

Company No. 295576-U

Amlslamic Bank Berhad
(Company No. 295576-U)
(Incorporated in Malaysia)

Interim Financial Statements
For the Financial Period
1 April 2008 to
30 September 2008
(In Ringgit Malaysia)

Amlslamic Bank Berhad
(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEET AS AT 30 SEPTEMBER 2008

		30 September 2008 RM'000	31 March 2008 RM'000
ASSETS	Note		
Cash and short-term funds		2,850,553	2,028,092
Securities held-for-trading	A8	349,138	559,411
Securities available-for-sale	A9	467,383	–
Financing, advances and other loans	A10	9,151,925	8,054,961
Other assets		68,920	92,152
Statutory deposit with Bank Negara Malaysia		294,179	271,700
Deferred tax asset		130,794	157,794
Property and equipment		402	443
Intangible assets		541	608
TOTAL ASSETS		<u>13,313,835</u>	<u>11,165,161</u>
LIABILITIES AND EQUITY			
Deposits from customers	A11	7,191,068	5,871,116
Deposits and placements of banks and other financial institutions	A12	3,564,451	2,763,940
Bills and acceptance payable		789,727	547,347
Other liabilities		174,333	146,273
Provision for zakat		601	601
Subordinated Sukuk Musyarakah		400,000	400,000
Total Liabilities		<u>12,120,180</u>	<u>9,729,277</u>
Share capital		403,038	403,038
Reserves		790,617	1,032,846
Total Equity		<u>1,193,655</u>	<u>1,435,884</u>
TOTAL LIABILITIES AND EQUITY		<u>13,313,835</u>	<u>11,165,161</u>
COMMITMENTS AND CONTINGENCIES	A22	<u>4,766,680</u>	<u>5,917,312</u>
NET ASSETS PER ORDINARY SHARE (RM)		<u>2.96</u>	<u>3.56</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 2008.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008

	Note	Individual Quarter		Cumulative Quarter	
		30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Income derived from investment of depositors' funds and others	A13	189,408	177,551	370,349	354,521
Income derived from investment of shareholder's funds	A14	61,612	43,851	96,756	94,958
Allowance for losses on financing	A15	(21,818)	(33,274)	(49,525)	(73,438)
Provision for commitment and contingencies		(1,744)	—	(14,846)	—
Impairment loss		—	—	(18)	—
Transfer from profit equalisation reserve		763	2,326	6,839	28,209
Total distributable income		228,221	190,454	409,555	404,250
Income attributable to depositors	A16	(98,660)	(90,526)	(190,155)	(184,186)
Total net income		129,561	99,928	219,400	220,064
Other operating expenses		(52,022)	(48,858)	(107,071)	(96,625)
Finance cost		(4,839)	(5,475)	(9,626)	(11,587)
Profit before zakat and taxation		72,700	45,595	102,703	111,852
Zakat		(127)	(304)	(29)	(304)
Taxation		(19,000)	(24,044)	(27,000)	(45,495)
Profit after zakat and taxation		53,573	21,247	75,674	66,053
Earnings per share (sen)	A17	13.29	5.27	18.78	16.38

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2008.

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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008**

	← Non-distributable		→ Distributable			
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Unappro- priated Profits RM'000	Total RM'000
Balance as at 1 April 2007	403,038	534,068	47,390	291,545	47,389	1,323,430
Profit for the year	-	-	-	-	112,454	112,454
Effects arising from the pooling of interests	-	-	-	26,358	(26,358)	-
Transfer to statutory reserve	-	-	43,049	-	(43,049)	-
Balance as at 31 March 2008	403,038	534,068	90,439	317,903	90,436	1,435,884
Balance as at 1 April 2008	403,038	534,068	90,439	317,903	90,436	1,435,884
Effects arising from the pooling of interests	-	-	-	(317,903)	-	(317,903)
Profit for the period	-	-	-	-	75,674	75,674
Balance as at 30 September 2008	403,038	534,068	90,439	-	166,110	1,193,655

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2008.

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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008**

	30 September 2008 RM'000	30 September 2007 RM'000
Profit before zakat and taxation	102,703	111,852
Adjustments for non-cash items	<u>(260,923)</u>	<u>(260,626)</u>
Operating Profit Before Working Capital Changes	(158,220)	(148,774)
Changes in working capital:		
Net changes in operating assets	(1,402,163)	(216,509)
Net changes in operating liabilities	2,382,896	(603,337)
Taxes paid	-	(5,165)
Zakat paid	<u>(29)</u>	<u>-</u>
Net Cash Generated From/(Used in) Operating Activities	822,484	(973,785)
Net Cash Generated From/(Used in) Investing Activities	(23)	(85)
Net Cash Generated From Financing Activities	<u>-</u>	<u>-</u>
Net Increase/(Decrease) In Cash And Cash Equivalents	822,461	(973,870)
Cash And Cash Equivalents At Beginning Of The Period	<u>2,028,092</u>	<u>2,553,260</u>
Cash And Cash Equivalents At End Of The Period	<u><u>2,850,553</u></u>	<u><u>1,579,390</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 2008.

