

**Amlslamic Bank Berhad**

(Company No. 295576-U)

(Incorporated in Malaysia)

**Interim Financial Statements**

**For the Financial Period**

**1 April 2007 to**

**30 June 2007**

(In Ringgit Malaysia)

Company No. 295576-U

**Amlslamic Bank Berhad**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED BALANCE SHEET AS AT 30 JUNE 2007**

		<b>30 June 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
	<b>Note</b>		
<b>ASSETS</b>			
Cash and short-term funds		2,135,929	1,849,370
Deposits and placements with banks and other financial institutions		201	415,200
Securities held-for-trading	A8	368,670	144,587
Financing, advances and other loans	A9	6,422,955	6,369,970
Other assets		92,981	87,964
Statutory deposit with Bank Negara Malaysia		247,500	249,000
Deferred tax asset		205,290	223,558
Property and equipment		966	913
Intangible assets		65	65
<b>TOTAL ASSETS</b>		<b>9,474,557</b>	<b>9,340,627</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits from customers	A10	4,958,817	4,671,054
Deposits and placements of banks and other financial institutions	A11	2,513,458	2,553,567
Bills and acceptance payable		419,468	446,614
Other liabilities		114,497	236,721
Provision for zakat		761	786
Subordinated Sukuk Musyarakah		400,000	400,000
Total Liabilities		8,407,001	8,308,742
Share capital		403,038	403,038
Reserves		664,518	628,847
Shareholders' Equity		1,067,556	1,031,885
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,474,557</b>	<b>9,340,627</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A20	<b>3,848,188</b>	<b>4,038,931</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>2.65</b>	<b>2.56</b>

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2007.*

Company No. 295576-U

**Amlslamic Bank Berhad**

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**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED INCOME STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2007**

		Individual Quarter		Cumulative Quarter	
	Note	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Income derived from investment of depositors' funds and others	A12	171,688	109,303	171,688	109,303
Income derived from investment of shareholders' funds	A13	37,355	20,300	37,355	20,300
Allowance for losses on financing	A14	(38,716)	(27,722)	(38,716)	(27,722)
Transfer from/(to) profit equalisation reserve		25,883	3,106	25,883	3,106
Total distributable income		196,210	104,987	196,210	104,987
Income attributable to the depositors	A15	(87,530)	(53,504)	(87,530)	(53,504)
Total net income		108,680	51,483	108,680	51,483
Other operating expenses		(48,629)	(27,032)	(48,629)	(27,032)
Finance cost		(6,112)	-	(6,112)	-
<b>Profit before zakat and taxation</b>		<b>53,939</b>	<b>24,451</b>	<b>53,939</b>	<b>24,451</b>
Zakat		-	-	-	-
Taxation		(18,268)	(6,798)	(18,268)	(6,798)
<b>Profit after zakat and taxation</b>		<b>35,671</b>	<b>17,653</b>	<b>35,671</b>	<b>17,653</b>
<b>Earnings per share (sen)</b>	<b>A16</b>	<b>8.85</b>	<b>5.51</b>	<b>8.85</b>	<b>5.51</b>

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2007.*

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**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2007**

	← Non-distributable →			Distributable	
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unappro- priated Profits RM'000	Total RM'000
Balance as at 1 April 2006	153,038	–	–	–	153,038
Issued during the year	250,000	534,068	–	–	784,068
Transfer to statutory reserve	–	–	47,390	(47,390)	–
Profit for the year	–	–	–	94,779	94,779
<b>Balance as at 31 March 2007</b>	<b>403,038</b>	<b>534,068</b>	<b>47,390</b>	<b>47,389</b>	<b>1,031,885</b>
Balance as at 1 April 2007	403,038	534,068	47,390	47,389	1,031,885
Profit for the period	–	–	–	35,671	35,671
<b>Balance as at 30 June 2007</b>	<b>403,038</b>	<b>534,068</b>	<b>47,390</b>	<b>83,060</b>	<b>1,067,556</b>

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2007.*

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**Amlslamic Bank Berhad**

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**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONDENSED CASH FLOW STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2007**

