

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

Interim Report for the First Quarter Ended 31 March 2009

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KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

UNAUDITED CONDENSED BALANCE SHEETS AS AT 31 MARCH 2009

	Group		Bank	
	31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
ASSETS				
Cash and short-term funds	2,111,048	2,077,377	2,173,353	2,140,626
Deposits and placements with banks and other financial institutions	233,242	37,827	233,242	37,827
Securities held-for-trading	10,058	-	10,058	-
Securities available-for-sale	922,208	855,007	820,484	755,639
Securities held-to-maturity	61,794	25,474	61,794	25,474
Financing, advances and other receivables	6,356,970	6,157,218	6,361,074	6,160,260
Murabahah trading automobile	57,439	61,779	57,439	61,779
Other assets	167,732	172,556	156,389	159,804
Statutory deposits with Bank Negara Malaysia	43,108	137,644	43,108	137,644
Musarakah capital investment	5,916	5,916	5,916	5,916
Investment in subsidiaries	-	-	37,563	37,563
Property and equipment	53,247	44,819	51,789	43,340
Intangible assets	11,651	11,865	11,608	11,832
Deferred tax assets (net)	49,404	49,386	49,283	49,386
	10,083,817	9,636,868	10,073,100	9,627,090
LIABILITIES				
Deposits from customers	5,195,737	4,293,347	5,208,157	4,306,094
Deposits and placements of banks and other financial institutions	2,382,035	2,919,008	2,382,035	2,919,008
Other liabilities	248,964	252,450	247,827	251,051
Provision for zakat and tax	1,856	1,115	1,799	1,115
Murabahah bank financing	54,690	25,984	54,690	25,984
Subordinated Murabahah Tawarruq	387,228	365,908	387,228	365,908
	8,270,510	7,857,812	8,281,736	7,869,160
SHAREHOLDER'S EQUITY				
Share capital	1,751,400	1,751,400	1,751,400	1,751,400
Reserves	61,907	27,656	39,964	6,530
	1,813,307	1,779,056	1,791,364	1,757,930
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	10,083,817	9,636,868	10,073,100	9,627,090
COMMITMENTS AND CONTINGENCIES	5,494,342	5,710,207	5,494,342	5,710,207
CAPITAL ADEQUACY				
Core Capital Ratio	16.60%	17.74%	16.62%	17.73%
Risk-Weighted Capital Ratio	19.74%	20.81%	19.45%	20.47%
NET ASSETS PER SHARE (RM)	1.04	1.02	1.02	1.00

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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UNAUDITED CONDENSED INCOME STATEMENTS

Group

Continuing operations

	1st Quarter ended 31 March		Three-months ended 31 March	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Operating revenue	140,510	119,611	140,510	119,611
Income derived from investment of depositors' funds	95,956	81,906	95,956	81,906
Income derived from investment of shareholder's equity	44,554	37,705	44,554	37,705
Total gross income	140,510	119,611	140,510	119,611
Impairment write-back on Murabahah trading automobile	77	-	77	-
Allowance and impairment for losses on financing	(30,432)	(19,424)	(30,432)	(19,424)
Total distributable income	110,155	100,187	110,155	100,187
Income attributable to the depositors	(43,879)	(44,133)	(43,879)	(44,133)
Total net income	66,276	56,054	66,276	56,054
Personnel expenses	(28,325)	(23,321)	(28,325)	(23,321)
Other overheads and expenditures	(14,613)	(10,017)	(14,613)	(10,017)
Finance cost	(3,791)	(4,115)	(3,791)	(4,115)
Profit before zakat and taxation	19,547	18,601	19,547	18,601
Zakat	(590)	-	(590)	-
Tax expense	(1,274)	(5,683)	(1,274)	(5,683)
Net profit for the period	17,683	12,918	17,683	12,918
Attributable to:				
Equity holders of the parent	17,683	12,918	17,683	12,918
Earnings per share attributable to equity holders of the parent				
- Basic/Diluted (sen)	1.0	1.8	1.0	1.8

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UNAUDITED CONDENSED INCOME STATEMENTS

Bank

Continuing operations

	1st Quarter ended 31 March		Three-months ended 31 March	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Operating revenue	137,597	119,458	137,597	119,458
Income derived from investment of depositors' funds	95,725	82,615	95,725	82,615
Income derived from investment of shareholder's equity	41,872	36,843	41,872	36,843
Total gross income	137,597	119,458	137,597	119,458
Impairment write-back on Murabahah trading automobile	77	-	77	-
Allowance and impairment for losses on financing	(30,432)	(19,424)	(30,432)	(19,424)
Total distributable income	107,242	100,034	107,242	100,034
Income attributable to the depositors	(43,951)	(44,133)	(43,951)	(44,133)
Total net income	63,291	55,901	63,291	55,901
Personnel expenses	(25,557)	(21,905)	(25,557)	(21,905)
Other overheads and expenditures	(13,145)	(9,474)	(13,145)	(9,474)
Finance cost	(3,791)	(4,115)	(3,791)	(4,115)
Profit before zakat and taxation	20,798	20,407	20,798	20,407
Zakat	(590)	-	(590)	-
Tax expense	(1,250)	(5,678)	(1,250)	(5,678)
Net profit for the period	18,958	14,729	18,958	14,729

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

Group	Non-distributable			Distributable	Total Equity RM'000	
	Share Capital RM'000	Statutory Reserve RM'000	Exchange Fluctuation Reserve RM'000	Unrealised Gain/(Loss) on Securities Available- for-sale RM'000		Retained Profit RM'000
As at 1 January 2009	1,751,400	34,952	(584)	(63,370)	56,658	1,779,056
Unrealised gain on revaluation of securities available-for-sale	-	-	-	14,476	-	14,476
Foreign currency translation recognised directly in equity	-	-	2,092	-	-	2,092
Net income/(expense) recognised directly in equity	1,751,400	34,952	1,508	(48,894)	56,658	1,795,624
Net profit for the period	-	-	-	-	17,683	17,683
Total recognised net income/(expense) for the period	1,751,400	34,952	1,508	(48,894)	74,341	1,813,307
As at 31 March 2009	1,751,400	34,952	1,508	(48,894)	74,341	1,813,307
As at 1 January 2008	727,000	12,773	(1,679)	(5,388)	22,353	755,059
Unrealised loss on revaluation of securities available-for-sale	-	-	-	(7,060)	-	(7,060)
Foreign currency translation loss recognised directly in equity	-	-	(616)	-	-	(616)
Net income/(expense) recognised directly in equity	727,000	12,773	(2,295)	(12,448)	22,353	747,383
Net profit for the period	-	-	-	-	12,918	12,918
Total recognised net income/(expense) for the period	727,000	12,773	(2,295)	(12,448)	35,271	760,301
As at 31 March 2008	727,000	12,773	(2,295)	(12,448)	35,271	760,301