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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 2008.

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 following which are effective for the Bank's annual reporting date, 31 March 2009:

FRS 107 : Cash Flow Statements

FRS 112 : Income Taxes

FRS 118 : Revenue

FRS 119 : Employee Benefits

FRS 134 : Interim Financial Reporting

FRS 137 : Provisions, Contingent Liabilities and Contingent Assets

Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

IC Interpretation 8 : Scope of FRS 2 Share-based Payments

The adoption of the above did not result in significant changes in accounting policies of the Bank.

Standards and IC Interpretations to existing standards that are not relevant or material for the Bank's operations:

FRS 111 : Construction Contracts

FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance

IC Interpretation 1 : Changes in Existing Decommissioning, Restoration and Similar Liabilities

IC Interpretation 2 : Members' Shares in Co-operative Entities and Similar Instruments

IC Interpretation 5 : Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IC Interpretation 6 : Liabilities arising from Participating In a Specific Market – Waste Electrical and Electronic Equipment

IC Interpretation 7 : Applying the Restatement Approach to FRS 129 Financial Accounting in Hyperinflationary Economies

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A1. Basis of Preparation (Continued)

During the 2nd quarter of financial year 2009, the Bank implemented a change in accounting policy on treatment of certain incidental expenses incurred as part of the “Zero Entry cost” package offered for housing loans and commercial property loans. These expenses which were previously expensed off to the Income Statement upon incurrence are now capitalized and amortised over the average lock-in period of the loans. The rationale for this change is to match the expenses against the returns earned over the period of the loans. The impact of this change to the preceding years’ financial results was not material. Arising from this change, certain comparative figures have been restated as mentioned in Note A26.

Pursuant to the Business Transfer Agreement dated 11 March 2008 and the Vesting Order granted by the High Court of Malaya on 7 April 2008, the Bank acquired the assets and assume the liabilities relating to AmlInvestment Bank Berhad’s (AmlInvestment) Islamic Fund-Based Activity. As the vesting of assets and assumption of liabilities were carried by entities under common control, the transaction has been accounted for via the pooling of interest method. Under the pooling of interest method, the results of the business transferred from AmlInvestment, together with the assets and liabilities arising thereto, are included into the financial statements of the Bank as if the merger had been effected prior to and throughout the current financial period. Accordingly comparative figures of the Bank have been restated.

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 or after maturity date.

Consistent with previous year, the Bank has also adopted a more stringent basis for specific allowances on non-performing loans 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.

A2. Audit Qualification

The auditors’ report on the audited annual financial statements for the financial year 31 March 2008 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.

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A4. Unusual Items

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

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 2008.

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 2008 and no dividends were paid in the current financial period.

A8. Securities Held-for-trading

	30 September 2008 RM'000	31 March 2008 RM'000
At fair value		
Money Market Securities:		
Malaysia Government Investment Certificates	–	35,221
Negotiable Instruments of Deposit	23,472	–
Negotiable Islamic debt certificates	–	313,742
Islamic Khazanah bonds	965	13,502
Cagamas Mudharabah Bearer Bonds	7,521	2,091
Islamic Treasury Bills	–	78,224
	<u>31,958</u>	<u>442,780</u>
Unquoted securities:		
Private Debt Securities	317,180	29,934
Islamic corporate bonds	–	86,697
	<u>317,180</u>	<u>116,631</u>
Total securities held-for-trading	<u><u>349,138</u></u>	<u><u>559,411</u></u>

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A9. Securities Available-for-sale

	30 September 2008 RM'000	31 March 2008 RM'000
At fair value		
Money Market Securities:		
Malaysia Government Investment Certificates	34,625	–
Negotiable Instruments of Deposit	69,339	–
Islamic Khazanah bonds	14,282	–
	<u>118,246</u>	<u>–</u>
Unquoted securities:		
Private Debt Securities	349,137	–
	<u>349,137</u>	<u>–</u>
Total securities available-for-sale	<u><u>467,383</u></u>	<u><u>–</u></u>

