16,572
Total comprehensive income for the period		-	-	(209)	16,781	38,386	54,958
Transfer to statutory reserve		-	19,194	-	-	(19,194)	-
Dividend paid during the period	14	-	-	-	-	(195,000)	(195,000)
Issued during the period		195,000	-	-	-	-	195,000
At 30 September 2013		1,195,000	416,575	(819)	(9,159)	49,735	1,651,331
At 1 April 2012		1,000,000	313,788	83	(56,168)	141,948	1,399,651
Profit for the period		-	-	-	-	82,929	82,929
Other comprehensive income/(loss) for the period		-	-	(640)	21,507	-	20,867
Total comprehensive income for the period		-	-	(640)	21,507	82,929	103,796
Transfer to statutory reserve		-	41,464	-	-	(41,464)	-
At 30 September 2012		1,000,000	355,252	(557)	(34,661)	183,413	1,503,447

\* The statutory reserve is maintained in compliance with BNM Guideline of Capital Funds for Islamic Banks and is not distributable as dividends.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2013.



**Bank Muamalat Malaysia Berhad**  
**(Incorporated in Malaysia)**

**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2013 (24 ZULKAEDAH 1434H)**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Profit before zakat and taxation	<b>57,102</b>	120,167	<b>55,627</b>	119,299
Adjustment for				
Amortisation of prepaid land and lease payment	<b>2</b>	2	<b>2</b>	2
Amortisation of intangible asset	<b>3,285</b>	-	<b>3,285</b>	-
Depreciation of property, plant and equipment	<b>8,111</b>	10,973	<b>8,097</b>	10,972
(Gain)/loss on disposal of property, plant and equipment	<b>(2,855)</b>	55	<b>(2,855)</b>	55
Amortisation of premium less accretion of discount	<b>1,174</b>	1,628	<b>1,174</b>	1,628
Net gain from sale of financial held-to-maturity	<b>-</b>	(13,493)	<b>-</b>	(13,493)
Net gain from sale of financial investment available-for-sale	<b>(7,485)</b>	(4,642)	<b>(7,485)</b>	(4,642)
Net gain from sale of financial investment held-for-trading	<b>(511)</b>	(347)	<b>(511)</b>	(347)
Net gain on revaluation of foreign exchange transaction	<b>(11,081)</b>	(8,478)	<b>(11,081)</b>	(8,478)
Net loss from foreign exchange derivatives	<b>2,458</b>	206	<b>2,458</b>	206
Unrealised (gain)/loss on revaluation of islamic profit rate swap	<b>(2,458)</b>	2,253	<b>(2,458)</b>	2,253
Unrealised loss/(gain) on revaluation of hedged items	<b>6,201</b>	(1,166)	<b>6,201</b>	(1,166)
Impairment loss on investments	<b>6,821</b>	6,779	<b>6,821</b>	6,779
Writeback of provision for commitments and contingencies	<b>(6,000)</b>	-	<b>(6,000)</b>	-
Allowance for/(writeback of) impairment on financing	<b>67,291</b>	(6,559)	<b>67,291</b>	(6,559)
Financing written off	<b>6,474</b>	483	<b>6,474</b>	483
Share of loss of associates	<b>580</b>	21	<b>-</b>	-
Gain from disposal of investment in associate	<b>(1,000)</b>	-	<b>-</b>	-
Finance cost	<b>10,614</b>	10,522	<b>10,323</b>	10,300
Gross dividend income	<b>(3,223)</b>	(1,934)	<b>(3,223)</b>	(1,934)
Operating profit before working capital changes	<b>135,500</b>	116,470	<b>134,140</b>	115,358

**Bank Muamalat Malaysia Berhad**  
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**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2013 (24 ZULKAEDAH 1434H)**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Increase)/decrease in operating assets:				
Financial investment portfolio	(8,674)	(15,906)	(8,674)	(15,906)
Islamic derivative financial assets	(10,385)	746	(10,385)	746
Financing of customers	(390,668)	(682,112)	(431,788)	(682,153)
Statutory deposits with Bank Negara Malaysia	(39,000)	(47,000)	(39,000)	(47,000)
Other assets	(109,944)	18,486	(69,157)	20,721
Increase/(decrease) in operating liabilities:				
Deposits from customers	(1,465,974)	(2,140,627)	(1,464,573)	(2,141,730)
Deposits and placements of banks and other financial institutions	(130)	(2,772)	(130)	(2,772)
Islamic derivative financial liabilities	(26)	(747)	(26)	(747)
Bills and acceptances payable	158,942	(107,147)	158,942	(107,147)
Other liabilities	33,653	(34,811)	32,942	(34,820)
Recourse obligation on financing sold to Cagamas	(1,401)	-	(1,401)	-
Cash used in operations	(1,698,107)	(2,895,420)	(1,699,110)	(2,895,450)
Zakat paid	(5,874)	(3,087)	(5,874)	(3,087)
Tax paid	(29,395)	(25,398)	(29,247)	(25,374)
<b>Net cash used in operating activities</b>	<b>(1,733,376)</b>	<b>(2,923,905)</b>	<b>(1,734,231)</b>	<b>(2,923,911)</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of financial investment securities	3,769,252	2,801,522	3,769,252	2,801,522
Purchase of financial investment securities	(3,788,246)	(2,393,758)	(3,788,246)	(2,393,758)
Proceeds from disposal of property, plant and equipment	3,571	-	3,571	-
Purchase of property, plant and equipment	(5,180)	(12,929)	(5,067)	(12,923)
Purchase of intangible asset	(20,941)	-	(20,199)	-
Acquisition of investment in associates	-	(1,000)	-	(1,000)
Proceed from disposal of investment in associates	1,000	-	1,000	-
Dividend income	3,223	1,934	3,223	1,934
<b>Net cash (used in)/generated from investing activities</b>	<b>(37,321)</b>	<b>395,769</b>	<b>(36,466)</b>	<b>395,775</b>

**Bank Muamalat Malaysia Berhad**  
**(Incorporated in Malaysia)**

**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2013 (24 ZULKAEDAH 1434H)**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>				
Dividend paid on subordinated sukuk	(10,243)	(10,244)	(10,243)	(10,244)
Dividend paid to shareholders	(195,000)	-	(195,000)	-
Proceed from shares issuance	195,000	-	195,000	-
<b>Net cash used in financing activities</b>	<b>(10,243)</b>	<b>(10,244)</b>	<b>(10,243)</b>	<b>(10,244)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,780,940)</b>	<b>(2,538,380)</b>	<b>(1,780,940)</b>	<b>(2,538,380)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>3,341,694</b>	<b>4,501,556</b>	<b>3,341,694</b>	<b>4,501,556</b>
<b>Cash and cash equivalents at end of the period</b>	<b>1,560,754</b>	<b>1,963,176</b>	<b>1,560,754</b>	<b>1,963,176</b>
<b>Cash and cash equivalents consist of:</b>				
Cash and short term funds	1,547,716	1,822,462	1,547,716	1,822,462
Cash and placements with financial institutions	13,038	140,714	13,038	140,714
	<b>1,560,754</b>	<b>1,963,176</b>	<b>1,560,754</b>	<b>1,963,176</b>

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2013.

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**NOTES TO INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 SEPTEMBER**  
**(24 ZULKAEDAH 1434H)**

**1. Basis of Preparation**

The unaudited condensed financial statements for the half year ended 30 September 2013 of Bank Muamalat Malaysia Berhad ("BMMB" or "the Bank") and its subsidiaries (the "Group") have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM'000) except when otherwise indicated.

The financial statements of the Group and of the Bank are prepared under the historical cost basis except for the following assets and liabilities that are stated at fair values: financial investment available-for sale, financial assets at fair value through profit or loss and islamic derivative financial instruments.