	<b>30 June 2007 RM'000</b>	<b>30 June 2006 RM'000</b>
Profit before zakat and taxation	53,939	24,451
Adjustments for non-cash items	<u>13,196</u>	<u>22,853</u>
Operating Profit Before Working Capital Changes	67,135	47,304
Changes in working capital:		
Net changes in operating assets	121,244	(241,998)
Net changes in operating liabilities	98,259	582,535
Net assets vested from AmBank (M) Berhad	<u>-</u>	<u>(784,068)</u>
Net Cash Generated From/ (Used in) Operating Activities	286,638	(396,227)
Net Cash (Used in)/ Generated From Investing Activities	(79)	1,428,237
Net Cash Generated From Financing Activities	<u>-</u>	<u>784,068</u>
Net Increase In Cash And Cash Equivalents	286,559	1,816,078
Cash And Cash Equivalents At Beginning Of The Period	<u>1,849,370</u>	<u>-</u>
Cash And Cash Equivalents At End Of The Period	<u><u>2,135,929</u></u>	<u><u>1,816,078</u></u>

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2007.*

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**Explanatory Notes**

**A1. Basis of Preparation**

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134 Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB") and should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2007.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of the new and revised FRS issued by MASB that are effective for the Bank's next annual reporting date, 31 March 2008. The adoption of the new and revised FRS does not have a significant financial impact on the Bank.

The specific and general allowances for loans, advances and financing of the Bank are computed based on BNM's guidelines on the "Classification of Non-Performing Loans and Provisions for Substandard, Bad and Doubtful Debts" ("BNM/GP3") requirements. However, the Bank has adopted a more stringent classification policy on non-performing loans, whereby loans are classified as non-performing and sub-standard when repayments are in arrears for more than three (3) months from the first day of default.

Consistent with previous year, the Bank adopted a more stringent basis for specific allowances on non-performing loans and are as follows:

- i) Values assigned to collateral held for non-performing loans secured by properties is determined based on the realisable values of the properties on the following basis:
  - (a) assigning only fifty percent (50%) of the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than five (5) years but less than seven (7) years; and
  - (b) no value assigned to the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than seven (7) years.
- ii) Specific allowance of 20.0% is provided on non-performing loans which are three (3) to less than six (6) months-in-arrears. Previously, specific allowance was only made when a non-performing loan was in arrears of 6 months and above.

**A2. Audit Qualification**

The auditors' report on the audited annual financial statements for the financial year 31 March 2007 was not qualified.

**A3. Seasonality or Cyclicity of Operations**

The operations of the Bank are not materially affected by any seasonal or cyclical fluctuation in the current financial period.

**A4. Unusual Items**

There were no unusual items during the current financial period.

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**A5. Use of Estimates**

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial period ended 30 June 2007.

**A6. Issuance, Cancellation, Repurchase, Resale and Repayment of Debt and Equity Securities**

The Bank has not issued any new shares or debentures during the financial period.

There were no share buy-backs, share cancellations nor shares held as treasury shares by the Bank during the financial period.

**A7. Dividends Paid**

The directors do not recommend the payment of any dividend in respect of the financial period ended 30 June 2007 and no dividends were paid in the current financial period.

**A8. Securities Held-For-Trading**

	<b>30 June 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
<b>At fair value</b>		
Money Market Securities:		
Malaysia Government Investment Certificates	–	39,736
Islamic Treasury Bills	48,822	48,442
Bank Negara Monetary Notes	178,852	–
	<u>227,674</u>	<u>88,178</u>
Unquoted securities:		
Private Debt Securities	140,996	56,409
	<u>140,996</u>	<u>56,409</u>
Total securities held-for-trading	<u><u>368,670</u></u>	<u><u>144,587</u></u>

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**A9. Financing, Advances And Other Loans**

	<b>30 June 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
Overdrafts	19,737	22,420
Term loan facilities		
– Housing loans/financing	847,269	856,314
– Hire-purchase receivables	7,792,744	7,887,080
– Other loans/financing	2,422,663	2,384,838
Card receivables	325,626	318,470
Bills receivables	4,120	6,860
Trust receipts	26,055	25,584
Claims on customers under acceptance credits	451,665	475,119
Revolving credits	82,008	70,755
<b>Total</b>	<b>11,971,887</b>	<b>12,047,440</b>
Unearned income	(2,567,332)	(2,589,479)
	9,404,555	9,457,961
Less: Islamic financing sold to Cagamas Berhad	(2,569,961)	(2,718,833)
Gross financing, advances and other loans	6,834,594	6,739,128
Less: Allowance for bad and doubtful debts and financing		
– General	(137,875)	(138,998)
– Specific	(273,764)	(230,160)
Net financing, advances and other loans	<u>6,422,955</u>	<u>6,369,970</u>