A10. Financing, Advances and Other Loans

	30 September 2008 RM'000	31 March 2008 RM'000
Cash lines	109,866	140,936
Term loan facilities		
– Housing loans/financing	779,727	812,203
– Hire-purchase receivables	7,688,910	7,700,510
– Other loans/financing	3,987,227	3,305,065
Card receivables	313,545	303,368
Bills receivables	8,501	3,763
Trust receipts	52,077	46,074
Claims on customers under acceptance credits	872,249	686,376
Revolving credits	198,437	145,412
	<u>14,010,539</u>	<u>13,143,707</u>
Total	14,010,539	13,143,707
Unearned income	<u>(3,010,830)</u>	<u>(2,824,335)</u>
	10,999,709	10,319,372
Less: Islamic financing sold to Cagamas Berhad	<u>(1,532,705)</u>	<u>(1,956,022)</u>
	9,467,004	8,363,350
Gross financing, advances and other loans	9,467,004	8,363,350
Less: Allowance for bad and doubtful debts and financing		
– General	(166,018)	(154,953)
– Specific	<u>(149,061)</u>	<u>(153,436)</u>
	9,151,925	8,054,961
Net financing, advances and other loans	<u><u>9,151,925</u></u>	<u><u>8,054,961</u></u>

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A10a. By contract

	30 September 2008 RM'000	31 March 2008 RM'000
Al-Bai' Bithaman Ajil	1,487,279	1,187,106
Al-Istisna	623	1,398
Al-Ijarah/Al-Ijarah Thumma Al-Bai'	4,712,198	4,326,729
Al-Musyarakah	15,850	17,418
Al-Murabahah	1,081,512	834,492
Other Islamic concept	<u>2,169,542</u>	<u>1,996,207</u>
Gross financing, advances and other loans	<u>9,467,004</u>	<u>8,363,350</u>

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A10. Financing, Advances And Other Loans (continued)

A10b. By type of customer

	30 September 2008 RM'000	31 March 2008 RM'000
Domestic non-bank financial institutions	6,782	661
Domestic business enterprises		
– Small medium enterprises	949,021	749,348
– Others	1,386,625	988,733
Government and statutory bodies	–	21,311
Individuals	7,117,148	6,596,518
Other domestic entities	3,064	3,182
Foreign entities	4,364	3,597
	<hr/>	<hr/>
Gross financing, advances and other loans	9,467,004	8,363,350

A10c. By profit rate sensitivity

	30 September 2008 RM'000	31 March 2008 RM'000
Fixed rate		
– Housing financing	408,752	418,918
– Hire purchase receivables	4,866,003	4,455,609
– Other fixed rate financing	4,044,874	3,422,932
Variable rate		
– Base lending rate plus	–	1,167
– Cost plus	147,375	64,724
	<hr/>	<hr/>
Gross financing, advances and other loans	9,467,004	8,363,350

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A10. Financing, Advances And Other Loans (continued)

A10d. By loan purpose

	30 September 2008 RM'000	31 March 2008 RM'000
Purchase of securities	7,741	9,416
Purchase of transport vehicles	6,340,057	6,368,163
Purchase of landed property		
– Residential	409,639	420,105
– Non-residential	246,052	145,368
Purchase of fixed assets other than land and building	140,104	126,277
Personal use	1,841,118	1,702,103
Credit cards	312,808	303,053
Purchase of consumer durables	1,188	1,184
Construction	94,061	27,467
Working capital	1,338,365	1,092,858
Other purpose	268,576	123,378
	<u>10,999,709</u>	<u>10,319,372</u>
Less: Islamic financing sold to Cagamas Berhad	<u>(1,532,705)</u>	<u>(1,956,022)</u>
Gross financing, advances and other loans	<u>9,467,004</u>	<u>8,363,350</u>

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A10. Financing, Advances And Other Loans (continued)**A10e(i).** Movements in non-performing financing, advances and other loans ("NPL") are as follows:

	30 September 2008 RM'000	31 March 2008 RM'000
Gross		
Balance at 1 April	305,321	503,084
Non-performing during the period/year	100,075	206,068
Reclassification to performing financing	(58,395)	(103,518)
Amount recovered	(17,123)	(70,877)
Amount written off	(54,962)	(229,436)
	<hr/>	<hr/>
Balance at end of period/year	274,916	305,321
Less: Specific allowance	(149,061)	(153,436)
	<hr/>	<hr/>
Non-performing financing, advances and other loans – net	<u>125,855</u>	<u>151,885</u>
Gross financing, advances and other loans	9,467,004	8,363,350
Add: Islamic financing sold to Cagamas Berhad	1,532,705	1,956,022
	<hr/>	<hr/>
	10,999,709	10,319,372
Less: Specific allowance	(149,061)	(153,436)
	<hr/>	<hr/>
Financing, advances and other loans (including Islamic financing sold to Cagamas Berhad)	<u>10,850,648</u>	<u>10,165,936</u>
Ratio of non-performing financing – net	<u>1.16%</u>	<u>1.49%</u>