The Group and the Bank present the statements of financial position in order of liquidity.

These condensed consolidated interim financial statements, for the period ended 30 September 2013 have been prepared in accordance with MFRS 134 Interim Financial Reporting. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board, Bank Negara Malaysia Guidelines (BNM/GP8-i) and the principles of Shariah.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2013. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 March 2013.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the most recent audited financial statements for the year ended 31 March 2013 except for adoption of the following MFRSs, amendments to MFRSs, Interpretations of the Issues Committee ("IC Interpretations") and Annual Improvements 2009-2011 Cycle with effective dates of 1 July 2012 and 1 January 2013:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Government Loans (Amendments to MFRS 1)*
- MFRS 3 *Business Combinations (IFRS Business Combinations issued by IASB March 2004)*
- MFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)*
- MFRS 10 *Consolidated Financial Statements*
- MFRS 11 *Joint Arrangements*
- MFRS 12 *Disclosure of Interests in Other Entities*
- MFRS 13 *Fair Value Measurement*
- MFRS 101 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)*
- MFRS 119 *Employee Benefits (IAS 19 as amended by IASB in June 2011)*
- MFRS 127 *Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2013)*
- MFRS 127 *Separate Financial Statements (IAS 27 as amended by IASB in May 2011)*
- MFRS 128 *Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)*
- IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

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**1. Basis of Preparation (cont'd.)**

**Annual Improvements 2009-2011 Cycle:**

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Repeated application of MFRS 1 and borrowing costs*
- MFRS 101 *Presentation of Financial Statements - Clarification of the requirements for comparative information*
- MFRS 116 *Property, Plant and Equipment - Classification of servicing equipment*
- MFRS 132 *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*
- MFRS 134 *Interim Financial Reporting - Interim financial reporting and segment information for total assets*

The adoption of the above MFRSs, amendments to MFRSs, IC Interpretations and Annual Improvements 2009-2011 Cycle did not have any material impact on the financial statements of the Group and the Bank, except for the adoption of following MFRSs and amendments to MFRSs:

**MFRS 101 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)***

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on financial investments available-for-sale) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans).

**MFRS 10 *Consolidated Financial Statements ("MFRS 10")***

MFRS 10 replaces the requirements of MFRS 127 Consolidated and Separate Financial Statements that address the accounting for consolidated financial statements and IC Interpretation 112 Consolidation—Special Purpose Entities. Under MFRS10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group has applied MFRS 10 retrospectively in accordance with the transition provisions of MFRS 10.

Based on the preliminary assessment performed, the Group assessed that adoption of MFRS 10 did not result in any change in the consolidation status of its subsidiaries as at 30 September 2013.

**MFRS 13 *Fair Value Measurement ("MFRS 13")***

MFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by MFRS. MFRS 13 also requires fair value disclosures for financial instruments to be included in the interim financial report.

The Group and the Bank have adopted the above standard and the fair value disclosures for financial instruments are disclosed in Note 25.

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**1. Basis of Preparation (cont'd.)**

**New Financial Reporting Guidelines issued by Bank Negara Malaysia ("BNM")**

Pursuant to the Islamic Financial Services Act 2013 that came into force on 30 September 2013, BNM has issued a new Financial Reporting Guidelines which set out the financial reporting requirements for both banking institutions and insurers. A banking institution is required to comply with these new guidelines effective on 30 September 2013, while for insurer, its effective date is for financial years beginning on and after 30 June 2013.

**2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2013 was not qualified.

**3. Performance Review and Outlook**

**PERFORMANCE REVIEW**

The Group posted an unaudited profit before zakat and taxation of RM57.1 million for the half year ended 30 September 2013, a decline of 52.5% from the previous corresponding period in 2012. The Group's lower financial result was mainly due to higher financing loss provision and higher overhead cost incurred during the period. In addition, the income attributable to depositors increased by RM25 million or 12.4% in line with increase in deposit base by RM1.3 billion as compared with the previous corresponding period.

Total assets of the Group stood at RM19.8 billion, declined from RM21.1 billion registered in March 2013. The decline was partly contributed by a significant decrease in cash and short term funds by 53.3%, although net financing assets recorded a positive growth of 3.0% to RM10.7 billion from RM 10.4 billion as at 31 March 2013.

**OUTLOOK**

There were signs of gradual improvement in the Euro zone economy in the last few months of the first half of 2013. But vulnerability in the global economic growth remains high especially with the uncertain United States policy on its quantitative easing and China rebalancing its economy by shifting from export and investment to consumption led growth.

Despite the prolonged weakness in the external environment, the Malaysian economy continued to expand moderately supported by resilient domestic demand and this will continue to anchor growth in the next half of the year. Growth will be fuelled by the acceleration of projects under the various economic programmes.

Growth of Islamic Banking sector continued to be healthy backed by strong capitalisation, ample liquidity and enhanced risk governance. The Islamic banking industry is expected to facilitate Malaysian banking growth and will continue to provide steady access to finance for households and businesses in year 2014. As competition remains intense, banks will continue to enhance in services to achieve the competitive advantage.

Looking ahead, the Group will continue to focus on the existing business opportunities in Consumer and Business banking whilst placing greater effort on enhancing non-financing income contribution especially in wealth management, foreign exchange and investment banking. In expanding the customer deposit base, the Group will continue with its existing deposits campaign and will emphasize in strengthening the balance sheet to position the bank towards long-term sustainable growth. The Group also aims to increase its operational efficiency and improve service delivery via its enhanced and integrated system that will be introduced soon.

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**3. Performance Review and Outlook (cont'd)**

**OUTLOOK (Cont'd)**

In line with the government's initiatives to enhance assistance for Small and Medium Enterprises (SME) to strengthen their business competitiveness, the bank will expand its products and services to tailor to the needs of SME entrepreneurs. The SME sector is now contributing between 30-40% to the GDP and is another important pillar to spur the local economic growth.

The Group aspired to not only be the preferred Islamic financial institution but also to be the champion in ethical banking which balances between social, environmental and economic value.

**4. Financial Investments**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Financial investments designated at fair value through profit or loss</b>				
<b>Unquoted securities in Malaysia:</b>				
Private equity funds	<b>88,634</b>	<b>84,373</b>	<b>83,834</b>	<b>79,573</b>

**(b) Available-for-sale**

At fair value, or at cost less impairment losses for certain financial investments:

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>At fair value</u></b>		
<b>Government securities and treasury bills:</b>		
Malaysian government investment certificates	<b>4,064,096</b>	<b>3,383,061</b>
<b>Quoted securities in Malaysia:</b>		
Quoted shares	<b>119,358</b>	<b>44,182</b>
<b>Unquoted securities:</b>		
Islamic private debt securities in Malaysia	<b>2,346,186</b>	<b>2,942,983</b>
Cagamas bonds	<b>33,289</b>	<b>120,938</b>
Foreign Islamic private debt securities and sukuk	<b>37,879</b>	<b>62,460</b>
	<b>2,417,354</b>	<b>3,126,381</b>
Accumulated impairment loss	<b>(98,259)</b>	<b>(91,264)</b>
	<b>6,502,549</b>	<b>6,462,360</b>
<b><u>At cost</u></b>		
<b>Unquoted securities:</b>		
Shares in Malaysia	<b>4,631</b>	<b>4,631</b>
<b>Total available-for-sale securities</b>	<b>6,507,180</b>	<b>6,466,991</b>

**BANK MUAMALAT MALAYSIA BERHAD**  
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**4. Financial Investments (cont'd)**

**(c) Held-to-maturity**

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>
<b><u>At amortised cost</u></b>	<b>RM'000</b>	<b>RM'000</b>
Unquoted Islamic private debt securities in Malaysia	<b>575</b>	<b>575</b>

(i) The reconciliation of movement of the unquoted held-to-maturity securities are as follows:

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning/end of period, as previously stated	<b>575</b>	28,522
Redeemed during the year	-	(27,947)
At beginning / end of period, restated	<b>575</b>	<b>575</b>



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## 5. Islamic Derivative Financial Instruments

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period end and are indicative of neither the market risk nor the credit risk.