**A9a. By concept**

	<b>30 June 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
Al-Bai' Bithaman Ajil	817,544	869,887
Al-Istisna	622	623
Al-Ijarah/Al-Ijarah Thumma Al-Bai'	3,748,619	3,632,182
Al-Musyarakah	17,811	18,796
Al-Murabahah	544,731	571,210
Other Islamic concept	1,705,267	1,646,430
Gross financing, advances and other loans	<u>6,834,594</u>	<u>6,739,128</u>



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**A9. Financing, Advances And Other Loans (continued)**

**A9b. By type of customer**

	<b>30 June 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
Domestic non-bank financial institutions	647	653
Domestic business enterprises		
– Small medium enterprises	450,779	518,641
– Others	581,738	590,153
Government and statutory bodies	21,591	21,179
Individuals	5,773,867	5,603,789
Other domestic entities	2,990	2,371
Foreign entities	2,982	2,342
	<u>6,834,594</u>	<u>6,739,128</u>

**A9c. By profit rate sensitivity**

	<b>30 June 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
Fixed rate		
– Housing loans/financing	429,035	430,406
– Hire purchase receivables	3,902,764	3,807,196
– Other fixed rate loan/financing	2,502,795	2,501,526
	<u>6,834,594</u>	<u>6,739,128</u>

**A9d. By loan purpose**

	<b>30 June 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
Purchase of securities	2,127	2,700
Purchase of transport vehicles	6,330,114	6,363,353
Purchase of landed property		
– Residential	432,103	432,115
– Non-residential	64,678	54,340
Purchase of fixed assets other than land and building	147,784	168,142
Personal use	1,382,877	1,330,785
Credit cards	325,625	318,471
Purchase of consumer durables	1,400	1,359
Construction	2,504	2,504
Working capital	656,189	721,750
Other purposes	59,154	62,442
	<u>9,404,555</u>	<u>9,457,961</u>
Less: Islamic financing sold to Cagamas Berhad	<u>(2,569,961)</u>	<u>(2,718,833)</u>
Gross financing, advances and other loans	<u>6,834,594</u>	<u>6,739,128</u>

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**A9. Financing, Advances And Other Loans** (continued)

**A9e(i).** Movements in non-performing financing, advances and other loans ("NPL") are as follows:

	<b>Quarter ended 30 June 2007 RM'000</b>	<b>Year ended 31 March 2007 RM'000</b>
Balance at 1 April	479,547	–
Non-performing during the period/year	104,955	223,492
Reclassified as performing	(67,856)	(42,755)
Amount recovered	(24,022)	(79,182)
Amount written off	(847)	(132,984)
Amount vested from/(to) holding company	–	510,976
	<hr/>	<hr/>
Balance at end of period/year	491,777	479,547
Less:		
Specific allowance	(273,764)	(230,160)
	<hr/>	<hr/>
Non-performing financing, advances and other loans – net	<u>218,013</u>	<u>249,387</u>
Gross financing, advances and other loans	6,834,594	6,739,128
Add: Islamic financing sold to Cagamas Berhad	2,569,961	2,718,833
	<hr/>	<hr/>
	9,404,555	9,457,961
Less:		
Specific allowance	(273,764)	(230,160)
	<hr/>	<hr/>
Net financing, advances and other loans (including Islamic financing sold to Cagamas Berhad)	<u>9,130,791</u>	<u>9,227,801</u>
Ratio of non-performing financing - net	<u>2.39%</u>	<u>2.70%</u>

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**A9. Financing, Advances And Other Loans** (continued)