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A10. Financing, Advances And Other Loans (continued)**A10e(ii).** Movements in the allowance for bad and doubtful financing accounts are as follows:

	30 September 2008 RM'000	31 March 2008 RM'000
General Allowance		
Balance at 1 April	154,953	139,511
Allowance made during the period/year	11,065	15,442
	<hr/>	<hr/>
Balance at end of period/year	<u>166,018</u>	<u>154,953</u>
% of net financing, advances and other loans (including Islamic financing sold to Cagamas Berhad)	<u>1.5%</u>	<u>1.5%</u>
Specific Allowance		
Balance at 1 April	153,436	253,697
Allowance made during the period/year	77,463	217,278
Amount written back in respect of recoveries during the period/year	(25,921)	(78,514)
	<hr/>	<hr/>
Net charge to income statement	51,542	138,764
Amount written off/Adjustment to Asset Deficiency Account	(55,917)	(239,025)
	<hr/>	<hr/>
Balance at end of period/year	<u>149,061</u>	<u>153,436</u>

A10f. Non-performing loans by purpose

	30 September 2008 RM'000	31 March 2008 RM'000
Purchase of securities	690	913
Purchase of transport vehicles	109,067	124,907
Purchase of landed property		
– Residential	77,809	81,367
– Non-residential	25,101	29,038
Purchase of fixed assets other than land and building	2,475	7,203
Personal use	590	452
Credit cards	8,998	10,580
Construction	21,255	21,878
Working capital	25,822	24,847
Other purpose	3,109	4,136
	<hr/>	<hr/>
	<u>274,916</u>	<u>305,321</u>

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A11. Deposits from Customers

	30 September 2008 RM'000	31 March 2008 RM'000
(i) <u>By type of deposits</u>		
<u>Non-Mudharabah</u>		
Demand deposit	623,301	520,564
Savings deposit	861,660	801,032
Negotiable instruments of deposit	6,438	6,549
	<u>1,491,399</u>	<u>1,328,145</u>
<u>Mudharabah</u>		
General investment deposit	5,663,569	4,118,186
Others	36,100	424,785
	<u>5,699,669</u>	<u>4,542,971</u>
	<u>7,191,068</u>	<u>5,871,116</u>
(ii) <u>By type of customers</u>		
Business enterprises	3,252,122	2,450,922
Individuals	1,774,786	1,622,378
Government and other statutory bodies	1,923,238	1,389,789
Others	240,922	408,027
	<u>7,191,068</u>	<u>5,871,116</u>

A12. Deposits and Placements of Banks and Other Financial Institutions

	30 September 2008 RM'000	31 March 2008 RM'000
<u>Non-Mudharabah</u>		
Licensed Islamic banks	613,068	392,984
Licensed banks	276,141	157,466
Licensed merchant banks	436,727	662,466
Other financial institutions	458,409	640,262
Bank Negara Malaysia	2,135	2,423
	<u>1,786,480</u>	<u>1,855,601</u>
<u>Mudharabah</u>		
Licensed merchant banks	31,954	31,413
Non-banking institutions	1,746,017	876,926
	<u>1,777,971</u>	<u>908,339</u>
	<u>3,564,451</u>	<u>2,763,940</u>

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A13. Income Derived From Investment of Depositors' Funds and Others

	Individual Quarter		Cumulative Quarter	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Income derived from investment of:				
- General investment deposits	109,031	90,034	203,782	172,221
- Other deposits	80,377	87,517	166,567	182,300
	<u>189,408</u>	<u>177,551</u>	<u>370,349</u>	<u>354,521</u>
Income derived from investment of general investment deposits				
<u>Finance income and hibah:</u>				
Financing, advances and other loans	86,311	70,362	171,061	136,004
Securities held-for-trading	3,204	1,630	4,181	2,929
Money at call and deposits with financial institutions	9,239	12,340	17,317	25,406
	<u>98,754</u>	<u>84,332</u>	<u>192,559</u>	<u>164,339</u>
Accretion of discount	523	318	946	313
	<u>99,277</u>	<u>84,650</u>	<u>193,505</u>	<u>164,652</u>
<u>Fee and commission income:</u>				
Commission	955	498	1,791	1,025
Other fee income	3,227	3,746	8,011	6,781
	<u>4,182</u>	<u>4,244</u>	<u>9,802</u>	<u>7,806</u>
<u>Gain/(Loss) arising from sale of securities:</u>				
Net gain from sale of securities held- for-trading	741	74	1,309	344
<u>Others:</u>				
Gain/(Loss) on revaluation of securities held-for-trading	4,700	1,056	(980)	(587)
Others	131	10	146	6
	<u>4,831</u>	<u>1,066</u>	<u>(834)</u>	<u>(581)</u>
Total	<u>109,031</u>	<u>90,034</u>	<u>203,782</u>	<u>172,221</u>