	Group and Bank					
	30 September 2013			31 March 2013		
	Contract/ notional amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading derivatives:</b>						
Foreign exchange contracts						
- Currency forwards						
Less than one year	198,734	2,379	(2,233)	54,230	2,862	(24)
- Currency swaps						
Less than one year	759,079	4,859	(4,009)	213,422	1,500	(1,021)
- Currency spot						
Less than one year	18,027	35	(179)	127,472	126	(134)
	<b>975,841</b>	<b>7,273</b>	<b>(6,421)</b>	<b>395,124</b>	<b>4,488</b>	<b>(1,179)</b>
<b>Hedging derivatives:</b>						
Islamic profit rate swap (IPRS)						
More than one year	875,000	5,142	-	875,000	-	(7,726)
<b>Total</b>	<b>1,850,841</b>	<b>12,415</b>	<b>(6,421)</b>	<b>1,270,124</b>	<b>4,488</b>	<b>(8,905)</b>

Included within hedging derivatives is a derivative where the Group and the Bank apply hedge accounting. The principal amount and fair value of derivative where hedge accounting is applied by the Group and Bank are as follows:

	30 September 2013			31 March 2013		
	Contract/ notional amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Islamic profit rate swap (IPRS)	800,000	4,622	-	575,000	-	(3,837)

### Fair Value hedges

Fair value hedges are used by the Group and the Bank to protect them against changes in the fair value of financial assets due to movements in profit rates. The financial instruments hedged for profit rate risk include the Group's and the Bank's financing of customers.

For the six months period ended 30 September 2013, the Group and the Bank recognised a profit of RM1,938,023 (30 September 2012: loss of RM2,252,554) on the hedging instrument. The total net loss on the hedged item attributable to the hedged risk amounted to RM6,200,925 (30 September 2012: profit of RM1,165,907).

**BANK MUAMALAT MALAYSIA BERHAD**  
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**6. Financing of Customers**

**(a) By type**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash line	217,593	208,538	217,593	208,538
Term financing:				
Home financing	9,612,922	8,398,544	9,612,922	8,398,544
Syndicated financing	181,745	141,177	181,745	141,177
Hire purchase receivables	1,234,262	1,153,637	1,234,262	1,153,637
Leasing receivables	138,528	146,559	138,528	146,559
Other term financing	7,570,833	7,448,331	7,630,347	7,416,747
Trust receipts	105,606	107,256	105,606	107,256
Claims on customers under acceptance credits	601,748	742,214	601,748	742,214
Staff financing	124,879	120,362	124,879	120,362
Revolving credit	589,772	616,204	589,772	616,204
Sukuk	50,498	50,488	50,498	50,488
Ar-Rahnu	49,116	10,678	49,116	60,656
	<b>20,477,502</b>	<b>19,143,988</b>	<b>20,537,016</b>	<b>19,162,382</b>
Less : Unearned income	<b>(9,509,191)</b>	<b>(8,520,066)</b>	<b>(9,509,191)</b>	<b>(8,520,066)</b>
Gross financing	<b>10,968,311</b>	<b>10,623,922</b>	<b>11,027,825</b>	<b>10,642,316</b>
Less : Allowance for impaired financing				
Collective assessment	<b>(238,008)</b>	<b>(242,843)</b>	<b>(238,008)</b>	<b>(242,843)</b>
Individual assessment	<b>(66,974)</b>	<b>(28,453)</b>	<b>(72,974)</b>	<b>(34,453)</b>
Total net financing	<b>10,663,329</b>	<b>10,352,626</b>	<b>10,716,843</b>	<b>10,365,020</b>

**(b) By contract**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Bai' Bithaman Ajil (deferred payment sale)	4,276,971	4,237,413	4,276,971	4,237,413
Ijarah (lease)	139,462	147,550	139,462	147,550
Ijarah Thumma Al-Bai (lease ended with purchase)	1,065,380	1,001,324	1,065,380	1,001,324
Inah (sale and buyback)	245,443	238,175	245,443	238,175
Tawarruq (commodity murabahah)	3,366,341	2,961,096	3,366,341	2,961,096
Bai' Al-Dayn (purchase of debt)	609,004	753,857	609,004	753,857
Murabahah (cost-plus)	936,873	922,188	936,873	922,188
Istisna' (sale order)	274,198	295,890	274,198	295,890
Qard (benevolent loan)	54,639	66,193	54,872	66,193
Shirkah Mutanaqisah (diminishing partnership)/ Musharakah (profit sharing)	-	236	59,281	18,630
	<b>10,968,311</b>	<b>10,623,922</b>	<b>11,027,825</b>	<b>10,642,316</b>

**BANK MUAMALAT MALAYSIA BERHAD**  
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**6. Financing of Customers (cont'd.)**

**(c) By type of customer**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Domestic non-banking institutions	<b>446,128</b>	438,890	<b>446,128</b>	438,890
Domestic business enterprises:				
-Small business enterprises	<b>79,829</b>	269,238	<b>79,829</b>	269,238
-Others	<b>2,578,282</b>	2,449,268	<b>2,603,983</b>	2,453,832
Government and statutory bodies	<b>552,430</b>	608,510	<b>586,243</b>	622,340
Individuals	<b>7,297,580</b>	6,841,465	<b>7,297,580</b>	6,841,465
Other domestic entities	<b>1,887</b>	2,885	<b>1,887</b>	2,885
Foreign entities	<b>12,175</b>	13,666	<b>12,175</b>	13,666
	<b>10,968,311</b>	10,623,922	<b>11,027,825</b>	10,642,316

**(d) By profit rate sensitivity**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fixed rate:				
Home financing	<b>1,321,925</b>	999,855	<b>1,321,925</b>	999,855
Hire purchase receivables	<b>1,068,923</b>	1,003,454	<b>1,068,923</b>	1,003,454
Others	<b>4,661,419</b>	4,580,985	<b>4,720,933</b>	4,585,549
Variable rate:				
Home financing	<b>1,792,027</b>	1,810,632	<b>1,792,027</b>	1,810,632
Others	<b>2,124,017</b>	2,228,996	<b>2,124,017</b>	2,242,826
	<b>10,968,311</b>	10,623,922	<b>11,027,825</b>	10,642,316

**(e) By residual contractual maturity**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Maturity within one year	<b>2,111,242</b>	2,360,594	<b>2,121,924</b>	2,360,594
Maturity within one to five years	<b>3,290,688</b>	3,852,107	<b>3,290,688</b>	3,852,107
Maturity more than five years	<b>5,566,381</b>	4,411,221	<b>5,615,213</b>	4,429,615
	<b>10,968,311</b>	10,623,922	<b>11,027,825</b>	10,642,316

**BANK MUAMALAT MALAYSIA BERHAD**  
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**6. Financing of Customers (cont'd.)**