**A9e(ii).** Movements in the allowance for bad and doubtful financing accounts are as follows:

	<b>Quarter ended 30 June 2007 RM'000</b>	<b>Year ended 31 March 2007 RM'000</b>
<b>General Allowance</b>		
Balance at 1 April	138,998	–
Allowance made during the period/year	(1,123)	6,690
Amount vested from/(to) holding company	–	132,308
	<u>137,875</u>	<u>138,998</u>
Balance at end of period	<u>137,875</u>	<u>138,998</u>
% of net financing, advances and other loans (including Islamic financing sold to Cagamas Berhad)	<u>1.5%</u>	<u>1.5%</u>
<b>Specific Allowance</b>		
Balance at 1 April	230,160	–
Allowance made during the period/year	65,756	282,142
Amount written back in respect of recoveries during the period/ year	(21,321)	(81,056)
	<u>44,435</u>	<u>201,086</u>
Net charge to income statement	44,435	201,086
Amount written off/ Adjustment to Asset Deficiency Account	(831)	(124,973)
Amount vested from/(to) holding company	–	154,047
	<u>273,764</u>	<u>230,160</u>
Balance at end of period	<u>273,764</u>	<u>230,160</u>

**A9f.** Non-performing loans by purpose

	<b>30 June 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
Purchase of securities	1,184	1,241
Purchase of transport vehicles	260,845	252,031
Purchase of landed property		
– Residential	98,203	98,215
– Non-residential	32,431	36,086
Purchase of fixed assets other than land and building	10,501	9,886
Personal use	1,019	975
Credit cards	59,539	54,612
Construction	2,504	2,504
Working capital	21,032	18,344
Other purposes	4,519	5,653
	<u>491,777</u>	<u>479,547</u>
	<u>491,777</u>	<u>479,547</u>

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**A10. Deposits from Customers**

	<b>30 June 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
(i) <u>By type of deposits</u>		
<u>Non-Mudharabah</u>		
Demand deposit	440,221	354,020
Savings deposit	685,404	667,730
Negotiable instruments of deposit	6,381	6,548
	<u>1,132,006</u>	<u>1,028,298</u>
 <u>Mudharabah</u>		
General investment deposit	<u>3,826,811</u>	<u>3,642,756</u>
	<u>4,958,817</u>	<u>4,671,054</u>
(ii) <u>By type of customer</u>		
Business enterprises	2,004,639	1,619,155
Individuals	1,447,783	1,419,897
Government and other statutory bodies	1,297,962	1,427,990
Others	208,433	204,012
	<u>4,958,817</u>	<u>4,671,054</u>

**A11. Deposits and Placements of Banks and Other Financial Institutions**

	<b>30 June 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
<u>Non-Mudharabah</u>		
Licensed Islamic banks	78,821	78,103
Licensed banks	88,542	92,909
Licensed merchant banks	1,087,459	993,241
Other financial institutions	423,537	418,005
Bank Negara Malaysia	2,932	8,085
	<u>1,681,291</u>	<u>1,590,343</u>
 <u>Mudharabah</u>		
Licensed merchant banks	20,466	50,538
Non-banking institutions	811,701	912,686
	<u>832,167</u>	<u>963,224</u>
	<u>2,513,458</u>	<u>2,553,567</u>

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**A12. Income Derived From Investment of Depositors' Funds and Others**

	Individual Quarter		Cumulative Quarter	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
<b>Income derived from investment of:</b>				
– General investment deposits	76,998	45,015	76,998	45,015
– Other deposits	<u>94,690</u>	<u>64,288</u>	<u>94,690</u>	<u>64,288</u>
	<u>171,688</u>	<u>109,303</u>	<u>171,688</u>	<u>109,303</u>
<b>Income derived from investment of general investment deposits</b>				
<u>Finance income and hibah:</u>				
Financing, advances and other loans	65,121	39,613	65,121	39,613
Securities held-for-trading	638	253	638	253
Money at call and deposits with financial institutions	<u>7,805</u>	<u>2,717</u>	<u>7,805</u>	<u>2,717</u>
	73,564	42,583	73,564	42,583
Accretion of discount	<u>(5)</u>	<u>557</u>	<u>(5)</u>	<u>557</u>
	<u>73,559</u>	<u>43,140</u>	<u>73,559</u>	<u>43,140</u>
<u>Fee and commission income:</u>				
Commission	527	122	527	122
Other fee income	<u>3,035</u>	<u>1,808</u>	<u>3,035</u>	<u>1,808</u>
	<u>3,562</u>	<u>1,930</u>	<u>3,562</u>	<u>1,930</u>
<u>Gain/(Loss) arising from sale of securities:</u>				
Net gain from sale of securities held-for-trading	270	17	270	17
<u>Others:</u>				
Loss on revaluation of securities held-for-trading	(389)	(72)	(389)	(72)
Others	<u>(4)</u>	<u>–</u>	<u>(4)</u>	<u>–</u>
	<u>(393)</u>	<u>(72)</u>	<u>(393)</u>	<u>(72)</u>
<b>Total</b>	<u><u>76,998</u></u>	<u><u>45,015</u></u>	<u><u>76,998</u></u>	<u><u>45,015</u></u>

