

Company No. 295576-U

**Amlslamic Bank Berhad**

(Company No. 295576-U)

(Incorporated in Malaysia)

**Interim Financial Statements**

**For the Financial Period**

**1 April 2007 to**

**30 September 2007**

(In Ringgit Malaysia)

Company No. 295576-U

**Amlslamic Bank Berhad**

(Incorporated in Malaysia)

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

		<b>30 September 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
<b>ASSETS</b>	<b>Note</b>		
Cash and short-term funds		1,579,390	1,849,370
Deposits and placements with banks and other financial institutions		50,000	415,200
Securities held-for-trading	A8	257,568	144,587
Financing, advances and other loans	A9	7,215,903	6,369,970
Other assets		99,165	87,964
Statutory deposit with Bank Negara Malaysia		254,000	249,000
Deferred tax asset		183,259	223,558
Property and equipment		499	913
Intangible assets		484	65
<b>TOTAL ASSETS</b>		<b>9,640,268</b>	<b>9,340,627</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A10	5,208,738	4,671,054
Deposits and placements of banks and other financial institutions	A11	2,300,654	2,553,567
Bills and acceptance payable		523,346	446,614
Other liabilities		123,523	236,721
Provision for zakat		974	786
Subordinated Sukuk Musyarakah		400,000	400,000
Total Liabilities		8,557,235	8,308,742
Share capital		403,038	403,038
Reserves		679,995	628,847
Total Equity		1,083,033	1,031,885
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,640,268</b>	<b>9,340,627</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A20	<b>3,953,400</b>	<b>4,038,931</b>
<b>NET ASSETS PER ORDINARY SHARE (RM)</b>		<b>2.69</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.*

**Amlslamic Bank Berhad**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED INCOME STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2007**

		Individual Quarter		Cumulative Quarter	
		30 September 2007	30 September 2006	30 September 2007	30 September 2006
	Note	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	A12	169,207	170,449	340,895	279,752
Income derived from investment of shareholders' funds	A13	36,510	31,741	73,865	52,041
Allowance for losses on financing	A14	(31,392)	(40,353)	(70,108)	(68,075)
Transfer from/(to) profit equalisation reserve		2,326	15,470	28,209	18,576
Total distributable income		176,651	177,307	372,861	282,294
Income attributable to the depositors	A15	(83,824)	(88,301)	(171,354)	(141,805)
Total net income		92,827	89,006	201,507	140,489
Other operating expenses		(49,540)	(42,062)	(98,169)	(69,094)
Finance cost		(5,475)	—	(11,587)	—
<b>Profit before zakat and taxation</b>		<b>37,812</b>	<b>46,944</b>	<b>91,751</b>	<b>71,395</b>
Zakat		(304)	—	(304)	—
Taxation		(22,031)	(18,889)	(40,299)	(25,687)
<b>Profit after zakat and taxation</b>		<b>15,477</b>	<b>28,055</b>	<b>51,148</b>	<b>45,708</b>
<b>Earnings per share (sen)</b>	A16	<b>3.84</b>	<b>6.96</b>	<b>12.69</b>	<b>12.62</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**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 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	–	–	–	51,148	51,148
<b>Balance as at 30 September 2007</b>	<b>403,038</b>	<b>534,068</b>	<b>47,390</b>	<b>98,537</b>	<b>1,083,033</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

**AmIslamic Bank Berhad**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONDENSED CASH FLOW STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2007**

	<b>30 September 2007 RM'000</b>	<b>30 September 2006 RM'000</b>
Profit before zakat and taxation	91,751	71,395
Adjustments for non-cash items	43,341	45,667
Operating Profit Before Working Capital Changes	135,092	117,062
Changes in working capital:		
Net changes in operating assets	(653,176)	482,523
Net changes in operating liabilities	248,189	(412,941)
Net assets vested from AmBank (M) Berhad	–	(784,068)
Net Cash Generated From/ (Used in) Operating Activities	(269,895)	(597,424)
Net Cash (Used in)/ Generated From Investing Activities	(85)	1,159,654
Net Cash Generated From Financing Activities	–	784,068
Net Increase In Cash And Cash Equivalents	(269,980)	1,346,298
Cash And Cash Equivalents At Beginning Of The Period	1,849,370	–
Cash And Cash Equivalents At End Of The Period	1,579,390	1,346,298

*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.*

**Amlslamic Bank Berhad**

(Incorporated in Malaysia)

**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% is provided on non-performing loans which are four (4) 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 quarter and period.