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	Individual Quarter		Cumulative Quarter	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Income derived from investment of other funds				
<u>Finance income and hibah:</u>				
Financing, advances and other loans	62,730	75,013	139,822	155,088
Securities held-for-trading	2,528	1,046	3,417	1,845
Money at call and deposits with financial institutions	6,807	6,567	14,155	16,280
	72,065	82,626	157,394	173,213
Accretion of discount	389	366	773	359
	72,454	82,992	158,167	173,572
<u>Fee and commission income:</u>				
Commission	703	528	1,463	1,177
Other fee income	2,197	4,050	6,549	7,783
	2,900	4,578	8,012	8,960
<u>Gain/(Loss) arising from sale of securities:</u>				
Net gain from sale of securities held- for-trading	552	63	1,070	395
<u>Others:</u>				
Gain/(Loss) on revaluation of securities held-for-trading	4,366	(129)	(801)	(634)
Others	105	13	119	7
	4,471	(116)	(682)	(627)
Total	80,377	87,517	166,567	182,300

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A14. Income Derived From Investment of Shareholder's Funds

	Individual Quarter		Cumulative Quarter	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
<u>Finance income and hibah:</u>				
Financing, advances and other loans	50,926	31,422	82,360	63,134
Securities held-for-trading	1,430	670	1,793	1,232
Securities available-for-sale	1,545	–	1,545	–
Money at call and deposits with financial institutions	4,999	4,924	7,995	10,713
	<u>58,900</u>	<u>37,016</u>	<u>93,693</u>	<u>75,079</u>
Accretion of discount	(153)	149	4	146
	<u>58,747</u>	<u>37,165</u>	<u>93,697</u>	<u>75,225</u>
<u>Fee and commission income:</u>				
Commission	548	221	858	477
Other fee income	2,064	1,857	3,838	4,699
	<u>2,612</u>	<u>2,078</u>	<u>4,696</u>	<u>5,176</u>
<u>Gain/(Loss) arising from sale of securities:</u>				
Net gain from sale of securities held- for-trading	432	4,207	643	14,824
<u>Others:</u>				
Gain/(Loss) on revaluation of securities held-for-trading	(192)	396	(2,299)	(270)
Others	13	5	19	3
	<u>(179)</u>	<u>401</u>	<u>(2,280)</u>	<u>(267)</u>
Total	<u>61,612</u>	<u>43,851</u>	<u>96,756</u>	<u>94,958</u>

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A15. Allowance for Losses on Financing

	Individual Quarter		Cumulative Quarter	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Allowance for bad and doubtful debts and financing:				
Specific allowance				
– made in the financial year	36,554	55,214	77,463	120,970
– written back	(12,914)	(25,416)	(25,921)	(47,120)
General allowance	5,377	6,660	11,065	5,537
Bad debts and financing recovered - net	(7,199)	(3,184)	(13,082)	(5,949)
	<u>21,818</u>	<u>33,274</u>	<u>49,525</u>	<u>73,438</u>

A16. Income attributable to depositors

	Individual Quarter		Cumulative Quarter	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Deposit from customers				
– Mudharabah	47,186	33,998	90,157	66,982
– Non-Mudharabah	4,005	3,167	7,777	6,354
	<u>51,191</u>	<u>37,165</u>	<u>97,934</u>	<u>73,336</u>
Deposits and placements of banks and other financial institutions				
– Mudharabah	13,293	15,340	22,535	28,997
– Non-Mudharabah	15,261	12,248	29,364	26,520
	<u>28,554</u>	<u>27,588</u>	<u>51,899</u>	<u>55,517</u>
Others	18,915	25,773	40,322	55,333
	<u>98,660</u>	<u>90,526</u>	<u>190,155</u>	<u>184,186</u>

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A17. Earnings Per Share (EPS)

Basic/Diluted

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.

Diluted earnings per share is calculated by dividing the adjusted net profit attributable to equity holder of the Bank by the adjusted weighted average number of ordinary shares in issue and issuable during the financial period.

	Individual Quarter		Cumulative Quarter	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Net profit attributable to shareholder of the Bank	<u>53,573</u>	<u>21,247</u>	<u>75,674</u>	<u>66,053</u>
Number of ordinary shares at beginning of period represent weighted average number of ordinary shares in issue	403,038	403,038	403,038	403,038
Basic/Diluted earnings per share (sen)	<u>13.29</u>	<u>5.27</u>	<u>18.78</u>	<u>16.38</u>

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A18a. Performance Review for the Period ended 30 September 2008

The Bank recorded a Pre-tax profit of RM102.7 million for the period ended 30 September 2008 as compared to RM111.8 million for the corresponding period in the previous year.