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	Individual Quarter		Cumulative Quarter	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
<b>Income derived from investment of other funds</b>				
<u>Finance income and hibah:</u>				
Financing, advances and other loans	80,083	56,582	80,083	56,582
Securities held-for-trading	785	362	785	362
Money at call and deposits with financial institutions	9,599	3,876	9,599	3,876
	<u>90,467</u>	<u>60,820</u>	<u>90,467</u>	<u>60,820</u>
Accretion of discount	(7)	794	(7)	794
	<u>90,460</u>	<u>61,614</u>	<u>90,460</u>	<u>61,614</u>
<u>Fee and commission income:</u>				
Commission	648	174	648	174
Other fee income	3,733	2,580	3,733	2,580
	<u>4,381</u>	<u>2,754</u>	<u>4,381</u>	<u>2,754</u>
<u>Gain/(Loss) arising from sale of securities:</u>				
Net gain from sale of securities held-for-trading	332	23	332	23
<u>Others:</u>				
Loss on revaluation of securities held-for-trading	(478)	(103)	(478)	(103)
Others	(5)	-	(5)	-
	<u>(483)</u>	<u>(103)</u>	<u>(483)</u>	<u>(103)</u>
Total	<u>94,690</u>	<u>64,288</u>	<u>94,690</u>	<u>64,288</u>

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**A13. Income Derived From Investment of Shareholders' Funds**

	Individual Quarter		Cumulative Quarter	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
<u>Finance income and hibah:</u>				
Financing, advances and other loans	31,592	17,864	31,592	17,864
Securities held-for-trading	310	114	310	114
Money at call and deposits with financial institutions	3,787	1,225	3,787	1,225
	<u>35,689</u>	<u>19,203</u>	<u>35,689</u>	<u>19,203</u>
Accretion of discount	(3)	251	(3)	251
	<u>35,686</u>	<u>19,454</u>	<u>35,686</u>	<u>19,454</u>
<u>Fee and commission income:</u>				
Commission	256	55	256	55
Other fee income	1,472	816	1,472	816
	<u>1,728</u>	<u>871</u>	<u>1,728</u>	<u>871</u>
<u>Gain/(Loss) arising from sale of securities:</u>				
Net loss from sale of securities held-for-trading	131	7	131	7
<u>Others:</u>				
Loss on revaluation of securities held-for-trading	(188)	(32)	(188)	(32)
Others	(2)	-	(2)	-
	<u>(190)</u>	<u>(32)</u>	<u>(190)</u>	<u>(32)</u>
Total	<u>37,355</u>	<u>20,300</u>	<u>37,355</u>	<u>20,300</u>

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**A14. Allowance for Losses on Financing**

	Individual Quarter		Cumulative Quarter	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
– made in the financial year	65,756	42,028	65,756	42,028
– written back	(21,321)	(14,065)	(21,321)	(14,065)
General allowance	(1,123)	1,750	(1,123)	1,750
Bad debts and financing recovered	(4,596)	(1,991)	(4,596)	(1,991)
	<u>38,716</u>	<u>27,722</u>	<u>38,716</u>	<u>27,722</u>

**A15. Income attributable to the depositors**

	Individual Quarter		Cumulative Quarter	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Deposit from customers				
– Mudharabah	32,661	15,967	32,661	15,967
– Non-Mudharabah	3,187	2,482	3,187	2,482
	<u>35,848</u>	<u>18,449</u>	<u>35,848</u>	<u>18,449</u>
Deposits and placements of banks and other financial institutions				
– Mudharabah	7,850	5,566	7,850	5,566
– Non-Mudharabah	14,272	15,350	14,272	15,350
	<u>22,122</u>	<u>20,916</u>	<u>22,122</u>	<u>20,916</u>
Others	29,560	14,139	29,560	14,139
	<u>87,530</u>	<u>53,504</u>	<u>87,530</u>	<u>53,504</u>



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**A16. Earnings Per Share (EPS)****Basic**

Basic earnings per share is calculated by dividing the net profit for the financial period attributable to shareholders of the Bank by the weighted average number of ordinary shares in issue during the financial period.