**A4. Unusual Items**

There were no unusual items during the current financial quarter and period.

Company No. 295576–U

**AIslamic Bank Berhad**

(Incorporated in Malaysia)

**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 quarter and period ended 30 September 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 September 2007 and no dividends were paid in the current financial period.

**A8. Securities Held-for-trading**

	<b>30 September 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
<b>At fair value</b>		
Money Market Securities:		
Malaysia Government Investment Certificates	35,189	39,736
Islamic Treasury Bills	4,921	48,442
Bank Negara Monetary Notes	101,975	–
	<u>142,085</u>	<u>88,178</u>
Unquoted securities:		
Private Debt Securities	115,483	56,409
	<u>115,483</u>	<u>56,409</u>
Total securities held-for-trading	<u>257,568</u>	<u>144,587</u>

**AIslamic Bank Berhad**

(Incorporated in Malaysia)

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

	<b>30 September 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
Overdrafts	45,564	22,420
Term loan facilities		
– Housing loans/financing	837,251	856,314
– Hire-purchase receivables	7,862,874	7,887,080
– Other loans/financing	2,810,730	2,384,838
Card receivables	281,405	318,470
Bills receivables	5,069	6,860
Trust receipts	31,715	25,584
Claims on customers under acceptance credits	545,568	475,119
Revolving credits	81,707	70,755
Total	<u>12,501,883</u>	<u>12,047,440</u>
Unearned income	<u>(2,685,592)</u>	<u>(2,589,479)</u>
	9,816,291	9,457,961
Less: Islamic financing sold to Cagamas Berhad	<u>(2,211,462)</u>	<u>(2,718,833)</u>
Gross financing, advances and other loans	7,604,829	6,739,128
Less: Allowance for bad and doubtful debts and financing		
– General	(144,535)	(138,998)
– Specific	<u>(244,391)</u>	<u>(230,160)</u>
Net financing, advances and other loans	<u><u>7,215,903</u></u>	<u><u>6,369,970</u></u>

**A9a. By concept**

	<b>30 September 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
Al-Bai' Bithaman Ajil	953,441	869,887
Al-Istisna	622	623
Al-Ijarah/Al-Ijarah Thumma Al-Bai'	4,195,318	3,632,182
Al-Musyarakah	17,708	18,796
Al-Murabahah	644,138	571,210
Other Islamic concept	<u>1,793,602</u>	<u>1,646,430</u>
Gross financing, advances and other loans	<u><u>7,604,829</u></u>	<u><u>6,739,128</u></u>



Company No. 295576-U

**AIslamic Bank Berhad**

(Incorporated in Malaysia)

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

**A9b. By type of customer**

	<b>30 September 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
Domestic non-bank financial institutions	674	653
Domestic business enterprises		
– Small medium enterprises	551,785	518,641
– Others	744,945	590,153
Government and statutory bodies	21,330	21,179
Individuals	6,279,351	5,603,789
Other domestic entities	3,257	2,371
Foreign entities	3,487	2,342
	<hr/>	<hr/>
Gross financing, advances and other loans	<u>7,604,829</u>	<u>6,739,128</u>

**A9c. By profit rate sensitivity**

	<b>30 September 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
Fixed rate		
– Housing loans/financing	427,063	430,406
– Hire purchase receivables	4,333,289	3,807,196
– Other fixed rate loan/financing	2,814,896	2,484,411
Variable rate		
– Base lending rate plus	3,479	–
– Cost plus	26,102	17,115
	<hr/>	<hr/>
Gross financing, advances and other loans	<u>7,604,829</u>	<u>6,739,128</u>