The decrease in pre-tax profit is mainly attributable to higher operating expenses in tandem with the expanding business operations and lower write-back from profit equalisation reserve.

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.

A18b. Prospects for 31 March 2009

Economic development has been impacted by the hike in petrol and consumable price. Current inflation rate is at high of 7.7%. This has impacted original national GDP growth target for this year from 6.5% in early January 2008 to the current consensus of 5.7% growth. Full impact of the current economic and financial meltdown in the USA is yet to fully precipitate in the region and nationally.

Given the backdrop of the general economic outlook, business and growth opportunities are generally currently locked on niche and profitable markets. Commercial and retail banking are expected to be the growth engines. The Bank is well positioned today to weather global, regional and domestic volatilities. Over the past year, the AMMB Holdings Berhad Group has taken steps to strengthen its position, including sealing the strategic partnership collaboration with ANZ, privatizing the AmInvestment Group Berhad ("AIGB") and internal restructuring of business activities to facilitate business growth. As we forge ahead, the Bank will continue to build on its brand recognition to grow customer base and assets portfolio. Added emphasis will be given to harnessing low-cost deposits and improving the cost of funding framework. Despite a slower start to the first quarter of financial year ending 31 March 2009 ("FY09"), we are comfortable with the market consensus profit estimates for FY2009, barring major negative economic impacts lasting deeper and longer.

A19. Valuation of Property and Equipment

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

A20. 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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A21. Significant Events

On 12 April 2008, the Bank completed the Business Transfer for a cash consideration of RM314.9 million based on the book value of the assets and liabilities as at 11 April 2008 pursuant to the Business Transfer Agreement dated 11 March 2008 entered into with AmInvestment Bank Berhad. The amounts of assets and liabilities vested by AmInvestment Bank Berhad are as follows:

	RM'000
Assets	
Cash and short-term funds	446,220
Securities held-for-trading	342,742
Loans, advances and financing	71,409
Other assets	2,803
Statutory deposit with Bank Negara Malaysia	14,500
Deferred tax assets	95
Total assets	<u>877,769</u>
Liabilities	
Deposits from customers	474,126
Deposits and placements of banks and other financial institutions	84,925
Other liabilities	3,864
Total liabilities	<u>562,915</u>
Net assets vested over	314,854
Commitments and contingencies vested	1,648,561
Cash paid for net assets vested	<u>314,854</u>

As the vesting of assets and assumption of liabilities were carried by entities under common control, the transaction has been accounted for via the pooling of interest method. Under the pooling of interest method, the results and financial position of the business transferred from AmInvestment Bank, together with the assets and liabilities arising thereto, are included into the financial statements of the Bank as if the merger had been effected prior to and throughout the current financial period. Accordingly comparative figures of the Bank have been restated.

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A22. 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 2008			31 March 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
Direct credit substitutes	231,948	231,948	231,948	196,109	196,109	172,734
Certain transaction-related contingent items	175,028	87,514	87,514	75,844	37,922	37,922
Irrevocable commitments to extend credit:						
– maturing less than one year	1,274,247	254,849	248,855	1,267,700	238,540	235,039
– maturing more than one year	287,577	143,789	120,319	331,014	165,507	136,579
– unutilised credit card lines	502,377	100,475	74,952	551,454	110,291	82,365
Short-term self-liquidating trade-related contingencies	73,312	14,662	14,662	72,577	14,515	14,497
Sell and buy back agreements	330,053	2,102	1,570	1,216,782	1,216,782	879,744
Obligations under underwriting agreements	399,000	199,500	199,500	337,000	168,500	168,500
Islamic financing sold to Cagamas Berhad with recourse	1,480,250	1,480,250	1,115,460	1,863,857	1,863,857	1,404,403
Others	12,888	–	–	4,975	–	–
	<u>4,766,680</u>	<u>2,515,089</u>	<u>2,094,780</u>	<u>5,917,312</u>	<u>4,012,023</u>	<u>3,131,783</u>

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

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A23. 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 15.08% exceeds the minimum requirements of BNM.