**(f) By sector**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Agriculture	56,744	51,001	56,744	51,001
Mining & Quarrying	2,505	2,381	2,505	2,381
Manufacturing	689,858	707,878	689,858	712,442
Electricity, gas and water	139,852	134,743	139,852	134,743
Construction	422,475	488,928	422,475	494,928
Purchase of landed property:				
Residential	3,200,729	2,890,830	3,200,729	2,890,830
Non-residential	288,159	269,340	288,159	269,340
Real estate	277,670	129,267	277,670	129,267
Wholesale, retail and restaurant	339,384	475,284	350,066	475,284
Transport, storage and communication	255,897	336,166	255,897	336,166
Finance, takaful and business services	541,465	491,216	556,484	491,216
Purchase of securities	92	92	92	92
Purchase of transport vehicles	1,075,497	1,010,295	1,075,497	1,010,295
Consumption credit	2,984,763	2,909,624	2,984,763	2,909,624
Community, social and personal services	106,978	104,537	140,791	112,367
Government and statutory bodies	586,243	622,340	586,243	622,340
	<b>10,968,311</b>	<b>10,623,922</b>	<b>11,027,825</b>	<b>10,642,316</b>

**(g) By geographical area**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Domestic	10,906,893	10,602,355	10,966,407	10,620,749
Labuan Offshore	61,418	21,567	61,418	21,567
	<b>10,968,311</b>	<b>10,623,922</b>	<b>11,027,825</b>	<b>10,642,316</b>

Included in financing of customers is a financing given to the government which are hedged by profit rate derivatives. The hedge achieved the criteria for hedge accounting and the financing are carried at fair value.

The maximum credit exposure of the financing of customers amounts to RM500 million (31 March 2013: RM573.3 million). The cumulative change in fair value of the financings attributable to changes in profit rate risks amounts to a loss of RM4,397,368 (31 March 2013: profit of RM8,619,859) and the change for the current year is a loss of RM2,607,261 (30 September 2012: profit of RM1,165,907). The changes in fair value of the designated financing attributable to changes in profit risk have been calculated by determining the changes in profit spread implicit in the fair value of securities issued by entities with similar credit characteristics.

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**6. Financing of Customers (cont'd.)**

**Impaired Financing**

**(a) Movements in the impaired financing**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At beginning of period	265,368	446,344	271,368	452,344
Classified as impaired during the period	298,432	271,605	298,432	271,605
Reclassified as performing during the period	(97,108)	(143,533)	(97,108)	(143,533)
Recovered during the period	(98,492)	(155,741)	(98,492)	(155,741)
Written off during the period	(13,190)	(153,307)	(13,190)	(153,307)
At end of period	<b>355,010</b>	<b>265,368</b>	<b>361,010</b>	<b>271,368</b>
Ratio of gross impaired financing to total financing	<b>3.2%</b>	<b>2.5%</b>	<b>3.3%</b>	<b>2.5%</b>

**(b) Movements in the allowance for impaired financing**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Collective assessment allowance</u></b>				
At beginning of period, as previously stated	242,843	268,297	242,843	268,297
Allowance made during the period	208,227	368,321	208,227	368,321
Amount written-back	(201,753)	(366,720)	(201,753)	(366,720)
Amount written-off	(11,309)	(27,055)	(11,309)	(27,055)
At end of period	<b>238,008</b>	<b>242,843</b>	<b>238,008</b>	<b>242,843</b>
As % of gross financing, less individual assessment allowance	<b>2.2%</b>	<b>2.3%</b>	<b>2.2%</b>	<b>2.3%</b>

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Individual assessment allowance</u></b>				
At beginning of period	28,453	161,904	34,453	167,904
Allowance made during the period	67,291	21,876	67,291	21,876
Amount recovered	(25,785)	(29,874)	(25,785)	(29,874)
Amount written-off	(2,985)	(125,453)	(2,985)	(125,453)
At end of period	<b>66,974</b>	<b>28,453</b>	<b>72,974</b>	<b>34,453</b>

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**6. Financing of Customers (cont'd.)**

**Impaired Financing (cont'd.)**

**(c) Impaired financing by sector**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Agriculture	205	-	205	-
Manufacturing	52,404	10,220	52,404	10,220
Construction	96,418	63,083	96,418	63,083
Purchase of landed property:				
- Residential	86,986	84,590	86,986	84,590
- Non-residential	7,092	10,313	7,092	10,313
Wholesale, retail and restaurant	6,402	9,620	12,402	15,620
Transport, storage and communication	252	137	252	137
Finance, takaful and business services	15,777	31,020	15,777	31,020
Purchase of securities	16	18	16	18
Purchase of transport vehicles	32,507	29,306	32,507	29,306
Consumption credit	31,089	26,086	31,089	26,086
Community, social and personal service	25,862	975	25,862	975
	<b>355,010</b>	<b>265,368</b>	<b>361,010</b>	<b>271,368</b>

**(d) Impaired financing by geographical area**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Domestic	348,002	243,801	354,002	249,801
Labuan Offshore	7,008	21,567	7,008	21,567
	<b>355,010</b>	<b>265,368</b>	<b>361,010</b>	<b>271,368</b>

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**7. Other Assets**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits	6,223	6,193	6,221	6,041
Prepayments	6,585	2,662	6,407	2,660
Tax prepayment	15,509	61	15,473	-
Amount due from subsidiaries	-	-	45	91
Foreclosed properties	14,000	14,000	14,000	14,000
Golf club membership	900	900	900	900
Clearing accounts	104,350	40,992	104,350	40,992
Other debtors	84,782	25,216	34,599	15,809
	<b>232,349</b>	<b>90,024</b>	<b>181,995</b>	<b>80,493</b>

**8. Deferred Tax Assets**

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of the year	17,027	62,133
Recognised in the income statement	(9,262)	(35,859)
Recognised in the equity	(6,000)	(9,247)
Under provision in prior year recognised in equity	<b>1,765</b>	<b>17,027</b>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	6,859	23,608
Deferred tax liabilities	(5,094)	(6,581)
	<b>1,765</b>	<b>17,027</b>

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**8. Deferred Tax Assets (cont'd.)**

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

**Deferred tax assets of the Group and the Bank:**

	Allowance for impaired financing RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 April 2012	39,436	12,314	18,546	70,296
Recognised in income statement	(39,436)	2,027	(32)	(37,441)
Recognised in equity	-	-	(9,247)	(9,247)
As at 31 March 2013	<u>-</u>	<u>14,341</u>	<u>9,267</u>	<u>23,608</u>
At 1 April 2013	-	14,341	9,267	23,608
Recognised in income statement	-	(10,852)	103	(10,749)
Recognised in equity	-	-	(6,000)	(6,000)
As at 30 September 2013	<u>-</u>	<u>3,489</u>	<u>3,370</u>	<u>6,859</u>

**Deferred tax liabilities of the Group and the Bank:**

	Property, plant and equipment RM'000	Total RM'000
At 1 April 2012	(8,163)	(8,163)
Recognised in income statement	1,582	1,582
As at 31 March 2013	<u>(6,581)</u>	<u>(6,581)</u>
At 1 April 2013	(6,581)	(6,581)
Recognised in income statement	1,487	1,487
As at 30 September 2013	<u>(5,094)</u>	<u>(5,094)</u>



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**9. Deposits from Customers**

**(a) By type of deposits**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Mudharabah Fund</b>				
Demand deposits	1,795,679	2,576,108	1,798,355	2,576,587
Savings deposits	469,933	499,571	469,933	499,571
Negotiable Islamic debt certificate	1,130,331	856,478	1,130,331	856,478
Others	205,769	481,664	205,769	481,664
	<b>3,601,712</b>	<b>4,413,821</b>	<b>3,604,388</b>	<b>4,414,300</b>
<b>Mudharabah Fund</b>				
Demand deposits	658,299	325,814	658,299	325,814
Savings deposits	581,611	467,662	581,611	467,662
General investment deposits	11,874,742	12,299,161	11,879,542	12,304,758
Special general investment deposits	561,841	1,237,721	561,841	1,237,721
	<b>13,676,493</b>	<b>14,330,358</b>	<b>13,681,293</b>	<b>14,335,955</b>
	<b>17,278,205</b>	<b>18,744,179</b>	<b>17,285,681</b>	<b>18,750,255</b>