Company No. 295576–U

**AIslamic Bank Berhad**

(Incorporated in Malaysia)

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

**A9d. By loan purpose**

	<b>30 September 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
Purchase of securities	11,084	2,700
Purchase of transport vehicles	6,476,280	6,363,353
Purchase of landed property		
– Residential	428,553	432,115
– Non-residential	114,571	54,340
Purchase of fixed assets other than land and building	135,940	168,142
Personal use	1,516,337	1,330,785
Credit cards	281,406	318,471
Purchase of consumer durables	1,304	1,359
Construction	3,778	2,504
Working capital	791,784	721,750
Other purpose	55,254	62,442
	<hr/>	<hr/>
	9,816,291	9,457,961
Less: Islamic financing sold to Cagamas Berhad	<hr/> (2,211,462)	<hr/> (2,718,833)
Gross financing, advances and other loans	<hr/> 7,604,829	<hr/> 6,739,128

Company No. 295576–U

**AIslamic Bank Berhad**

(Incorporated in Malaysia)

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

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

	<b>Half year ended 30 September 2007 RM'000</b>	<b>Year ended 31 March 2007 RM'000</b>
Gross		
Balance at 1 April	479,547	–
Non-performing during the period/year	142,687	223,492
Reclassification to performing financing	(86,046)	(42,755)
Amount recovered	(48,176)	(79,182)
Amount written off	(50,780)	(132,984)
Amount vested from holding company	–	510,976
	<hr/>	<hr/>
Balance at end of period / year	437,232	479,547
Less:		
Specific allowance	(244,391)	(230,160)
	<hr/>	<hr/>
Non-performing financing, advances and other loans – net	<u>192,841</u>	<u>249,387</u>
Gross financing, advances and other loans	7,604,829	6,739,128
Add: Islamic financing sold to Cagamas Berhad	2,211,462	2,718,833
	<hr/>	<hr/>
	9,816,291	9,457,961
Less:		
Specific allowance	(244,391)	(230,160)
	<hr/>	<hr/>
Net financing, advances and other loans (including Islamic financing sold to Cagamas Berhad)	<u>9,571,900</u>	<u>9,227,801</u>
Ratio of non-performing financing - net	<u>2.01%</u>	<u>2.70%</u>

**AIslamic Bank Berhad**

(Incorporated in Malaysia)

**A9. Financing, Advances And Other Loans** (continued)**A9e(ii).** Movements in the allowance for bad and doubtful financing accounts are as follows:

	<b>Half year ended 30 September 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	5,537	6,690
Amount vested from holding company	–	132,308
	<hr/>	<hr/>
Balance at end of period/year	<u>144,535</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	120,970	282,142
Amount written back in respect of recoveries during the period/ year	(46,734)	(81,056)
	<hr/>	<hr/>
Net charge to income statement	74,236	201,086
Amount written off/ Adjustment to Asset Deficiency Account	(60,005)	(124,973)
Amount vested from holding company	–	154,047
	<hr/>	<hr/>
Balance at end of period/year	<u>244,391</u>	<u>230,160</u>

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

	<b>30 September 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
Purchase of securities	1,035	1,241
Purchase of transport vehicles	261,218	252,031
Purchase of landed property		
– Residential	85,299	98,215
– Non-residential	29,469	36,086
Purchase of fixed assets other than land and building	12,136	9,886
Personal use	420	975
Credit cards	15,600	54,612
Construction	2,504	2,504
Working capital	25,728	18,344
Other purpose	3,823	5,653
	<hr/>	<hr/>
	<u>437,232</u>	<u>479,547</u>

Company No. 295576–U

**AIslamic Bank Berhad**

(Incorporated in Malaysia)