	The Bank	
	30 September 2008 RM'000	31 March 2008 RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	403,038	403,038
Share premium	534,068	534,068
Statutory reserve	90,439	90,439
Unappropriated profit	<u>166,110</u>	<u>90,436</u>
	1,193,655	1,117,981
Less: Deferred tax asset	<u>(130,794)</u>	<u>(157,699)</u>
Total Tier 1 capital	<u>1,062,861</u>	<u>960,282</u>
<u>Tier 2 capital</u>		
Subordinated Sukuk Musyarakah	400,000	400,000
General allowance for bad and doubtful debts and financing	<u>166,018</u>	<u>154,666</u>
	<u>566,018</u>	<u>554,666</u>
Capital base	<u>1,628,879</u>	<u>1,514,948</u>
Risk-weighted assets:	<u>10,799,547</u>	<u>9,303,783</u>
Capital Ratios		
Core capital ratio	9.84%	10.32%
Risk-weighted capital ratio	<u>15.08%</u>	<u>16.28%</u>

* The capital ratios are compliance ratios, as such the comparatives are not adjusted for restatement of comparatives arising from the pooling of interest method.

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Breakdown of gross risk-weighted assets in the various categories of risk-weights:

	September 2008		March 2008	
	Principal RM'000	Risk - Weighted RM'000	Principal RM'000	Risk - Weighted RM'000
0%	3,226,915	—	1,729,684	—
10%	—	—	—	—
20%	282,425	56,485	65,748	13,150
35%	165,311	57,859	167,616	58,664
50%	170,872	85,436	101,735	50,868
75%	8,389,269	6,291,952	8,327,038	6,245,279
100%	2,774,138	2,774,138	1,970,568	1,970,568
150%	271,321	406,981	92,301	138,451
	<u>15,280,251</u>	<u>9,672,851</u>	<u>12,454,690</u>	<u>8,476,980</u>
Add: Total risk weighted assets equivalent for market risks		379,308		37,561
Add: Total risk weighted assets equivalent for operational risks		747,388		789,242
		<u>10,799,547</u>		<u>9,303,783</u>

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A24. 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 2008

	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	%
ASSETS										
Cash and short-term funds	2,844,410	–	–	–	–	–	6,143	–	2,850,553	3.53
Securities held-for-trading	–	–	–	–	–	–	–	349,138	349,138	5.56
Securities available-for-sale	–	–	–	9,377	318,107	139,899	–	–	467,383	2.50
Financing, advances and other loans										
– Performing	515,533	495,381	(39,828)	(420,517)	2,405,828	6,235,691	–	–	9,192,088	8.00
– Non-performing *	–	–	–	–	–	–	(40,163)	–	(40,163)	–
Other non-profit sensitive balances	–	–	–	–	–	–	494,836	–	494,836	–
TOTAL ASSETS	3,359,943	495,381	(39,828)	(411,140)	2,723,935	6,375,590	460,816	349,138	13,313,835	
LIABILITIES AND EQUITY										
Deposits from customers	3,749,138	993,326	859,670	751,354	214,279	–	623,301	–	7,191,068	3.05
Deposits and placements of banks and other financial institutions	965,388	356,998	824,280	988,942	424,135	–	4,708	–	3,564,451	3.63
Bills and acceptance payable	267,092	442,184	80,451	–	–	–	–	–	789,727	3.67
Subordinated Sukuk Musyarakah	–	–	–	–	400,000	–	–	–	400,000	4.80
Other non-profit sensitive balances	–	–	–	–	–	–	174,934	–	174,934	–
Total Liabilities	4,981,618	1,792,508	1,764,401	1,740,296	1,038,414	–	802,943	–	12,120,180	
Total Equity	–	–	–	–	–	–	1,193,655	–	1,193,655	
TOTAL LIABILITIES AND EQUITY	4,981,618	1,792,508	1,764,401	1,740,296	1,038,414	–	1,996,598	–	13,313,835	
On-balance sheet profit sensitivity gap	(1,621,675)	(1,297,127)	(1,804,229)	(2,151,436)	1,685,521	6,375,590	(1,535,782)	349,138	–	
Off-balance sheet profit sensitivity gap	–	–	–	–	–	–	–	–	–	
Total profit sensitivity gap	(1,621,675)	(1,297,127)	(1,804,229)	(2,151,436)	1,685,521	6,375,590	(1,535,782)	349,138	–	