	Individual Quarter		Cumulative Quarter	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Net profit attributable to shareholders of the Bank	<u>35,671</u>	<u>17,653</u>	<u>35,671</u>	<u>17,653</u>
Number of ordinary shares at beginning of period	403,038	153,038	403,038	153,038
Effect of the issuance of shares	<u>–</u>	<u>167,582</u>	<u>–</u>	<u>167,582</u>
Weighted average number of ordinary shares in issue	<u>403,038</u>	<u>320,620</u>	<u>403,038</u>	<u>320,620</u>
Basic earnings per share (sen)	<u>8.85</u>	<u>5.51</u>	<u>8.85</u>	<u>5.51</u>

There are no dilutive potential ordinary shares during the financial period.

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**A17a. Performance Review for the Period ended 30 June 2007**

The Bank recorded a Pre-tax profit of RM53.9 million for the period ended 30 June 2007 as compared to RM24.5 million for the corresponding period in the previous year.

The increase in Pre-Tax profit for the period is mainly attributable to write-back of profit equalisation reserve and 3 months operations in the current period as compared to 2 months operations for the corresponding period in the previous year as the Bank only commenced operations as an Islamic Bank on 1 May 2006.

In the opinion of the Directors, the results of the Bank for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

**A17b. Prospects for 31 March 2008**

In tandem with the thrusts of the Ninth Malaysian Plan (9MP), the Malaysian economy is projected to see sustained growth in 2007 with GDP growth projected at 5.9%. On the back of favourable macroeconomic conditions, the banking sector is expected to remain robust with strong capitalization and continuous improvement in asset quality.

For the upcoming year, capital market activities are expected to be robust. The active promotion of Islamic financing by the Malaysian government and growing demand for Shariah compliant securities from local and international investors provide an impetus for more capital market issues.

The Bank will continue to pursue its strategy of expanding its business operations regionally whilst maintaining its leadership position in the industry. The Bank is confident that it has built an infrastructure, customer base and brand-awareness that enables it to take advantage of industry growth opportunities. Further, it is envisaged that the AmBank Group's strategic tie-up with Australia and New Zealand Banking Group Limited will elevate the Group to a level on par with international banks.

**A18. Valuation of Property & Equipment**

The Bank's property and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

**A19. Events Subsequent To Balance Sheet Date**

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

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**A20. 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. The commitments and contingencies are not secured against the Bank's assets.

The risk-weighted exposure of the Bank is as follows:

	30 June 2007			31 March 2007		
	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
Direct credit substitutes	107,717	107,717	102,793	119,948	119,948	102,537
Certain transaction-related contingent items	43,211	21,606	21,606	45,018	22,509	22,509
Irrevocable commitments to extend credit:						
– maturing less than one year	1,094,292	–	–	1,021,949	–	–
– maturing more than one year	8,717	4,358	4,358	15,088	7,544	7,544
Short-term self-liquidating trade-related contingencies	60,022	12,004	12,004	74,177	14,835	14,835
Islamic financing sold to Cagamas Berhad with recourse	2,524,916	2,524,916	2,524,916	2,718,833	2,718,833	2,718,833
Others	9,313	–	–	43,918	–	–
	<u>3,848,188</u>	<u>2,670,601</u>	<u>2,665,677</u>	<u>4,038,931</u>	<u>2,883,669</u>	<u>2,866,258</u>

\* The credit equivalent amount is arrived at using the credit conversion factors as specified by Bank Negara Malaysia.

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**A21. Capital Adequacy**

Bank Negara Malaysia's ("BNM") guideline on capital adequacy requires the Bank to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

The risk weighted capital adequacy ratio of the Bank at 14.51% exceeds the minimum requirements of BNM.