**A10. Deposits from Customers**

	<b>30 September 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
(i) <u>By type of deposits</u>		
<u>Non-Mudharabah</u>		
Demand deposit	449,669	354,020
Savings deposit	733,129	667,730
Negotiable instruments of deposit	6,437	6,548
	<u>1,189,235</u>	<u>1,028,298</u>
<u>Mudharabah</u>		
General investment deposit	<u>4,019,503</u>	<u>3,642,756</u>
	<u>5,208,738</u>	<u>4,671,054</u>
(ii) <u>By type of deposits</u>		
Business enterprises	1,980,537	1,619,155
Individuals	1,492,005	1,419,897
Government and other statutory bodies	1,522,235	1,427,990
Others	213,961	204,012
	<u>5,208,738</u>	<u>4,671,054</u>

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

	<b>30 September 2007 RM'000</b>	<b>31 March 2007 RM'000</b>
<u>Non-Mudharabah</u>		
Licensed Islamic banks	79,547	78,103
Licensed banks	69,306	92,909
Licensed merchant banks	793,602	993,241
Other financial institutions	372,342	418,005
Bank Negara Malaysia	2,776	8,085
	<u>1,317,573</u>	<u>1,590,343</u>
<u>Mudharabah</u>		
Licensed merchant banks	51,520	50,538
Non-banking institutions	931,561	912,686
	<u>983,081</u>	<u>963,224</u>
	<u>2,300,654</u>	<u>2,553,567</u>

**Amlslamic Bank Berhad**

(Incorporated in Malaysia)

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

	Individual Quarter		Cumulative Quarter	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
<b>Income derived from investment of:</b>				
- General investment deposits	81,738	69,967	158,736	114,982
- Other deposits	87,469	100,482	182,159	164,770
	<u>169,207</u>	<u>170,449</u>	<u>340,895</u>	<u>279,752</u>
<b>Income derived from investment of general investment deposits</b>				
<u>Finance income and hibah:</u>				
Financing, advances and other loans	70,044	60,747	135,165	100,360
Securities held-for-trading	955	268	1,593	521
Money at call and deposits with financial institutions	6,256	5,444	14,061	8,161
	<u>77,255</u>	<u>66,459</u>	<u>150,819</u>	<u>109,042</u>
Accretion of discount	318	418	313	975
	<u>77,573</u>	<u>66,877</u>	<u>151,132</u>	<u>110,017</u>
<u>Fee and commission income:</u>				
Commission	498	832	1,025	954
Other fee income	3,746	1,847	6,781	3,655
	<u>4,244</u>	<u>2,679</u>	<u>7,806</u>	<u>4,609</u>
<u>Gain/(Loss) arising from sale of securities:</u>				
Net gain/(loss) from sale of securities held-for-trading	74	(27)	344	(10)
<u>Others:</u>				
(Loss)/Gain on revaluation of securities held-for-trading	(163)	437	(552)	365
Others	10	1	6	1
	<u>(153)</u>	<u>438</u>	<u>(546)</u>	<u>366</u>
<b>Total</b>	<u><u>81,738</u></u>	<u><u>69,967</u></u>	<u><u>158,736</u></u>	<u><u>114,982</u></u>

**Amlslamic Bank Berhad**

(Incorporated in Malaysia)

	Individual Quarter		Cumulative Quarter	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
<b>Income derived from investment of other funds</b>				
<u>Finance income and hibah:</u>				
Financing, advances and other loans	75,026	87,215	155,109	143,797
Securities held-for-trading	1,043	386	1,828	748
Money at call and deposits with financial institutions	6,537	7,830	16,136	11,706
	<u>82,606</u>	<u>95,431</u>	<u>173,073</u>	<u>156,251</u>
Accretion of discount	366	604	359	1,398
	<u>82,972</u>	<u>96,035</u>	<u>173,432</u>	<u>157,649</u>
<u>Fee and commission income:</u>				
Commission	528	1,194	1,176	1,368
Other fee income	4,050	2,663	7,783	5,243
	<u>4,578</u>	<u>3,857</u>	<u>8,959</u>	<u>6,611</u>
<u>Gain/(Loss) arising from sale of securities:</u>				
Net gain/(loss) from sale of securities held-for-trading	63	(37)	395	(14)
<u>Others:</u>				
(Loss)/Gain on revaluation of securities held-for-trading	(156)	626	(634)	523
Others	12	1	7	1
	<u>(144)</u>	<u>627</u>	<u>(627)</u>	<u>524</u>
<b>Total</b>	<b><u>87,469</u></b>	<b><u>100,482</u></b>	<b><u>182,159</u></b>	<b><u>164,770</u></b>