**(b) By type of customer**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	3,704,147	3,102,500	3,704,147	3,102,500
Business enterprises	8,305,622	9,380,933	8,313,098	9,380,933
Individuals	1,395,855	1,318,928	1,395,855	1,318,928
Others	3,872,581	4,941,818	3,872,581	4,947,894
	<b>17,278,205</b>	<b>18,744,179</b>	<b>17,285,681</b>	<b>18,750,255</b>

The maturity structure of negotiable instruments debt certificate and mudharabah general and special investment deposits are as follows :

	<b>Group</b>		<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Due within six months	10,504,521	11,706,967	10,509,321	11,712,564
More than six months to one year	3,052,805	2,671,003	3,052,805	2,671,003
More than one year to three years	9,588	15,390	9,588	15,390
	<b>13,566,914</b>	<b>14,393,360</b>	<b>13,571,714</b>	<b>14,398,957</b>

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**10. Deposit and Placements of Banks and Other Financial Institutions**

	<b>Group and Bank</b>	
	<b>30 September 2013</b>	<b>31 March 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non Mudharabah</b>		
Bank Negara Malaysia	10,644	10,774
	<b>10,644</b>	<b>10,774</b>

**11. Other Liabilities**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2013</b>	<b>31 March 2013</b>	<b>30 September 2013</b>	<b>31 March 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sundry creditors	4,392	672	4,392	1,750
Provision for commitments and contingencies	7,412	25,428	7,412	25,428
Provision for bonus	6,701	32,102	6,545	31,937
Accrued expenses	20,088	15,560	20,031	15,505
Accrual for directors' fees	336	658	336	658
Accrual for audit fees	180	323	174	310
Clearing accounts	56,252	10,428	56,252	10,428
Others	26,969	9,096	26,969	9,096
	<b>122,330</b>	<b>94,267</b>	<b>122,111</b>	<b>95,112</b>

**12. Provision for Zakat and Taxation**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2013</b>	<b>31 March 2013</b>	<b>30 September 2013</b>	<b>31 March 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Zakat	2,830	6,149	2,830	6,149
Taxation	103	8,356	-	8,349
	<b>2,933</b>	<b>14,505</b>	<b>2,830</b>	<b>14,498</b>

**13. Subordinated Sukuk**

Subordinated sukuk as at 30 September 2013 relates to the Bank Tier-2 Capital Islamic Subordinated Sukuk of RM400 million issued on 15 June 2011. The sukuk carries a tenure of 10 years from the issue date on a 10 non-callable 5 basis feature with a profit rate of 5.15% per annum. Should the Bank decide not to exercise its option to redeem the sukuk, the sukuk holders will be entitled to a replacement of other capital instrument of the same or better quality and such replacement of capital shall be done prior to or concurrent with the redemption of the sukuk. The RM400 million sukuk qualifies as Tier-2 capital for the purpose of Bank Negara Malaysia capital adequacy requirement.

**14. Dividend Paid**

During the Annual General Meeting held on 12 July 2013, a final dividend in respect of the financial year ended 31 March 2013 of 26.0 sen per share, less taxation of 25% on 1,000,000,000 ordinary shares, amounting to RM195,000,000 was approved by the shareholders.

Arising from the dividend payout, it is agreed that the shareholders to reinvest the dividend paid back as a capital contribution and subscribe to the newly issued and paid up ordinary shares of RM195 million in accordance to the shareholders respective shareholdings.

The payment date for cash dividends and crediting of shares under the dividend reinvestment plan was completed on 25 July 2013.

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**15. Income Derived from Investment of Depositors' Funds and Others**

Group and Bank	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(a) General investment deposits	170,089	152,592	331,081	296,535
(b) Other deposits	67,797	66,208	129,363	161,246
	<u>237,886</u>	<u>218,800</u>	<u>460,444</u>	<u>457,781</u>

**(a) Income derived from investment of general investment deposits**

	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Income from financing	115,942	106,638	225,213	195,960
Financial investment held-for-trading	5	-	11	-
Financial investments held-for-maturity	-	149	-	175
Financial investments available-for-sale	40,143	35,618	77,614	67,285
Money at call and deposit with financial institutions	8,129	8,254	17,558	17,142
	<u>164,219</u>	<u>150,659</u>	<u>320,396</u>	<u>280,562</u>
Amortisation of premium less accretion of discounts	(1,012)	(849)	(2,193)	(1,177)
Total finance income and hibah	<u>163,207</u>	<u>149,810</u>	<u>318,203</u>	<u>279,385</u>
<b>Other operating income</b>				
Net gain/(loss) from sale of:				
- financial investments held-for-trading	144	133	367	224
- financial investments available-for-sale	1,519	(1,364)	1,989	233
- financial investments held-to-maturity	-	622	-	8,741
- financing to customer	-	(1,992)	-	(1,992)
	<u>1,663</u>	<u>(2,601)</u>	<u>2,356</u>	<u>7,206</u>
<b>Fees and commission</b>				
Guarantee fees	546	506	1,136	1,353
Processing fees	1,771	674	3,358	890
Service charges and fees	1,822	1,704	3,608	3,078
Commission	1,080	2,499	2,420	4,623
	<u>5,219</u>	<u>5,383</u>	<u>10,522</u>	<u>9,944</u>
<b>Total</b>	<u>170,089</u>	<u>152,592</u>	<u>331,081</u>	<u>296,535</u>
Of which :				
Financing (loss)/income earned on impaired financing	15	797	(2,461)	1,313

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**15. Income Derived from Investment of Depositors' Funds and Others (cont'd.)**

**(b) Income derived from investment of other deposits**

	3 months ended		6 months ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Income from financing	46,210	47,580	87,998	106,556
Financial investment held-for-trading	2	-	4	-
Financial investments held-for-maturity	-	78	-	95
Financial investments available-for-sale	15,997	15,679	30,326	36,587
Money at call and deposit with financial institutions	3,255	3,452	6,861	9,321
	<b>65,464</b>	<b>66,789</b>	<b>125,189</b>	<b>152,559</b>
Amortisation of premium less accretion of discounts	(405)	(423)	(857)	(640)
Total finance income and hibah	<b>65,059</b>	<b>66,366</b>	<b>124,332</b>	<b>151,919</b>
<b>Other operating income</b>				
Net gain/(loss) from sale of:				
- financial investments held-for-trading	58	62	143	122
- financial investments available-for-sale	597	(927)	777	127
- financial investments held-to-maturity	-	(607)	-	4,753
- financing to customer	-	(1,083)	-	(1,083)
	<b>655</b>	<b>(2,555)</b>	<b>920</b>	<b>3,919</b>
<b>Fees and commission</b>				
Guarantee fees	218	177	444	736
Processing fees	705	341	1,312	484
Service charges and fees	727	767	1,410	1,674
Commission	433	1,112	945	2,514
	<b>2,083</b>	<b>2,397</b>	<b>4,111</b>	<b>5,408</b>
<b>Total</b>	<b>67,797</b>	<b>66,208</b>	<b>129,363</b>	<b>161,246</b>
Of which :				
Financing (loss)/income earned on impaired financing	(15)	373	(962)	714

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**16. Income Derived from Investment of Shareholders' Funds**