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Non-distributable			Distributable	Total Equity RM'000	
	Share Capital RM'000	Statutory Reserve RM'000	Exchange Fluctuation Reserve RM'000	Unrealised Gain/(Loss) on Securities Available-for-sale RM'000		Retained Profit RM'000
Bank						
As at 1 January 2009	1,751,400	34,952	-	(63,370)	34,948	1,757,930
Unrealised gain on revaluation of securities available-for-sale	-	-	-	14,476	-	14,476
Net income/(expense) recognised directly in equity	1,751,400	34,952	-	(48,894)	34,948	1,772,406
Net profit for the period	-	-	-	-	18,958	18,958
Total recognised net income/(expense) for the period	1,751,400	34,952	-	(48,894)	53,906	1,791,364
As at 31 March 2009	1,751,400	34,952	-	(48,894)	53,906	1,791,364
At 1 January 2008	727,000	12,773	-	(5,388)	12,770	747,155
Unrealised loss on revaluation of securities available-for-sale	-	-	-	(7,060)	-	(7,060)
Net income/(expense) recognised directly in equity	727,000	12,773	-	(12,448)	12,770	740,095
Net profit for the period	-	-	-	-	14,729	14,729
Total recognised net income/(expense) for the period	727,000	12,773	-	(12,448)	27,499	754,824
As at 31 March 2008	727,000	12,773	-	(12,448)	27,499	754,824

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CASH FLOW STATEMENTS

	Group		Bank	
	31 March 2009 RM'000	31 March 2008 RM'000	31 March 2009 RM'000	31 March 2008 RM'000
Profit before zakat and taxation	19,547	18,601	20,798	20,407
Adjustments for non-cash items	30,590	16,035	33,246	16,444
Operating profit before changes in working capital	50,137	34,636	54,044	36,851
<u>Changes in the working capital</u>				
Net changes in operating assets	(331,795)	(693,871)	(334,179)	(695,785)
Net changes in operating liabilities	393,177	1,154,132	393,112	1,155,267
Zakat and tax expense paid	(5,879)	(3,671)	(5,879)	(3,671)
Net cash generated from operating activities	55,503	456,590	53,054	455,811
Net cash (used in)/generated from investing activities	(102,767)	107,422	(103,077)	101,610
Net cash generated from/(used in) financing activities	28,706	(7,331)	28,706	(7,331)
	(74,061)	100,091	(74,371)	94,279
Net change in cash and cash equivalents	31,579	591,317	32,727	586,941
Cash and cash equivalents at beginning of the period	2,077,377	1,667,984	2,140,626	1,747,418
Exchange differences on translation of opening balances	2,092	(616)	-	-
Cash and cash equivalents at end of the period	2,111,048	2,258,685	2,173,353	2,334,359

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia

A1. Performance Review

The Group and the Bank achieved a profit before zakat and taxation of RM19.5 million and RM20.8 million respectively for the three-months ended 31 March 2009.

The Group registered a growth of RM230.2 million or 3.6% in its gross financing, advances and other receivables to RM6,579.9 million as at 31 March 2009 when compared to RM6,349.7 million as at 31 December 2008.

A2. Prospects for 2009

In 2009, the global economy is expected to decelerate in line with the economic contraction faced by most of the advanced economies, thus resulting in a challenging year for the local economy. The banking industry is also expected to face tougher times as financing growth eases while non-performing financing increases as result of the economic slowdown.

The Group and the Bank will continue to focus on its business growth strategies through new and competitive product offerings, products cross selling as well as exploring new business opportunities within the region and the Middle East, while remaining vigilant on the impact of the global economic crisis to its businesses and profitability.

A3. Deposits and Placements with Banks and Other Financial Institutions

	Group		Bank	
	31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
Licensed Islamic banks	6,698	6,698	6,698	6,698
Other financial institutions	226,544	31,129	226,544	31,129
	233,242	37,827	233,242	37,827

A4. Securities

(i) Securities held-for-trading

At fair value

Unquoted Islamic private debt securities/sukuk

	Group		Bank	
	31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
	10,058	-	10,058	-

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A4. Securities (cont'd.)

(ii) Securities Available-For-Sale

At fair value

BNM Sukuk Ijarah
Unquoted Islamic private debt securities/sukuk
Unquoted property funds

At cost

Unquoted shares in Malaysia

Group		Bank	
31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
120,847	101,388	120,847	101,388
699,090	653,731	699,090	653,731
101,724	99,368	-	-
547	520	547	520
922,208	855,007	820,484	755,639

(iii) Securities Held-To-Maturity

At amortised cost

Unquoted Islamic private debt securities/sukuk

Group		Bank	
31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
61,794	25,474	61,794	25,474

A5. Financing, Advances and Other Receivables

(i) By type

Term financing

- Other term financing

- Murabahah financing
- Musyarakah financing
- Ijarah asset financing
- Mudharabah asset financing
- Musyarakah Mutanaqisah financing
- Istisna' financing
- Qard Hassan financing

Staff financing

Less : Unearned income

Gross financing, advances and receivables

Less : Allowance and impairment for bad and doubtful financing

- General allowance
- Specific allowance
 - Non-performing financing
 - Performing but impaired financing

Net financing, advances and others receivables

Group		Bank	
31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
4,201,756	4,139,058	4,201,756	4,139,058
347,877	333,830	347,877	333,830
1,875,897	1,776,611	1,875,897	1,776,611
105,476	95,712	105,476	95,712
82,063	111,584	82,063	111,584
48,846	48,405	48,846	48,405
1,347	-	5,451	3,042
66,048	11,288	66,048	11,288
6,729,310	6,516,488	6,733,414	6,519,530
(149,364)	(166,726)	(149,364)	(166,726)
6,579,946	6,349,762	6,584,050	6,352,804
(120,309)	(102,962)	(120,309)	(102,962)
(47,862)	(38,428)	(47,862)	(38,428)
(54,805)	(51,154)	(54,805)	(51,154)
6,356,970	6,157,218	6,361,074	6,160,260

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A5. Financing, Advances and Other Receivables (cont'd.)