**Amlslamic Bank Berhad**

(Incorporated in Malaysia)

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

	Individual Quarter		Cumulative Quarter	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
<u>Finance income and hibah:</u>				
Financing, advances and other loans	31,305	27,553	62,897	45,417
Securities held-for-trading	431	122	741	236
Money at call and deposits with financial	2,756	2,472	6,543	3,697
	<u>34,492</u>	<u>30,147</u>	<u>70,181</u>	<u>49,350</u>
Accretion of discount	149	191	146	442
	<u>34,641</u>	<u>30,338</u>	<u>70,327</u>	<u>49,792</u>
<u>Fee and commission income:</u>				
Commission	221	377	477	432
Other fee income	1,683	840	3,155	1,656
	<u>1,904</u>	<u>1,217</u>	<u>3,632</u>	<u>2,088</u>
<u>Gain/(Loss) arising from sale of securities:</u>				
Net gain/(loss) from sale of securities held-for-trading	29	(11)	160	(4)
<u>Others:</u>				
(Loss)/Gain on revaluation of securities held-for-trading	(69)	197	(257)	165
Others	5	-	3	-
	<u>(64)</u>	<u>197</u>	<u>(254)</u>	<u>165</u>
<b>Total</b>	<b><u>36,510</u></b>	<b><u>31,741</u></b>	<b><u>73,865</u></b>	<b><u>52,041</u></b>



**Amlslamic Bank Berhad**

(Incorporated in Malaysia)

**A14. Allowance for Losses on Financing**

	Individual Quarter		Cumulative Quarter	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
– made in the financial year	55,214	61,016	120,970	103,044
– written back	(25,413)	(21,427)	(46,734)	(35,492)
General allowance	6,660	3,708	5,537	5,458
Bad debts and financing recovered	(5,069)	(2,944)	(9,665)	(4,935)
	<u>31,392</u>	<u>40,353</u>	<u>70,108</u>	<u>68,075</u>

**A15. Income attributable to the depositors**

	Individual Quarter		Cumulative Quarter	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Deposit from customers				
- Mudharabah	33,644	28,085	66,305	44,052
- Non-Mudharabah	<u>3,167</u>	<u>4,941</u>	<u>6,354</u>	<u>7,423</u>
	<u>36,811</u>	<u>33,026</u>	<u>72,659</u>	<u>51,475</u>
Deposits and placements of banks and other financial institutions				
- Mudharabah	8,992	7,593	16,842	13,159
- Non-Mudharabah	<u>12,224</u>	<u>20,431</u>	<u>26,520</u>	<u>35,781</u>
	<u>21,216</u>	<u>28,024</u>	<u>43,362</u>	<u>48,940</u>
Others	<u>25,797</u>	<u>27,251</u>	<u>55,333</u>	<u>41,390</u>
	<u>83,824</u>	<u>88,301</u>	<u>171,354</u>	<u>141,805</u>

Company No. 295576-U

**Amlslamic Bank Berhad**

(Incorporated in Malaysia)