Group	3 months ended		6 months ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
<b>Finance income and hibah</b>				
Financial investments available-for-sale	6,093	6,842	11,795	15,315
Money at call and deposit with financial institutions	856	156	1,409	405
	<u>6,949</u>	<u>6,998</u>	<u>13,204</u>	<u>15,720</u>
Amortisation of premium less accretion of discounts	993	234	1,875	189
Total finance income and hibah	<u>7,942</u>	<u>7,232</u>	<u>15,079</u>	<u>15,909</u>
<b>Other operating income</b>				
Net gain from foreign exchange transaction	1,249	3,851	11,081	8,478
Net loss on revaluation from foreign exchange derivatives	2,078	14	(2,458)	(206)
Net gain from sale of financial investment available-for-sale	1,538	3,372	4,718	4,282
Gain from disposal of investment in associate	1,000	-	1,000	-
Gross dividend income from investment: -unquoted in Malaysia	-	-	3,223	1,934
Net dividend paid for Islamic profit rate swap	(900)	(265)	(1,766)	(518)
Unrealised gain/(loss) on revaluation of Islamic profit rate swap	(3,099)	158	2,458	(2,253)
Unrealised (loss)/gain on revaluation from hedged items	6,845	-	(6,201)	1,166
	<u>8,711</u>	<u>7,130</u>	<u>12,055</u>	<u>12,883</u>
<b>Fees and commission</b>				
Processing fees	-	1,014	32	1,154
Corporate advisory fees	936	2,355	1,734	2,879
Service charges and fees	563	315	1,423	738
Commission	1,640	498	4,023	1,560
Others	13	24	28	41
	<u>3,152</u>	<u>4,206</u>	<u>7,240</u>	<u>6,372</u>
<b>Other income</b>				
Rental income	66	182	212	330
Gain/(loss) on sale of property, plant and equipment	-	-	2,855	(55)
	<u>66</u>	<u>182</u>	<u>3,067</u>	<u>275</u>
<b>Total</b>	<u>19,871</u>	<u>18,750</u>	<u>37,441</u>	<u>35,439</u>

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**16. Income Derived From Investment Of Shareholders' Funds (cont'd)**

	3 months ended		6 months ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
<b>Bank</b>				
<b>Finance income and hibah</b>				
Financial investments available-for-sale	6,093	6,842	11,795	15,315
Money at call and deposit with financial institutions	856	156	1,409	405
	<u>6,949</u>	<u>6,998</u>	<u>13,204</u>	<u>15,720</u>
Amortisation of premium less accretion of discounts	993	234	1,875	189
Total finance income and hibah	<u>7,942</u>	<u>7,232</u>	<u>15,079</u>	<u>15,909</u>
<b>Other operating income</b>				
Net gain from foreign exchange transaction	1,249	3,851	11,081	8,478
Net loss on revaluation from exchange derivatives	2,078	14	(2,458)	(206)
Net gain from sale of financial investment available-for-sale	1,538	3,372	4,718	4,282
Gross dividend income from investment: -unquoted in Malaysia	-	-	3,223	1,934
Net dividend paid for Islamic profit rate swap	(900)	(265)	(1,766)	(518)
Unrealised gain/(loss) on revaluation of Islamic profit rate swap	(3,099)	158	2,458	(2,253)
Unrealised (loss)/gain on revaluation from hedged items	6,845	-	(6,201)	1,166
	<u>7,711</u>	<u>7,130</u>	<u>11,055</u>	<u>12,883</u>
<b>Fees and commission</b>				
Processing fees	-	1,014	32	1,154
Corporate advisory fees	314	2,356	447	2,898
Service charges and fees	138	130	289	255
Commission	1,640	498	4,023	1,560
Others	13	24	28	41
	<u>2,105</u>	<u>4,022</u>	<u>4,819</u>	<u>5,908</u>
<b>Other income</b>				
Rental income	66	182	212	330
Gain/(loss) on sale of property, plant and equipment	-	-	2,855	(55)
	<u>66</u>	<u>182</u>	<u>3,067</u>	<u>275</u>
<b>Total</b>	<u>17,824</u>	<u>18,566</u>	<u>34,020</u>	<u>34,975</u>

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**17. Allowance for Impairment on Financing**

Group	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing				
(a) Individual assessment allowance				
Made during the period	44,835	9,738	67,291	14,701
Written back during the period	(23,720)	(4,699)	(25,785)	(17,555)
	21,115	5,039	41,506	(2,854)
(b) Collective assessment allowance				
Made during the period	104,850	106,018	208,227	167,267
Written back during the period	(104,148)	(121,859)	(201,753)	(170,972)
	702	(15,841)	6,474	(3,705)
Bad debts on financing:				
Written off	3,010	68	5,082	483
Recovered	(27,259)	(4,290)	(39,148)	(8,602)
	(24,249)	(4,222)	(34,066)	(8,119)
	(2,432)	(15,024)	13,914	(14,678)

Bank	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
(Writeback of)/allowance for impairment on financing				
(a) Individual assessment allowance				
Made during the period	44,835	9,738	67,291	14,701
Written back during the period	(23,720)	(4,699)	(25,785)	(17,555)
	21,115	5,039	41,506	(2,854)
(b) Collective assessment allowance				
Made during the period	104,850	106,018	208,227	167,267
Written back during the period	(104,148)	(121,859)	(201,753)	(170,972)
	702	(15,841)	6,474	(3,705)
Bad debts on financing:				
Written off	3,010	68	5,082	483
Recovered	(27,259)	(4,290)	(39,148)	(8,602)
	(24,249)	(4,222)	(34,066)	(8,119)
	(2,432)	(15,024)	13,914	(14,678)

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**18. Impairment loss on investments**

Group and Bank	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Impairment loss on corporate bonds included under available-for-sale financial investments	4,849	9,588	6,821	8,840
Impairment writeback on corporate bonds included under held-to-maturity financial investments	-	(2,061)	-	(2,061)
	<u>4,849</u>	<u>7,527</u>	<u>6,821</u>	<u>6,779</u>

**19. Income Attributable to Depositors**

Group	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	104,191	78,841	201,567	155,716
Non-Mudharabah funds	12,528	21,035	23,928	43,229
Deposits and placements of banks and other financial institutions:				
Mudharabah funds	109	15	109	52
Non-Mudharabah funds	1,185	2,113	2,181	3,655
	<u>118,013</u>	<u>102,004</u>	<u>227,785</u>	<u>202,652</u>

Bank	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	104,230	78,884	201,648	155,801
Non-Mudharabah funds	12,529	21,035	23,930	43,229
Deposits and placements of banks and other financial institutions:				
Mudharabah funds	109	15	109	52
Non-Mudharabah funds	1,185	2,113	2,181	3,655
	<u>118,053</u>	<u>102,047</u>	<u>227,868</u>	<u>202,737</u>



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**20. Zakat**

Group and Bank	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the year	2,173	1,445	2,830	2,983
Over provision in prior year	-	-	(275)	-
	<u>2,173</u>	<u>1,445</u>	<u>2,555</u>	<u>2,983</u>

**21. Taxation**

Group	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current income tax	5,816	15,729	5,990	32,882
Under/(over) provision in prior year	(373)	(28,554)	(296)	(28,554)
	<u>5,444</u>	<u>(12,825)</u>	<u>5,694</u>	<u>4,328</u>

Deferred tax:				
Relating to origination and reversal of temporary differences	6,656	1,003	9,262	(565)
(Over)/under provision in prior years	1	29,656	1	29,656
	<u>6,657</u>	<u>30,659</u>	<u>9,263</u>	<u>29,091</u>
	<u>12,100</u>	<u>17,834</u>	<u>14,958</u>	<u>33,419</u>

Bank	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current income tax	5,718	15,699	5,718	32,836
Under/(over) provision in prior year	(373)	(28,540)	(294)	(28,540)
	<u>5,345</u>	<u>(12,841)</u>	<u>5,424</u>	<u>4,296</u>

Deferred tax:				
Relating to origination and reversal of temporary differences	6,656	1,003	9,262	(565)
(Over)/under provision in prior years	1	29,656	1	29,656
	<u>6,657</u>	<u>30,659</u>	<u>9,263</u>	<u>29,091</u>
	<u>12,001</u>	<u>17,818</u>	<u>14,687</u>	<u>33,387</u>

Income tax expense is recognised in each interim period based on the best estimate of the annual income tax rate expected for the full financial year. The effective tax rate for the current interim period was higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes.