(ii) By contract

	Group		Bank	
	31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
Ijarah Muntahia Bittamlik (lease ended with ownership)	1,878,124	1,778,129	1,878,124	1,778,129
Murabahah (cost-plus)	4,091,433	4,011,825	4,091,433	4,011,825
Mudharabah (profit sharing)	105,476	95,712	105,476	95,712
Musyarakah (profit and loss sharing)	486,110	446,978	486,110	446,978
Qard (benevolent loan)	1,470	115	5,574	3,157
Istisna'	17,333	17,003	17,333	17,003
	6,579,946	6,349,762	6,584,050	6,352,804

(iii) By type of customer

Domestic business enterprises				
Small medium enterprises	2,045,412	1,945,872	2,045,412	1,945,872
Others	2,664,190	2,706,098	2,664,190	2,706,098
Individuals	102,180	89,509	102,180	89,509
Other domestic entities	124,807	96,686	124,807	96,686
Foreign entities	1,509,648	1,392,027	1,513,752	1,395,069
Domestic non-bank financial institutions	133,709	119,570	133,709	119,570
	6,579,946	6,349,762	6,584,050	6,352,804

(iv) By profit rate sensitivity

Fixed rate				
House financing	61,086	60,731	61,086	60,731
Hire purchase receivables	3,647	3,522	3,647	3,522
Syndicated financing	73,530	25,987	73,530	25,987
Term financing	3,305,668	3,354,381	3,309,772	3,357,423
Variable rate				
House financing	11,913	4,355	11,913	4,355
Term financing	3,124,102	2,900,786	3,124,102	2,900,786
	6,579,946	6,349,762	6,584,050	6,352,804

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Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia

A5. Financing, Advances and Other Receivables (cont'd.)

(v) By sector

	Group		Bank	
	31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
Agriculture, hunting, forestry & fishing	237,711	277,329	237,711	277,329
Mining and quarrying	134,331	258,525	134,331	258,525
Manufacturing	1,306,972	1,243,020	1,306,972	1,243,020
Electricity, gas and water	7,738	4,436	7,738	4,436
Construction	717,820	714,713	717,820	714,713
Real estate	903,765	806,279	903,765	806,279
Purchase of landed property:				
Residential	89,883	66,338	89,883	66,338
Wholesale & retail trade and restaurant & hotels	704,120	648,076	704,120	648,076
Transport, storage and communication	587,152	558,615	587,152	558,615
Finance, insurance and business services	1,176,187	1,261,387	1,176,187	1,261,387
Purchase of securities	103,861	99,996	103,861	99,996
Purchase of transport vehicles	4,224	3,623	4,224	3,623
Consumption credit	27,804	18,531	27,804	18,531
Others	578,378	388,894	582,482	391,936
	6,579,946	6,349,762	6,584,050	6,352,804

(vi) Movements in non-performing financing, advances and other receivables

	Group		Bank	
	31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
At beginning	58,597	2,334	58,597	2,334
Classified as non-performing	56,334	56,263	56,334	56,263
Amount recovered	(8,456)	-	(8,456)	-
At end	106,475	58,597	106,475	58,597
Less : Specific allowance for non-performing	(47,862)	(38,428)	(47,862)	(38,428)
Net non-performing financing, advances and other receivables	58,613	20,169	58,613	20,169
Ratio of net non-performing financing, advances and other receivables to gross financing, advances and other receivables less specific allowance for non-performing	0.90%	0.32%	0.90%	0.32%

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Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia

A5. Financing, Advances and Other Receivables (cont'd.)

(vii) Movements in allowance for bad and doubtful financing, advances and other receivables

	Group		Bank	
	31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
General allowance				
At beginning	102,962	55,324	102,962	55,324
Allowance made	17,347	47,638	17,347	47,638
At end	120,309	102,962	120,309	102,962
As % of gross financing, advances and other receivables less specific allowance	1.86%	1.64%	1.86%	1.64%

Specific allowance

Non-performing financing

At beginning	38,428	467	38,428	467
Allowance made	6,603	36,859	6,603	36,859
Transferred from performing but impaired financing	4,000	1,625	4,000	1,625
Allowance written back	(1,169)	(523)	(1,169)	(523)
At end	47,862	38,428	47,862	38,428

Performing but impaired financing

At beginning	51,154	1,625	51,154	1,625
Allowance made	7,651	51,154	7,651	51,154
Transferred to non-performing financing	(4,000)	(1,625)	(4,000)	(1,625)
At end	54,805	51,154	54,805	51,154

(viii) Non-performing financing by sector

	Group		Bank	
	31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
Construction	2,445	2,425	2,445	2,425
Manufacturing	104,030	56,172	104,030	56,172
	106,475	58,597	106,475	58,597

A6. Murabahah Trading Automobile

Murabahah trading automobile is the purchases and sales of automobiles at cost plus targeted profit mark up. The sales are carried out by appointed agents who receive commissions based on actual sales made.

The commissions paid to agent are determined with reference to actual sale price, time required to sell and the targeted profit set by the Bank. For certain transactions, the Bank holds an option to sell the unsold vehicles to the agents at prices agreed upfront. Ownership remains with the Bank until the vehicles are sold and the Bank has the right to appoint new agents for unsold vehicles.