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

**Basic**

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

	Individual Quarter		Cumulative Quarter	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Net profit attributable to shareholders of the Bank	<u>15,477</u>	<u>28,055</u>	<u>51,148</u>	<u>45,708</u>
Number of ordinary shares at beginning of period	403,038	403,038	403,038	153,038
Effect of the issuance of shares	<u>–</u>	<u>–</u>	<u>–</u>	<u>209,016</u>
Weighted average number of ordinary shares in issue	<u>403,038</u>	<u>403,038</u>	<u>403,038</u>	<u>362,054</u>
Basic earnings per share (sen)	<u>3.84</u>	<u>6.96</u>	<u>12.69</u>	<u>12.62</u>

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

Company No. 295576-U

**AIslamic Bank Berhad**

(Incorporated in Malaysia)

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

The Bank recorded a Pre-tax profit of RM91.8 million for the period ended 30 September 2007 as compared to RM71.4 million for the corresponding period in the previous year.

The increase in Pre-Tax profit for the period is mainly attributable to higher finance income derived from growth in financing, advances and other loans and 6 months operations in the current period as compared to 5 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 current 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 Group will continue to pursue its strategy of expanding its business operations regionally whilst maintaining its leadership position in the industry. The Group is confident that it has built an infrastructure, customer base and brand-awareness and leveraging on the ANZ partnership will enable the Group to take advantage of the growth opportunity and register an improvement in profit.

**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.

**Amlslamic Bank Berhad**

(Incorporated in Malaysia)

**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 September 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	132,920	132,920	127,289	119,948	119,948	102,537
Certain transaction-related contingent items	49,365	24,682	24,682	45,018	22,509	22,509
Irrevocable commitments to extend credit:						
– maturing less than one year	1,488,819	–	–	1,021,949	–	–
– maturing more than one year	37,765	18,883	18,883	15,088	7,544	7,544
Short-term self-liquidating trade-related contingencies	71,213	14,243	14,243	74,177	14,835	14,835
Islamic financing sold to Cagamas Berhad with recourse	2,161,823	2,161,823	2,161,823	2,718,833	2,718,833	2,718,833
Others	11,495	–	–	43,918	–	–
	<u>3,953,400</u>	<u>2,352,551</u>	<u>2,346,920</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.

**Amlslamic Bank Berhad**

(Incorporated in Malaysia)

**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 14.78% exceeds the minimum requirements of BNM.

	<b>The Bank</b>			
	<b>30 September 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	98,537	47,389		
	<u>1,083,033</u>	<u>1,031,885</u>		
Less: Deferred tax asset	(183,259)	(223,558)		
Total Tier 1 capital	<u>899,774</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	144,535	138,998		
	<u>544,535</u>	<u>538,998</u>		
Capital base	<u>1,444,309</u>	<u>1,347,325</u>		
	<b>30 September 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%	1,677,849	-	2,018,817	-
10%	-	-	-	-
20%	282,621	56,524	555,611	111,122
50%	339,193	169,597	330,764	165,382
100%	9,445,725	9,445,726	9,002,290	9,002,290
	<u>11,745,388</u>	<u>9,671,847</u>	<u>11,907,482</u>	<u>9,278,794</u>
Market risk	-	98,814	-	42,058
Notional risk-weighted assets	<u>11,745,388</u>	<u>9,770,661</u>	<u>11,907,482</u>	<u>9,320,852</u>
<b>Capital Ratios</b>				
Core capital ratio		9.21%		8.67%
Risk-weighted capital ratio		<u>14.78%</u>		<u>14.45%</u>

**Amlslamic Bank Berhad**

(Incorporated in Malaysia)