Domestic current income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the period.

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**22. Credit Exposures Arising from Credit Transactions with Connected Parties**

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Outstanding credit exposures with connected parties (RM'000)	<u>1,122,282</u>	<u>1,218,329</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>5.3%</u>	<u>6.0%</u>

Credit transactions and exposures to connected parties as disclosed above includes the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and financing commitments. It also includes holdings of equities and private debt securities issued by the connected parties.

The credit transactions with connected parties above are all transacted on an arm's length basis and on terms and conditions no more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

**23. Commitments 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 September 2013 are as follows:

	<b>Group and Bank</b>		
	<b>30 September 2013</b>		
	<b>Principal Amount</b>	<b>Credit Equivalent Amount</b>	<b>Risk Weighted Assets</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
The commitments and contingencies constitute the following:			
<b>Commitments and contingencies</b>			
Direct credit substitutes	6,352	6,352	6,352
Trade-related contingencies	21,635	4,327	1,868
Transaction related contingencies	373,318	186,659	181,857
Obligations under an on-going underwriting agreement	7,500	3,750	750
Credit extension commitment:			
Maturity within one year	758,298	151,660	121,403
Maturity exceeding one year	2,183,540	1,091,770	295,259
Bills of collection	23,331	-	-
<b>Islamic derivative financial instruments</b>			
Foreign exchange related contracts	975,841	13,695	5,196
Profit rate related contracts	875,000	42,392	8,478
	<u>5,224,815</u>	<u>1,500,605</u>	<u>621,163</u>

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**23. Commitments and Contingencies (cont'd.)**

**Group and Bank**  
**31 March 2013**

	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Total Risk Weighted Amount RM'000</b>
The commitments and contingencies constitute the following:			
<b>Commitments and contingencies</b>			
Direct credit substitutes	16,362	16,362	8,362
Trade-related contingencies	73,372	14,674	4,904
Transaction related contingencies	501,061	250,531	191,325
Obligations under an on-going underwriting agreement	25,000	12,500	2,500
Credit extension commitment:			
Maturity within one year	450,046	90,009	76,294
Maturity exceeding one year	1,944,354	972,177	256,626
Bills of collection	19,712	-	-
<b>Islamic derivative financial instruments</b>			
Foreign exchange related contracts	395,124	6,670	4,341
Profit rate related contracts	875,000	37,250	7,450
	<u>4,300,031</u>	<u>1,400,173</u>	<u>551,802</u>

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**24. Capital Adequacy**

(a) The capital adequacy ratio of the Group/Bank is as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2013 RM'000</b>	<b>31 March 2013 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>31 March 2013 RM'000</b>
<b>Computation of Total Risk Weighted Assets ("RWA")</b>				
Total credit RWA	10,424,695	9,687,613	10,424,685	9,680,838
Total market RWA	73,134	57,818	73,134	57,818
Total operational RWA	1,019,173	1,022,010	1,015,509	1,020,708
Total RWA	<b>11,517,002</b>	<b>10,767,441</b>	<b>11,513,328</b>	<b>10,759,364</b>
<b>Computation of Capital Ratio</b>				
<b><u>Tier-I capital</u></b>				
Paid-up ordinary share capital	1,195,000	1,000,000	1,195,000	1,000,000
Retained profits	31,048	226,048	30,542	225,542
<b><u>Other Reserves</u></b>				
Statutory reserve	398,978	398,978	397,381	397,381
Unrealised losses on available for-sale financial instruments	(9,159)	(25,940)	(9,159)	(25,940)
Foreign exchange translation reserve	(819)	(610)	(819)	(610)
<b>Regulatory Adjustment</b>				
Less: Deferred tax assets (net)	(17,027)	(17,027)	(17,027)	(17,027)
Less: Investment in subsidiaries	-	-	(6,384)	(6,384)
<b>Total Common Equity Tier-I Capital</b>	<b>1,598,021</b>	<b>1,581,449</b>	<b>1,589,534</b>	<b>1,572,962</b>
<b>Total Tier-I Capital</b>	<b>1,598,021</b>	<b>1,581,449</b>	<b>1,589,534</b>	<b>1,572,962</b>
<b><u>Tier-II capital</u></b>				
Subordinated sukuk	365,471	365,450	365,471	365,450
Collective assessment allowance	120,669	121,095	120,669	120,903
<b>Total Tier-II Capital</b>	<b>486,140</b>	<b>486,545</b>	<b>486,140</b>	<b>486,353</b>
<b>Total Capital Base</b>	<b>2,084,161</b>	<b>2,067,994</b>	<b>2,075,674</b>	<b>2,059,315</b>
<b>Ratio (%)</b>				
CET 1 Capital	13.9%	14.7%	13.8%	14.6%
Tier 1 Capital	13.9%	14.7%	13.8%	14.6%
Total Capital	18.1%	19.2%	18.0%	19.1%

With effect from 1 January 2013, the total capital and capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components and Basel II - Risk-weighted Assets) dated 28 November 2012. The Group and Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier I capital ratio and Tier I capital ratio are 3.5% and 4.5% respectively for year 2013. The minimum regulatory capital adequacy requirement remains at 8.0% (31 March 2013: 8.0%) for total capital ratio.

The current year's core capital ratios and risk-weighted capital ratios were computed using reported amounts which form part of the current year financial statements which have been prepared in accordance with MFRS.

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**24. Capital Adequacy (cont'd.)**

(b) Credit risk disclosure by risk weights of the Group as at 30 September, are as follows :

	<b>Group</b>			
	<b>30 September 2013 RM'000</b>		<b>31 March 2013 RM'000</b>	
	<b>Total exposures after netting and credit risk mitigation RM'000</b>	<b>Total risk weighted assets RM'000</b>	<b>Total exposures after netting and credit risk mitigation RM'000</b>	<b>Total risk weighted assets RM'000</b>
<b>0%</b>	7,389,269	-	9,165,454	-
<b>20%</b>	2,324,540	464,908	2,260,167	452,033
<b>35%</b>	1,038,421	363,447	988,384	345,934
<b>50%</b>	596,980	298,490	747,640	373,820
<b>75%</b>	2,878,796	2,159,097	3,100,378	2,325,285
<b>100%</b>	6,867,929	6,867,929	6,084,959	6,084,959
<b>150%</b>	180,549	270,824	70,388	105,582
<b>Risk weighted assets for credit risk</b>	<b>21,276,484</b>	<b>10,424,695</b>	<b>22,417,370</b>	<b>9,687,613</b>
<b>Risk weighted assets for market risk</b>		<b>73,134</b>		<b>57,818</b>
<b>Risk weighted assets for operational risk</b>		<b>1,019,173</b>		<b>1,022,010</b>
<b>Total risk weighted assets</b>		<b>11,517,002</b>		<b>10,767,441</b>

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**24. Capital Adequacy (cont'd.)**

(b) Credit risk disclosure by risk weights of the Group as at 30 September, are as follows :