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Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia

A7. Other Assets

	Group		Bank	
	31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
Deposits and prepayments	4,652	6,216	3,782	5,234
Amount due from holding company	1,229	1,155	1,229	1,155
Amount due from subsidiaries	-	-	14,497	11,407
Amount due from other related parties	11,920	9,806	11,920	9,806
Income receivable	4,559	5,252	4,571	5,242
Fee receivable	10,156	3,232	10,156	3,232
Sundry debtors	53,678	43,629	28,696	20,544
Tax recoverable	5,367	5,449	5,367	5,367
Underwriting releases	37,522	37,522	37,522	37,522
Revaluation gain on forward foreign exchange contracts and Ijarah rental swaps	38,649	60,295	38,649	60,295
	167,732	172,556	156,389	159,804

The amount due from holding company, subsidiaries and other related parties are unsecured, profit-free and have no fixed terms of repayment.

Underwriting releases relate to progress payments released to a property developer pursuant to the Master Underwriting Agreement, of which the Bank agreed to underwrite the purchase of two apartment blocks.

A8. Musyarakah Capital Investment

The Bank grants Musyarakah financing as part of the Bank's activities in accordance with the principles of Shariah. The equity participation that forms part of the financing structure is called Musyarakah capital investment which is carried at cost less any impairment loss. The Bank's participation in these entities involved is limited to safeguarding its interest under the Musyarakah financing.

A9. Deposits from Customers

(i) By type of deposit

	Group		Bank	
	31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
<u>Qard</u>				
Demand deposits	247,129	258,488	249,427	261,202
<u>Mudharabah</u>				
Savings deposits	7,960	5,911	7,960	5,911
General investment deposits	308,602	239,894	308,602	239,894
<u>Murabahah</u>				
Others	4,632,046	3,789,054	4,642,168	3,799,087
	5,195,737	4,293,347	5,208,157	4,306,094

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A9. Deposits from Customers (cont'd)

(ii) By type of customer

Business enterprises
Individuals
Subsidiaries
Others

	Group		Bank	
	31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
Business enterprises	4,526,404	3,742,346	4,526,044	3,742,005
Individuals	153,310	107,126	153,310	107,126
Subsidiaries	-	-	12,780	13,088
Others	516,023	443,875	516,023	443,875
	5,195,737	4,293,347	5,208,157	4,306,094

A10. Deposits and Placements of Banks and Other Financial Institutions

Murabahah

Licensed Islamic banks
Licensed Banks
Bank Negara Malaysia
Other financial institutions

	Group		Bank	
	31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
Licensed Islamic banks	192,610	50,000	192,610	50,000
Licensed Banks	-	35,485	-	35,485
Bank Negara Malaysia	-	121,258	-	121,258
Other financial institutions	2,189,425	2,712,265	2,189,425	2,712,265
	2,382,035	2,919,008	2,382,035	2,919,008

A11. Other Liabilities

Income payables
Sundry creditors
Amount due to holding company
Project clearing account
Revaluation loss on forward foreign exchange
contracts and Ijarah rental swaps
Accrued restoration cost
Other provisions and accruals

	Group		Bank	
	31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
Income payables	45,405	39,295	45,405	39,295
Sundry creditors	36,386	50,425	36,089	50,411
Amount due to holding company	1,140	1,140	1,140	1,140
Project clearing account	90,225	82,123	90,225	82,123
Revaluation loss on forward foreign exchange contracts and Ijarah rental swaps	53,152	39,157	53,152	39,157
Accrued restoration cost	1,841	1,842	1,722	1,722
Other provisions and accruals	20,815	38,468	20,094	37,203
	248,964	252,450	247,827	251,051

The amount due to holding company is unsecured, profit-free and has no fixed terms of repayment.

A12. Murabahah Bank Financing

The Murabahah bank financing of USD15,000,000 or equivalent RM54,690,000 (2008: USD7,500,000 or equivalent RM25,983,750) is an unsecured financing facility obtained in 2008 with a tenure of two years and is repayable in instalments commencing 2009. The Murabahah price is determined based on effective cost of funds.

A13. Subordinated Murabahah Tawarruq

The subordinated Murabahah Tawarruq is a facility agreement with the holding company of the Bank, Kuwait Finance House K.S.C. The facility with principal amount of USD100,000,000 or equivalent RM364,600,000 (2008: USD100,000,000 or equivalent RM346,450,000) is unsecured with a tenure of five years and forms part of the Bank's Tier-2 capital. The Murabahah profit is determined with reference to London Interbank Offer Rate ("LIBOR").

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A14. Income derived from Investment of Depositors' Funds and Others

Group

Income derived from investment of :

- General investment deposits
- Other deposits

Bank

Income derived from investment of :

- General investment deposits
- Other deposits

1st Quarter ended 31 March		Three-months ended 31 March	
2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
3,518	2,322	3,518	2,322
92,438	79,584	92,438	79,584
95,956	81,906	95,956	81,906
3,508	2,341	3,508	2,341
92,217	80,274	92,217	80,274
95,725	82,615	95,725	82,615

(i) Income derived from investment of general investment deposits

Group

Finance income and hibah

Financing, advances and other receivables

Securities

- Held-for-trading
- Available-for-sale
- Held-to-maturity

Money at call and deposits with financial institutions

Amortisation of premium less accretion of discounts

Total financing income and hibah

Gain/(loss) arising from sale of securities

- Held-for-trading
- Available for sale

Profit from Murabahah trading on automobile

Foreign exchange profit/(loss)

- Realised

Gain/(loss) on Ijarah rental swap obligation

1st Quarter ended 31 March		Three-months ended 31 March	
2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
2,975	1,685	2,975	1,685
1	16	1	16
251	288	251	288
12	9	12	9
227	329	227	329
3,466	2,327	3,466	2,327
(5)	(1)	(5)	(1)
3,461	2,326	3,461	2,326
-	(1)	-	(1)
11	-	11	-
14	30	14	30
17	(29)	17	(29)
15	(4)	15	(4)
3,518	2,322	3,518	2,322

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A14. Income derived from Investment of Depositors' Funds and Others (cont'd)