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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	%
ASSETS										
Cash and short-term funds	2,025,510	–	–	–	–	–	2,582	–	2,028,092	3.57
Securities held-for-trading	–	–	–	–	–	–	–	559,411	559,411	3.71
Financing, advances and other loans										
– Performing	487,922	335,401	45,374	(361,227)	1,568,823	5,981,737	–	–	8,058,030	7.85
– Non-performing *	–	–	–	–	–	–	(3,069)	–	(3,069)	–
Other non-profit sensitive balances	–	–	–	–	–	–	522,697	–	522,697	–
TOTAL ASSETS	2,513,432	335,401	45,374	(361,227)	1,568,823	5,981,737	522,210	559,411	11,165,161	
LIABILITIES AND EQUITY										
Deposits from customers	3,104,951	943,067	733,130	436,840	132,564	–	520,564	–	5,871,116	2.92
Deposits and placements of banks and other financial institutions	701,252	473,508	332,455	750,132	502,489	–	4,104	–	2,763,940	3.63
Bills and acceptance payable	178,556	258,988	109,803	–	–	–	–	–	547,347	3.58
Subordinated Sukuk Musyarakah	–	–	–	–	400,000	–	–	–	400,000	4.80
Other non-profit sensitive balances	–	–	–	–	–	–	146,874	–	146,874	–
Total Liabilities	3,984,759	1,675,563	1,175,388	1,186,972	1,035,053	–	671,542	–	9,729,277	
Total Equity	–	–	–	–	–	–	1,435,884	–	1,435,884	
TOTAL LIABILITIES AND EQUITY	3,984,759	1,675,563	1,175,388	1,186,972	1,035,053	–	2,107,426	–	11,165,161	
On-balance sheet profit sensitivity gap	(1,471,327)	(1,340,162)	(1,130,014)	(1,548,199)	533,770	5,981,737	(1,585,216)	559,411	–	
Off-balance sheet profit sensitivity gap	(602,320)	(217,662)	(78,438)	3,421	644,217	250,782	–	–	–	
Total profit sensitivity gap	<u>(2,073,647)</u>	<u>(1,557,824)</u>	<u>(1,208,452)</u>	<u>(1,544,778)</u>	<u>1,177,987</u>	<u>6,232,519</u>	<u>(1,585,216)</u>	<u>559,411</u>	<u>–</u>	

*After deducting the general allowance, specific allowance and income-in-suspense from gross non-performing loans outstanding.

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A.25. Credit Exposures Arising From Credit Transactions With Connected Parties

30 Sept 2008

Outstanding credit exposures with connected parties (RM'000)	7,590
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	0.06%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	3.86%

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

A26. Restatement Of Comparatives

On 12 April 2008, the Bank completed the Business Transfer for a cash consideration of RM314.9 million based on the book value of the assets and liabilities as at 11 April 2008 pursuant to the Business Transfer Agreement dated 11 March 2008 entered into with AmInvestment Bank Berhad.

As the vesting of assets and assumption of liabilities were carried by entities under common control, the transaction has been accounted for via the pooling of interest method. Under the pooling of interest method, the results and financial position of the business transferred from AmInvestment Bank, together with the assets and liabilities arising thereto, are included into the financial statements of the Bank as if the merger had been effected prior to and throughout the current financial period. Accordingly comparative figures of the Bank have been restated.

The Bank also had reviewed and changed the presentation of certain balances as follows:

During the 4th quarter of financial year 2008, the Bank had reviewed and changed the presentation of Non-recoverable expenses for financing accounts. These expenditure items which were previously included in other operating expenses are now presented within Allowances of losses on financing. The classification is to conform with current period presentation which better reflects the nature of expenses.

During the 2nd quarter of financial year 2009

- (a) credit card receivables under instalment payment scheme which were previously classified under Other Assets have been reclassified as part of Financing, advances and other loans.
- (b) certain incidental expenses which were incurred in the acquisition of housing loans and commercial property loans and were previously taken up under Other operating expenses are now deducted against interest income earned from the said loans.

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Restatement of comparative figures of the Bank arising from the above is as follows:

	As previously stated	Effect of change arising from pooling of interest method	Effect of other reclassification	As restated
	RM'000	RM'000	RM'000	RM'000
Balance Sheet as at 31 March 2008				
Assets				
Cash and short-term funds	1,521,441	506,651	-	2,028,092
Securities held-for-trading	99,699	459,712	-	559,411
Financing, advances and other loans	8,000,798	18,848	35,315	8,054,961
Other assets	124,678	2,789	(35,315)	92,152
Statutory deposit with Bank Negara Malaysia	257,200	14,500	-	271,700
Deferred tax asset	157,699	95	-	157,794
Liabilities				
Deposits from customers	5,446,331	424,785	-	5,871,116
Deposits and placements of banks and other financial institutions	2,508,781	255,159	-	2,763,940
Other liabilities	141,525	4,748	-	146,273
Equity				
Reserves	714,943	317,903	-	1,032,846
Income Statement for the financial period ended 30 September 2007				
Income derived from investment of depositors' funds and others	340,895	13,686	(60)	354,521
Income derived from investment of shareholder's funds	73,865	21,093	-	94,958
Allowance for losses on financing	(70,108)	386	(3,716)	(73,438)
Income attributable to depositors	(171,354)	(12,832)	-	(184,186)
Other operating expenses	(98,169)	(2,232)	3,776	(96,625)
Taxation	(40,299)	(5,196)	-	(45,495)