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 September 2007**

	<b>Up to 1 month</b>	<b>&gt;1 to 3 months</b>	<b>&gt;3 to 6 months</b>	<b>&gt;6 to 12 months</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Non- profit sensitive</b>	<b>Trading Book</b>	<b>Total</b>	<b>Effective profit rate</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>ASSETS</b>										
Cash and short-term funds	1,575,540	–	–	–	–	–	3,850	–	1,579,390	3.51
Deposits and placements with banks and other financial institutions	–	50,000	–	–	–	–	–	–	50,000	3.52
Securities held-for-trading	–	–	–	–	–	–	–	257,568	257,568	4.67
Loans, advances and financing										
– Performing	498,302	267,680	156,159	87,399	717,862	5,440,195	–	–	7,167,597	7.09
– Non-performing	–	–	–	–	–	–	48,306	–	48,306	–
Other non-profit sensitive balances	–	–	–	–	–	–	537,407	–	537,407	–
<b>TOTAL ASSETS</b>	<b>2,073,842</b>	<b>317,680</b>	<b>156,159</b>	<b>87,399</b>	<b>717,862</b>	<b>5,440,195</b>	<b>589,563</b>	<b>257,568</b>	<b>9,640,268</b>	
<b>LIABILITIES AND EQUITY</b>										
Deposits from customers	2,773,847	797,421	569,136	493,419	125,246	–	449,669	–	5,208,738	2.92
Deposits and placements of banks and other financial institutions	531,842	446,492	319,642	516,895	480,994	–	4,789	–	2,300,654	3.61
Bills and acceptances payable	171,257	255,571	96,518	–	–	–	–	–	523,346	3.68
Subordinated Sukuk Musyarakah	–	–	–	–	400,000	–	–	–	400,000	5.43
Other non-profit sensitive balances	–	–	–	–	–	–	124,497	–	124,497	–
Total Liabilities	3,476,946	1,499,484	985,296	1,010,314	1,006,240	–	578,955	–	8,557,235	
Equity	–	–	–	–	–	–	1,083,033	–	1,083,033	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,476,946</b>	<b>1,499,484</b>	<b>985,296</b>	<b>1,010,314</b>	<b>1,006,240</b>	<b>–</b>	<b>1,661,988</b>	<b>–</b>	<b>9,640,268</b>	
On-balance sheet profit sensitivity gap	(1,403,104)	(1,181,804)	(829,137)	(922,915)	(288,378)	5,440,195	(1,072,425)	257,568	–	
Off-balance sheet profit sensitivity gap	–	–	–	–	–	–	–	–	–	
Total profit sensitivity gap	<u>(1,403,104)</u>	<u>(1,181,804)</u>	<u>(829,137)</u>	<u>(922,915)</u>	<u>(288,378)</u>	<u>5,440,195</u>	<u>(1,072,425)</u>	<u>257,568</u>	<u>–</u>	

**Amlslamic Bank Berhad**

(Incorporated in Malaysia)

31 March 2007

	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non- profit sensitive RM'000	Trading Book RM'000	Total RM'000	Effective profit rate %
<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 EQUITY</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 payable	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	
Equity	–	–	–	–	–	–	1,031,885	–	1,031,885	
<b>TOTAL LIABILITIES AND EQUITY</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	<u>(1,265,095)</u>	<u>(978,772)</u>	<u>(667,258)</u>	<u>(686,112)</u>	<u>(1,010,843)</u>	<u>5,055,127</u>	<u>(591,634)</u>	<u>144,587</u>	<u>–</u>	

**Amlslamic Bank Berhad**

(Incorporated in Malaysia)

**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 September 2007 and 30 September 2006

	Individual Quarter		Cumulative Quarter	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Profit after taxation, before changes in accounting policies	15,477	26,217	51,148	42,711
Effects of adopting BNM circular on Handling Fees	–	1,838	–	2,997
Profit after taxation, after changes in accounting policies	<u>15,477</u>	<u>28,055</u>	<u>51,148</u>	<u>45,708</u>

**b) Prior Year Adjustments**

The following comparative figures as at 30 September 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 half year ended 30 September 2006</b>			
Income derived from investment of depositors' funds and others	288,541	(8,789)	279,752
Other expenses directly attributable to the investment of the depositors and equity funds	(12,529)	12,529	–
Other Operating expenses	(69,458)	364	(69,094)
Taxation	(24,580)	(1,107)	(25,687)
Profit after zakat and taxation	42,711	2,997	45,708