(i) Income derived from investment of general investment deposits

	1st Quarter ended 31 March		Three-months ended 31 March	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Bank				
Finance income and hibah				
Financing, advances and other receivables	2,975	1,685	2,975	1,685
Securities				
- Held-for-trading	1	16	1	16
- Available-for-sale	222	288	222	288
- Held-to-maturity	12	9	12	9
Money at call and deposits with financial institutions	246	348	246	348
	3,456	2,346	3,456	2,346
Amortisation of premium less accretion of discounts	(5)	(1)	(5)	(1)
Total financing income and hibah	3,451	2,345	3,451	2,345
Gain/(loss) arising from sale of securities				
- Held-for-trading	-	(1)	-	(1)
- Available-for-sale	11	-	11	-
Profit from Murabahah trading on automobile	14	30	14	30
Foreign exchange profit/(loss)				
- Realised	17	(29)	17	(29)
Gain/(loss) on Ijarah rental swap obligation	15	(4)	15	(4)
	3,508	2,341	3,508	2,341

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A14. Income derived from Investment of Depositors' Funds and Others (cont'd)

(ii) Income derived from investment of other deposits

Group	1st Quarter ended 31 March		Three-months ended 31 March	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Finance income and hibah				
Financing, advances and other receivables	78,162	57,853	78,162	57,853
Securities				
- Held-for-trading	27	525	27	525
- Available-for-sale	6,561	9,753	6,561	9,753
- Held-to-maturity	321	298	321	298
Money at call and deposits with financial institutions	5,969	11,191	5,969	11,191
	91,040	79,620	91,040	79,620
Amortisation of premium less accretion of discounts	(122)	(40)	(122)	(40)
Total financing income and hibah	90,918	79,580	90,918	79,580
Gain/(loss) arising from sale of securities				
- Held-for-trading	2	(22)	2	(22)
- Available-for-sale	273	-	273	-
Profit from Murabahah trading on automobile	377	1,032	377	1,032
Foreign exchange profit/(loss)				
- Realised	470	(853)	470	(853)
Gain/(loss) on Ijarah rental swap obligation	398	(153)	398	(153)
	92,438	79,584	92,438	79,584

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A14. Income derived from Investment of Depositors' Funds and Others (cont'd)

(ii) Income derived from investment of other deposits

Bank

Finance income and hibah

Financing, advances and other receivables

Securities

- Held-for-trading
- Available-for-sale
- Held-to-maturity

Money at call and deposits with financial institutions

Amortisation of premium less accretion of discounts

Total financing income and hibah

Gain/(loss) arising from sale of securities

- Held-for-trading

Unrealised gain on revaluation of securities held-for-trading and ijarah rental swap

Profit from Murabahah trading on automobile

Foreign exchange profit/(loss)

- Realised

Gain/(loss) on Ijarah rental swap obligation

	1st Quarter ended 31 March		Three-months ended 31 March	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Financing, advances and other receivables	78,162	57,853	78,162	57,853
Securities				
- Held-for-trading	27	525	27	525
- Available-for-sale	5,852	9,753	5,852	9,753
- Held-to-maturity	321	298	321	298
Money at call and deposits with financial institutions	6,457	11,881	6,457	11,881
Amortisation of premium less accretion of discounts	90,819	80,310	90,819	80,310
Total financing income and hibah	(122)	(40)	(122)	(40)
Total financing income and hibah	90,697	80,270	90,697	80,270
Gain/(loss) arising from sale of securities				
- Held-for-trading	2	(22)	2	(22)
Unrealised gain on revaluation of securities held-for-trading and ijarah rental swap	273	-	273	-
Profit from Murabahah trading on automobile	377	1,032	377	1,032
Foreign exchange profit/(loss)				
- Realised	470	(853)	470	(853)
Gain/(loss) on Ijarah rental swap obligation	398	(153)	398	(153)
	92,217	80,274	92,217	80,274

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A15. Income derived from Investment of Shareholder's Equity

Group	1st Quarter ended 31 March		Three-months ended 31 March	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Finance income and hibah				
Financing, advances and other receivables	20,884	8,486	20,884	8,486
Securities				
- Held-for-trading	7	81	7	81
- Available-for-sale	1,776	1,443	1,776	1,443
- Held-to-maturity	85	44	85	44
Money at call and deposits with financial institutions	1,621	1,643	1,621	1,643
	24,373	11,697	24,373	11,697
Amortisation of premium less accretion of discounts	(32)	(7)	(32)	(7)
Total financing income and hibah	24,341	11,690	24,341	11,690
Fee income				
- Commission	1,090	6,922	1,090	6,922
- Other fee income	10,641	11,781	10,641	11,781
- Fund management fee	2,786	482	2,786	482
Gain/(loss) arising from sale of securities				
- Held-for-trading	1	(3)	1	(3)
- Available-for-sale	70	-	70	-
Unrealised gain on revaluation of securities held-for-trading and Ijarah rental swap	65	4,902	65	4,902
Profit from Murabahah trading on automobile	102	152	102	152
Foreign exchange profit/(loss)				
- Realised	130	(139)	130	(139)
- Unrealised	5,222	1,506	5,222	1,506
Gain/(loss) on Ijarah rental swap obligation	106	(22)	106	(22)
Gross dividend from property funds	-	434	-	434
	44,554	37,705	44,554	37,705

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A15. Income derived from Investment of Shareholder's Equity (cont'd)

	1st Quarter ended 31 March		Three-months ended 31 March	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Bank				
Finance income and hibah				
Financing, advances and other receivables	20,884	8,486	20,884	8,486
Securities				
- Held-for-trading	7	81	7	81
- Available-for-sale	1,563	1,443	1,563	1,443
- Held-to-maturity	85	44	85	44
Money at call and deposits with financial institutions	1,728	1,745	1,728	1,745
	24,267	11,799	24,267	11,799
Amortisation of premium less accretion of discounts	(32)	(7)	(32)	(7)
Total financing income and hibah	24,235	11,792	24,235	11,792
Fee income				
- Commissions	1,090	6,922	1,090	6,922
- Other fee income	10,641	11,780	10,641	11,780
Gain/(loss) arising from sale of securities				
- Held-for-trading	1	(3)	1	(3)
- Available-for-sale	70	-	70	-
Unrealised gain on revaluation of securities held-for-trading and Ijarah rental swap	65	4,902	65	4,902
Profit from Murabahah trading on automobile	102	152	102	152
Foreign exchange profit/(loss)				
- Realised	130	(139)	130	(139)
- Unrealised	5,402	1,429	5,402	1,429
Management fee	30	30	30	30
Gain/(loss) on Ijarah rental swap obligation	106	(22)	106	(22)
	41,872	36,843	41,872	36,843