	<b>The Bank</b>			
	<b>30 June 2007 RM'000</b>	<b>31 March 2007 RM'000</b>		
<u>Tier 1 capital</u>				
Paid-up share capital	403,038	403,038		
Share premium	534,068	534,068		
Statutory reserve	47,390	47,390		
Unappropriated profit	47,389	47,389		
	<u>1,031,885</u>	<u>1,031,885</u>		
Less: Deferred tax asset	(223,558)	(223,558)		
Total Tier 1 capital	<u>808,327</u>	<u>808,327</u>		
<u>Tier 2 capital</u>				
Subordinated Sukuk Musyarakah	400,000	400,000		
General allowance for bad and doubtful debts and financing	137,875	138,998		
	<u>537,875</u>	<u>538,998</u>		
Capital base	<u>1,346,202</u>	<u>1,347,325</u>		
	<b>30 June 2007</b>	<b>31 March 2007</b>		
	<b>Principal RM'000</b>	<b>Risk - Weighted RM'000</b>	<b>Principal RM'000</b>	<b>Risk - Weighted RM'000</b>
Notional risk-weighted assets				
Categories				
0%	2,385,424	–	2,018,817	–
10%	–	–	–	–
20%	49,609	9,922	555,611	111,122
50%	329,492	164,746	330,764	165,382
100%	8,989,593	8,989,593	9,002,290	9,002,290
	<u>11,754,118</u>	9,164,261	<u>11,907,482</u>	9,278,794
Market risk		<u>111,901</u>		<u>42,058</u>
Notional risk-weighted assets		<u>9,276,162</u>		<u>9,320,852</u>
<b>Capital Ratios</b>				
Core capital ratio		8.71%		8.67%
Risk-weighted capital ratio		<u>14.51%</u>		<u>14.45%</u>

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A22. The following table shows the profit rate sensitivity gap, by time bands, on which profit rates of instruments are next repriced on a contractual basis or, if earlier, the dates on which the instruments mature.

30 June 2007

	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	1 to 5 years	Over 5 years	Non- profit sensitive	Trading Book	Total	Effective profit rate
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>ASSETS</b>										
Cash and short-term funds	2,127,840	–	–	–	–	–	8,089	–	2,135,929	3.55
Deposits and placements with banks and other financial institutions	–	201	–	–	–	–	–	–	201	3.56
Securities held-for-trading	–	–	–	–	–	–	–	368,670	368,670	3.84
Loans, advances and financing										
– Performing	361,717	77,493	109,678	80,364	610,578	5,102,987	–	–	6,342,817	7.07
– Non-performing	–	–	–	–	–	–	80,138	–	80,138	–
Other non-profit sensitive balances	–	–	–	–	–	–	546,802	–	546,802	–
<b>TOTAL ASSETS</b>	<b>2,489,557</b>	<b>77,694</b>	<b>109,678</b>	<b>80,364</b>	<b>610,578</b>	<b>5,102,987</b>	<b>635,029</b>	<b>368,670</b>	<b>9,474,557</b>	
<b>LIABILITIES AND SHAREHOLDER'S FUNDS</b>										
Deposits from customers	2,540,426	952,683	518,002	369,493	137,992	–	440,221	–	4,958,817	2.81
Deposits and placements of banks and other financial institutions	837,310	333,713	216,329	377,199	745,462	–	3,445	–	2,513,458	3.58
Bills and acceptances payables	121,967	224,289	73,212	–	–	–	–	–	419,468	3.54
Subordinated Sukuk Musyarakah	–	–	–	–	400,000	–	–	–	400,000	5.32
Other non-profit sensitive balances	–	–	–	–	–	–	115,258	–	115,258	–
Total Liabilities	3,499,703	1,510,685	807,543	746,692	1,283,454	–	558,924	–	8,407,001	
Shareholder's Funds	–	–	–	–	–	–	1,067,556	–	1,067,556	
<b>TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS</b>	<b>3,499,703</b>	<b>1,510,685</b>	<b>807,543</b>	<b>746,692</b>	<b>1,283,454</b>	<b>–</b>	<b>1,626,480</b>	<b>–</b>	<b>9,474,557</b>	
On-balance sheet profit sensitivity gap	(1,010,146)	(1,432,991)	(697,865)	(666,328)	(672,876)	5,102,987	(991,451)	368,670	–	
Off-balance sheet profit sensitivity gap	–	–	–	–	–	–	–	–	–	
Total profit sensitivity gap	<b>(1,010,146)</b>	<b>(1,432,991)</b>	<b>(697,865)</b>	<b>(666,328)</b>	<b>(672,876)</b>	<b>5,102,987</b>	<b>(991,451)</b>	<b>368,670</b>	<b>–</b>	