	<b>Bank</b>			
	<b>30 September 2013 RM'000</b>		<b>31 March 2013 RM'000</b>	
	<b>Total exposures after netting and credit risk mitigation RM'000</b>	<b>Total risk weighted assets RM'000</b>	<b>Total exposures after netting and credit risk mitigation RM'000</b>	<b>Total risk weighted assets RM'000</b>
<b>0%</b>	<b>7,389,269</b>	<b>-</b>	<b>9,165,454</b>	<b>-</b>
<b>20%</b>	<b>2,324,540</b>	<b>464,908</b>	<b>2,260,167</b>	<b>452,033</b>
<b>35%</b>	<b>1,038,421</b>	<b>363,447</b>	<b>988,384</b>	<b>345,934</b>
<b>50%</b>	<b>596,980</b>	<b>298,490</b>	<b>747,640</b>	<b>373,820</b>
<b>75%</b>	<b>2,878,796</b>	<b>2,159,097</b>	<b>3,100,379</b>	<b>2,325,283</b>
<b>100%</b>	<b>6,860,333</b>	<b>6,860,333</b>	<b>6,077,556</b>	<b>6,077,556</b>
<b>150%</b>	<b>185,607</b>	<b>278,410</b>	<b>70,808</b>	<b>106,212</b>
<b>Risk weighted assets for credit risk</b>	<b>21,273,946</b>	<b>10,424,685</b>	<b>22,410,388</b>	<b>9,680,838</b>
<b>Risk weighted assets for market risk</b>		<b>73,134</b>		<b>57,818</b>
<b>Risk weighted assets for operational risk</b>		<b>1,015,509</b>		<b>1,020,708</b>
<b>Total risk weighted assets</b>		<b>11,513,328</b>		<b>10,759,364</b>

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**25. Fair values of financial instruments****(a) Financial instruments measured at fair value****Determination of fair value and the fair value hierarchy**

MFRS 7 Financial Instruments: Disclosures requires the classification of financial instruments held at fair value according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. The following levels of hierarchy are used for determining and disclosing the fair value of financial instruments:

Level 1 - quoted market prices: quoted prices (unadjusted) in active markets for identical instruments;

Level 2 - valuation techniques based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (ie. prices) or indirectly (ie. derived from prices), are used; and

Level 3 - valuation techniques using significant unobservable inputs: inputs used are not based on observable market data and the unobservable inputs have a significant impact on the instrument's valuation.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length. Valuation techniques used incorporate assumptions regarding discount rates, profit rate yield curves, estimates of future cash flows and other factors. Changes in these assumptions could materially affect the fair values derived. The Bank generally uses widely recognised valuation techniques with market observable inputs for the determination of fair value, which require minimal management judgement and estimation, due to the low complexity of the financial instruments held.

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**25. Fair values of financial instruments (cont'd.)**

**(a) Financial instruments measured at fair value (cont'd.)**

**Determination of fair value and the fair value hierarchy (cont'd.)**

The following table shows the financial instruments which are measured at fair value at the reporting date analysed by the various level within the fair value hierarchy:

Group	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
<b>30 September 2013</b>				
<b>Financial assets</b>				
Financial investments designated at fair value through profit and loss	-	-	88,634	88,634
Financial investments available-for-sale	119,358	6,278,099	109,723	6,507,180
Derivative financial assets	-	12,414	-	12,414
Total financial assets measured at fair value	<u>119,358</u>	<u>6,290,513</u>	<u>198,357</u>	<u>6,608,228</u>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	6,422	-	6,422
Total financial liabilities measured at fair value	<u>-</u>	<u>6,422</u>	<u>-</u>	<u>6,422</u>



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**25. Fair values of financial instruments (cont'd.)**

**(a) Financial instruments measured at fair value (cont'd.)**

**Determination of fair value and the fair value hierarchy (cont'd.)**

Group (cont'd.)	Valuation technique using			Total
	Quoted	Observable	Unobservable	
	Market Price	Inputs	Inputs	
	Level 1	Level 2	Level 3	
31 March 2013	RM'000	RM'000	RM'000	RM'000
<b>Financial assets</b>				
Financial investments				
designated at fair value				
through profit and loss	-	-	84,373	84,373
Financial investments				
available-for-sale	44,182	6,316,460	106,349	6,466,991
Derivative financial assets	-	4,488	-	4,488
Total financial assets				
measured at fair value	44,182	6,320,948	190,722	6,555,852
<b>Financial liabilities</b>				
Derivative financial liabilities	-	8,905	-	8,905
Total financial liabilities				
measured at fair value	-	8,905	-	8,905

Bank	Valuation technique using			Total
	Quoted	Observable	Unobservable	
	Market Price	Inputs	Inputs	
	Level 1	Level 2	Level 3	
30 September 2013	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial investments designated at fair value through profit and loss	-	-	83,834	83,834
Financial investments available-for-sale	119,358	6,278,099	109,723	6,507,180
Derivative financial assets	-	12,414	-	12,414
Total financial assets measured at fair value	119,358	6,290,513	193,557	6,603,428
Financial liabilities				
Derivative financial liabilities	-	6,422	-	6,422
Total financial liabilities measured at fair value	-	6,422	-	6,422

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**25. Fair values of financial instruments (cont'd.)**

**(a) Financial instruments measured at fair value (cont'd.)**

**Determination of fair value and the fair value hierarchy (cont'd.)**

Bank (cont'd.)	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
<b>31 March 2013</b>				
<b>Financial assets</b>				
Financial investments designated at fair value through profit and loss	-	-	79,573	79,573
Financial investments available-for-sale	44,182	6,316,460	106,349	6,466,991
Derivative financial assets	-	4,488	-	4,488
Total financial assets measured at fair value	44,182	6,320,948	185,922	6,551,052
<b>Financial liabilities</b>				
Derivative financial liabilities	-	8,905	-	8,905
Total financial liabilities measured at fair value	-	8,905	-	8,905

Reconciliation of financing assets at fair value measurements in Level 3 of the fair value hierarchy:

	Group		Bank	
	30 September 2013 RM'000	31 March 2013 RM'000	30 September 2013 RM'000	31 March 2013 RM'000
<b>At beginning of the year</b>	<b>190,722</b>	66,994	<b>185,922</b>	62,194
Gains/(losses) recognised in income statement	-	4,397	-	4,397
Gains recognised in other comprehensive income	<b>2,965</b>	712	<b>2,965</b>	712
Purchases	-	33,601	-	33,601
Sales	-	(4,597)	-	(4,597)
Issues	-	-	-	-
Settlements	-	(13,067)	-	(13,067)
Foreign exchange translation difference	<b>4,670</b>	-	<b>4,670</b>	-
Transfer from Level 2 to Level 3	-	102,682	-	102,682
<b>At end of the year</b>	<b>198,357</b>	190,722	<b>193,557</b>	185,922

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**25. Fair values of financial instruments (cont'd.)**

**(a) Financial instruments measured at fair value (cont'd.)**

**Determination of fair value and the fair value hierarchy (cont'd.)**

Reconciliation of financing assets at fair value measurements in Level 3 of the fair value hierarchy (cont'd.):

The reason for the transfer was due impairment of the securities which resulted in the inability to obtain market prices for the securities as at reporting date.

	<b>Group</b>	
	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Total gains/(losses) recognised in income statement for financial instruments measured at fair value at the end of the financial year	-	4,397
Total gains recognised in other comprehensive income for financial instruments measured at fair value at the end of the financial year	2,965	-
	<b>2,965</b>	<b>-</b>
	<b>Bank</b>	
	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Total gains/(losses) recognised in income statement for financial instruments measured at fair value at the end of the financial year	-	4,397
Total gains recognised in other comprehensive income for financial instruments measured at fair value at the end of the financial year	2,965	-
	<b>2,965</b>	<b>-</b>

**26. Comparatives**

Certain comparative figures have been reclassified to confirm to current year's presentation.