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A16. Allowance and Impairment for Losses on Financing

Group

Allowance and impairment for bad and doubtful financing

- General allowance (net)
- Specific allowance (net)
 - Non-performing financing
 - Performing but impaired financing

Bank

Allowance and impairment for bad and doubtful financing

- General allowance (net)
- Specific allowance (net)
 - Non-performing financing
 - Performing but impaired financing

1st Quarter ended 31 March		Three-months ended 31 March	
2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
17,347	9,660	17,347	9,660
9,434	9,764	9,434	9,764
3,651	-	3,651	-
30,432	19,424	30,432	19,424
17,347	9,660	17,347	9,660
9,434	9,764	9,434	9,764
3,651	-	3,651	-
30,432	19,424	30,432	19,424

A17. Income Attributable to Depositors

Group

Deposits from customers

- Mudharabah
- Murabahah

Deposits and placements of banks and other financial institutions

- Murabahah

Bank

Deposits from customers

- Mudharabah
- Murabahah

Deposits and placements of banks and other financial institutions

- Murabahah

1st Quarter ended 31 March		Three-months ended 31 March	
2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
1,861	1,242	1,861	1,242
27,823	15,523	27,823	15,523
14,195	27,368	14,195	27,368
43,879	44,133	43,879	44,133
1,861	1,242	1,861	1,242
27,895	15,523	27,895	15,523
14,195	27,368	14,195	27,368
43,951	44,133	43,951	44,133

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A18. Capital Adequacy

	Group		Bank	
	31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
<u>Tier I capital</u>				
Paid-up share capital	1,751,400	1,751,400	1,751,400	1,751,400
Statutory reserves	34,952	34,952	34,952	34,952
Other reserves	52,562	56,658	34,948	34,948
	1,838,914	1,843,010	1,821,300	1,821,300
Less : Deferred tax assets (net)	(49,404)	(49,386)	(49,283)	(49,386)
Total Tier I capital	1,789,510	1,793,624	1,772,017	1,771,914
<u>Tier II Capital</u>				
Subordinated Murabahah Tawarruq	218,760	207,870	218,760	207,870
General allowance for bad and doubtful financing	120,309	102,962	120,309	102,962
Total Tier II capital	339,069	310,832	339,069	310,832
Total Capital	2,128,579	2,104,456	2,111,086	2,082,746
Less : Investment in subsidiaries	-	-	(37,563)	(37,563)
Capital Base	2,128,579	2,104,456	2,073,523	2,045,183
Core capital ratio	16.60%	17.74%	16.62%	17.73%
Risk-weighted capital ratio	19.74%	20.81%	19.45%	20.47%

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A19. Commitments and Contingencies

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

	As at 31 March 2009			As at 31 December 2008		
	Principal amount RM'000	Credit equivalent amount** RM'000	Risk weighted amount** RM'000	Principal amount RM'000	Credit equivalent amount** RM'000	Risk weighted amount** RM'000
Group and Bank						
Direct credit substitutes	1,608,431	1,608,431	1,199,901	1,615,024	1,615,024	1,204,674
Transaction related contingencies	232,417	116,209	116,408	187,899	93,950	94,834
Trade related contingencies	132,886	26,577	27,483	109,143	21,829	21,829
Irrevocable commitments to extend credit						
Maturity not exceeding one year	1,070,455	214,091	214,091	1,223,638	244,728	244,728
Maturity exceeding one year	854,567	427,283	506,495	955,312	477,656	555,222
Foreign exchange related contracts *						
Less than one year	827,906	13,387	6,741	874,796	29,701	14,203
One year to five years	202,609	28,273	16,412	59,763	10,458	8,825
Five years and above	108,347	13,423	9,720	243,686	36,313	18,727
Profit rate related contracts (Ijarah rental swap obligation) *						
Five years and above	456,724	71,202	60,925	440,946	73,766	57,892
	5,494,342	2,518,876	2,158,176	5,710,207	2,603,424	2,220,934

* The foreign exchange related contracts and Ijarah rental swap related contracts are subject to market risk and credit risk.

** The credit equivalent and risk-weighted amounts are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks ("CAFIB") effective from 1 January 2008.

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A20. Profit rate risk

The Group and the Bank are exposed to the risk associated with the effects of fluctuations in the prevailing levels of yield/profit rate on the financial position. The profit rate risk is the potential impacts of market factors affecting rates on returns in comparison with the expected rates on return for investment account holders. Yield/profit rate is monitored and managed by the Asset and Liability Management Committee ("ALCO") to protect the income of its operations. The following table summarises the exposure to profit rate risk. The assets and liabilities at carrying amount are categorised by the earlier of the next contractual repricing dates and maturity dates.

Group As at 31 March 2009	Non-trading book					Non-profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000				
ASSETS									
Cash and short-term funds	2,023,954	-	-	-	-	87,094	-	2,111,048	1.78
Deposits and placements with banks and other financial institutions	-	200,168	26,376	6,698	-	-	-	233,242	2.83
Securities held-for-trading	-	-	-	-	-	-	10,058	10,058	3.96
Securities available-for-sale	152,659	213,506	205,410	97,508	150,855	102,270	-	922,208	2.70
Securities held-to-maturity	36,460	-	10,032	15,049	-	253	-	61,794	4.30
Financing, advances and receivables	1,918,564	2,038,326	968,437	1,119,815	276,311	35,517	-	6,356,970	6.65
Murabahah trading automobiles	-	-	-	-	-	-	57,439	57,439	-
Musyarakah capital investment	-	-	-	-	-	5,916	-	5,916	-
Other assets	-	-	-	-	-	325,142	-	325,142	-
	4,131,637	2,452,000	1,210,255	1,239,070	427,166	556,192	67,497	10,083,817	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	3,064,703	1,027,098	856,575	-	-	247,361	-	5,195,737	2.33
Deposits and placements of banks and other financial institutions	1,203,574	810,483	342,978	25,000	-	-	-	2,382,035	2.44
Subordinated Murabahah Tawarruq	-	-	-	387,228	-	-	-	387,228	3.38
Murabahah bank financing	-	-	54,690	-	-	-	-	54,690	3.72
Other liabilities	-	-	-	-	-	250,820	-	250,820	-
	4,268,277	1,837,581	1,254,243	-	-	498,181	-	8,270,510	
Shareholder's equity	-	-	-	-	-	1,813,307	-	1,813,307	
Total Liabilities and Shareholder's equity	4,268,277	1,837,581	1,254,243	412,228	-	2,311,488	-	10,083,817	
On-balance sheet profit sensitivity gap	(136,640)	614,419	(43,988)	826,842	427,166	(1,755,296)	67,497	-	
Off-balance profit sensitivity gap	-	(34,634)	-	18,230	16,404	-	-	-	
Total profit sensitivity gap	(136,640)	579,785	(43,988)	845,072	443,570	(1,755,296)	67,497	-	