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	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	1 to 5 years	Over 5 years	Non- profit sensitive	Trading Book	Total	Effective profit rate
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>ASSETS</b>										
Cash and short-term funds	1,843,500	-	-	-	-	-	5,870	-	1,849,370	3.54
Deposits and placements with banks and other financial institutions	-	415,000	200	-	-	-	-	-	415,200	3.57
Securities held-for-trading	-	-	-	-	-	-	-	144,587	144,587	3.61
Loans, advances and financing										
– Performing	403,685	225,904	169,586	71,952	333,328	5,055,127	-	-	6,259,582	7.34
– Non-performing	-	-	-	-	-	-	110,388	-	110,388	-
Other non-profit sensitive balances	-	-	-	-	-	-	561,500	-	561,500	-
<b>TOTAL ASSETS</b>	<b>2,247,185</b>	<b>640,904</b>	<b>169,786</b>	<b>71,952</b>	<b>333,328</b>	<b>5,055,127</b>	<b>677,758</b>	<b>144,587</b>	<b>9,340,627</b>	
<b>LIABILITIES AND SHAREHOLDER'S FUNDS</b>										
Deposits from customers	2,893,287	893,897	418,918	345,618	119,334	-	-	-	4,671,054	3.03
Deposits and placements of banks and other financial institutions	447,748	525,741	342,795	412,446	824,837	-	-	-	2,553,567	3.69
Bills and acceptances payables	171,245	200,038	75,331	-	-	-	-	-	446,614	3.57
Subordinated Sukuk Musyarakah	-	-	-	-	400,000	-	-	-	400,000	4.80
Other non-profit sensitive balances	-	-	-	-	-	-	237,507	-	237,507	-
Total Liabilities	3,512,280	1,619,676	837,044	758,064	1,344,171	-	237,507	-	8,308,742	
Shareholder's Funds	-	-	-	-	-	-	1,031,885	-	1,031,885	
<b>TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS</b>	<b>3,512,280</b>	<b>1,619,676</b>	<b>837,044</b>	<b>758,064</b>	<b>1,344,171</b>	<b>-</b>	<b>1,269,392</b>	<b>-</b>	<b>9,340,627</b>	
On-balance sheet profit sensitivity gap	(1,265,095)	(978,772)	(667,258)	(686,112)	(1,010,843)	5,055,127	(591,634)	144,587	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(1,265,095)	(978,772)	(667,258)	(686,112)	(1,010,843)	5,055,127	(591,634)	144,587	-	

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**A23. Change in Accounting Policies****(a) Changes in accounting policy in the fourth quarter of the previous financial year**

During the 4th quarter of 2006, the Bank adopted the BNM's Circular on Handling Fees dated 16 October 2006 which resulted in the Bank capitalising handling fees paid for hire purchase loans in the Balance Sheet and amortising the amount in the Income Statement over the life of the loans with retrospective effect. Previously, such handling fees were expensed off in the Income Statement when incurred. The handling fees amount which was previously reported as operating expenses in the income statement has been reclassified and deducted from the interest income upon the change of this accounting policy. Certain comparative figures of the Bank have been restated as set out below.

Effects on Income Statement for the period ended 30 June 2007 and 30 June 2006

	Individual Quarter		Cumulative Quarter	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Profit after taxation, before changes in accounting policies	35,671	16,494	35,671	16,494
Effects of adopting BNM circular on Handling Fees	–	1,159	–	1,159
Profit after taxation, after changes in accounting policies	<u>35,671</u>	<u>17,653</u>	<u>35,671</u>	<u>17,653</u>

**b) Prior Year Adjustments**

The following comparative figures as at 30 June 2006 had been reclassified to conform with current period's presentation as a result of the adoption of the changes in accounting policies disclosed above:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
<b>Income Statement for the quarter ended 30 June 2006</b>			
Income derived from investment of depositors' funds and others	112,713	(3,410)	109,303
Other expenses directly attributable to the investment of the depositors and equity funds	(4,855)	4,855	–
Other Operating expenses	(27,174)	142	(27,032)
Taxation	(6,370)	(428)	(6,798)
Profit after zakat and taxation	16,494	1,159	17,653