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A20. Profit rate risk (cont'd.)

Group As at 31 December 2008	Non-trading book					Non-profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000				
ASSETS									
Cash and short-term funds	2,025,304	-	-	-	-	52,073	-	2,077,377	2.48
Deposits and placements with banks and other financial institutions	-	-	31,129	6,698	-	-	-	37,827	1.20
Securities available-for-sale	126,584	247,555	142,395	82,014	153,283	103,176	-	855,007	3.54
Securities held-to-maturity	-	-	-	25,474	-	-	-	25,474	5.74
Financing, advances and receivables	1,968,006	1,695,973	1,038,222	1,055,548	299,245	100,224	-	6,157,218	7.39
Murabahah trading automobiles	-	-	-	-	-	-	61,779	61,779	
Musarakah capital investment	-	-	-	-	-	5,916	-	5,916	
Other assets	-	-	-	-	-	416,270	-	416,270	
	4,119,894	1,943,528	1,211,746	1,169,734	452,528	677,659	61,779	9,636,868	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	2,338,512	854,901	837,955	-	-	261,979	-	4,293,347	3.04
Deposits and placements of banks and other financial institutions	2,205,880	432,763	280,365	-	-	-	-	2,919,008	3.34
Subordinated Murabahah Tawarruq	-	-	-	365,908	-	-	-	365,908	3.82
Murabahah bank financing	-	-	25,984	-	-	-	-	25,984	3.85
Other liabilities	-	-	-	-	-	253,565	-	253,565	
	4,544,392	1,287,664	1,144,304	365,908	-	515,544	-	7,857,812	
Shareholder's equity	-	-	-	-	-	1,779,056	-	1,779,056	
Total Liabilities and Shareholder's equity	4,544,392	1,287,664	1,144,304	365,908	-	2,294,600	-	9,636,868	
On-balance sheet profit sensitivity gap	(424,498)	655,864	67,442	803,826	452,528	(1,616,941)	61,779	-	
Off-balance sheet profit sensitivity gap	-	(32,910)	-	17,323	15,587	-	-	-	
Total profit sensitivity gap	(424,498)	622,954	67,442	821,149	468,115	(1,616,941)	61,779	-	

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Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia

A20. Profit rate risk (cont'd.)

Bank As at 31 March 2009	Non-trading book					Non-profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000				
ASSETS									
Cash and short-term funds	2,092,143	-	-	-	-	81,210	-	2,173,353	1.80
Deposits and placements with banks and other financial institutions	-	200,168	26,376	6,698	-	-	-	233,242	2.83
Securities held-for-trading	-	-	-	-	-	-	10,058	10,058	3.96
Securities available-for-sale	152,659	213,506	205,410	97,508	150,855	546	-	820,484	3.03
Securities held-to-maturity	36,460	-	10,032	15,049	-	253	-	61,794	4.30
Financing, advances and receivables	1,918,564	2,038,326	968,437	1,119,815	276,311	39,621	-	6,361,074	6.65
Murabahah trading automobiles	-	-	-	-	-	-	57,439	57,439	-
Musyarakah capital investment	-	-	-	-	-	5,916	-	5,916	-
Other assets	-	-	-	-	-	349,740	-	349,740	-
	4,199,826	2,452,000	1,210,255	1,239,070	427,166	477,286	67,497	10,073,100	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	3,066,207	1,037,220	856,575	-	-	248,155	-	5,208,157	2.33
Deposits and placements of banks and other financial institutions	1,203,574	810,483	342,978	25,000	-	-	-	2,382,035	2.44
Subordinated Murabahah Tawarruq	-	-	-	387,228	-	-	-	387,228	3.38
Murabahah bank financing	-	-	54,690	-	-	-	-	54,690	3.72
Other liabilities	-	-	-	-	-	249,626	-	249,626	-
	4,269,781	1,847,703	1,254,243	412,228	-	497,781	-	8,281,736	
Shareholder's equity	-	-	-	-	-	1,791,364	-	1,791,364	-
Total Liabilities and Shareholder's equity	4,269,781	1,847,703	1,254,243	412,228	-	2,289,145	-	10,073,100	
On-balance sheet profit sensitivity gap	(69,955)	604,297	(43,988)	826,842	427,166	(1,811,859)	67,497	-	-
Off-balance profit sensitivity gap	-	(34,634)	-	18,230	16,404	-	-	-	-
Total profit sensitivity gap	(69,955)	569,663	(43,988)	845,072	443,570	(1,811,859)	67,497	-	-

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A20. Profit rate risk (cont'd.)

Bank	Non-trading book					Non-profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000				
As at 31 December 2008									
ASSETS									
Cash and short-term funds	2,095,265	-	-	-	-	45,361	-	2,140,626	2.56
Deposits and placements with banks and other financial institutions	-	-	31,129	6,698	-	-	-	37,827	1.20
Securities available-for-sale	126,584	247,555	142,395	82,014	157,091	-	-	755,639	4.03
Securities held-to-maturity	-	-	-	25,474	-	-	-	25,474	5.74
Financing, advances and receivables	1,968,006	1,695,973	1,038,222	1,055,548	299,245	103,266	-	6,160,260	7.39
Murabahah trading automobiles	-	-	-	-	-	-	61,779	61,779	
Musarakah capital investment	-	-	-	-	-	5,916	-	5,916	
Other assets	-	-	-	-	-	439,569	-	439,569	
	4,189,855	1,943,528	1,211,746	1,169,734	456,336	594,112	61,779	9,627,090	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	2,352,037	854,901	837,955	-	-	261,201	-	4,306,094	3.04
Deposits and placements of banks and other financial institutions	2,205,880	432,763	280,365	-	-	-	-	2,919,008	3.34
Subordinated Murabahah Tawarruq	-	-	-	365,908	-	-	-	365,908	3.82
Murabahah bank financing	-	-	25,984	-	-	-	-	25,984	3.85
Other liabilities	-	-	-	-	-	252,166	-	252,166	
	4,557,917	1,287,664	1,144,304	365,908	-	513,367	-	7,869,160	
Shareholder's equity	-	-	-	-	-	1,757,930	-	1,757,930	
Total Liabilities and Shareholder's equity	4,557,917	1,287,664	1,144,304	365,908	-	2,271,297	-	9,627,090	
On-balance sheet profit sensitivity gap	(368,062)	655,864	67,442	803,826	456,336	(1,677,185)	61,779	-	
Off-balance sheet profit sensitivity gap	-	(32,910)	-	17,323	15,587	-	-	-	
Total profit sensitivity gap	(368,062)	622,954	67,442	821,149	471,923	(1,677,185)	61,779	-	

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Part A - Explanatory Notes Pursuant to Financial Reporting Standard ("FRS 134") Issued by Malaysian Accounting Standards Board

B1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with FRS134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Guidelines on Financial Reporting for Licensed Islamic Banks ("BNM/GP8-i") issued by Bank Negara Malaysia (BNM) as well as comply with the provisions of the Companies Act, 1965 and the principles of Shariah.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. The explanatory notes attached to the 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 December 2008.

B2. Accounting Policies

The significant accounting policies applied in the unaudited condensed interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2008.

B3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2008 was not qualified.

B4. Seasonal or Cyclical Factors Affecting Operations

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the first quarter ended 31 March 2009.

B5. Unusual Items Due to their Nature, Size or Incidence

There were no items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the first quarter ended 31 March 2009.

B6. Changes in Estimates

There were no changes in the estimates of amounts reported in prior financial years that have a material effect to the first quarter ended 31 March 2009.

B7. Debt and Equity Securities

There were no issuances, cancellation, repurchases, resales or repayments of debt and equity securities during the first quarter ended 31 March 2009.

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B8. Dividends Paid

There were no dividends paid during the first quarter ended 31 March 2009.

B9. Segment Information on Operating Revenue, Profit/(Loss) Before Tax Expense and Total Assets

(i) By Business Segment

	Three-months ended 31 Mar 2009		Total Assets RM'000
	Operating Revenue/ (Loss) RM'000	Profit/(Loss) Before Tax Expense RM'000	
Group			
Retail operations	6,242	(4,527)	375,489
Treasury and capital market operations	73,144	29,641	3,367,224
Corporate banking	53,894	25,510	2,815,639
Commercial banking	57,731	27,891	3,312,931
	191,011	78,515	9,871,283
Inter-segment elimination	(50,501)	-	-
	140,510	78,515	9,871,283
Unallocated expenses	-	(58,968)	-
Unallocated assets	-	-	212,534
	140,510	19,547	10,083,817

	Three-months ended 31 Mar 2008		Total Assets RM'000
	Operating Revenue/ (Loss) RM'000	Profit/(Loss) Before Tax Expense RM'000	
Group			
Retail operations	5,451	(1,374)	168,157
Treasury and capital market operations	48,652	3,028	3,390,663
Corporate banking	36,011	8,396	1,524,125
Commercial banking	49,595	21,134	2,232,337
	139,709	31,184	7,315,282
Inter-segment elimination	(20,098)	-	-
	119,611	31,184	7,315,282
Unallocated expenses	-	(12,583)	-
Unallocated assets	-	-	162,178
	119,611	18,601	7,477,460

Inter-segment pricing is based on negotiated basis.

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B9. Segment Information on Operating Revenue, Profit/(Loss) Before Tax Expense and Total Assets (cont'd)

(ii) By Geographical Locations

	Three-months ended		Total Assets RM'000
	Operating Revenue/ (Loss) RM'000	Profit/(Loss) Before Tax Expense RM'000	
Group			
31 March 2009			
Malaysia	140,533	22,896	10,074,698
Outside Malaysia	(23)	(3,349)	9,119
	140,510	19,547	10,083,817
31 March 2008			
Malaysia	119,625	20,461	7,471,702
Outside Malaysia	(14)	(1,860)	5,758
	119,611	18,601	7,477,460

The Group has funds management operations in Australia and Singapore.

B10. Valuation of Property and Equipment

There was no change in the valuation of property and equipment that were brought forward from the previous audited financial statements for the year ended 31 December 2008.

B11. Subsequent Events

There were no material events subsequent to the end of the current interim period that requires disclosure or adjustments to the unaudited condensed interim financial statements.

B12. Changes In Composition Of The Group

There were no significant changes in the composition of the Group since the last audited financial statements as at 31 December 2008.

B13. Changes In Contingent Liabilities and Contingent Assets

There were no significant changes in the contingent liabilities and contingent assets since the last annual balance sheet as at 31 December 2008 other than those as disclosed in note A19.

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Part A - Explanatory Notes Pursuant to Financial Reporting Standard ("FRS 134") Issued by Malaysian Accounting Standards Board

B14. Capital Commitments

The capital commitments not provided for in the interim financial statements as at 31 March 2009 are as follows:

Capital expenditure:
Authorised and contracted for

- renovation
- purchase of equipment

Group RM'000	Bank RM'000
1,402	1,367
8	8
1,410	1,375

B15. Changes in Material Litigation

The Group and the Bank do not have any material litigation which would materially and adversely affect its financial position as at 31 March 2009.