

MAYBANK ISLAMIC BERHAD
(787435-M)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENT
UNAUDITED INCOME STATEMENT
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2008

	Note	2nd Quarter Ended 31 December 2008 RM'000	Cumulative 6 Months Ended 31 December 2008 RM'000
Income derived from investment of depositors' funds	18	363,512	732,289
Income derived from investment of shareholders' funds	19	41,804	72,899
Allowance for losses on financing	20	(43,515)	(76,934)
Profit equalisation reserve		12,715	14,011
Other expenses directly attributable to depositors & shareholders' fund		<u>(6,931)</u>	<u>(10,240)</u>
Total distributable income		367,585	732,025
Income attributable to the depositors	21	<u>(167,438)</u>	<u>(331,131)</u>
Total net income		200,147	400,894
Overhead Expenses	22	<u>(80,714)</u>	<u>(151,002)</u>
Profit before taxation and zakat		119,433	249,892
Taxation	23	(26,695)	(58,993)
Zakat		<u>(2,986)</u>	<u>(6,247)</u>
Profit for the period attributable to equity holder of the Bank		<u>89,752</u>	<u>184,652</u>

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENT
UNAUDITED BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	31 December 2008 RM'000	30 June 2008 RM'000
ASSETS			
Cash and short-term funds	10	4,788,930	2,282,360
Deposits and placements with financial institutions	11	126	1,261
Securities portfolio	12	3,290,712	2,715,435
Financing, advances and other loans	13	22,317,991	20,929,988
Derivative Assets		27,216	45,185
Other assets	14	122,174	148,377
Statutory deposits with Bank Negara Malaysia		697,000	775,000
Deferred tax assets		12,972	27,114
TOTAL ASSETS		31,257,121	26,924,720
LIABILITIES			
Deposits from customers	15	18,081,670	18,710,572
Deposits and placements of banks and other financial institutions	16	5,777,526	3,590,978
Deposits and placements of holding company		3,500,000	2,000,000
Bills and acceptances payable		307,173	390,110
Derivative liabilities		34,019	45,200
Other liabilities	17	1,359,626	456,255
Provision for taxation and zakat		52,747	46,765
TOTAL LIABILITIES		29,112,761	25,239,880

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CONDENSED FINANCIAL STATEMENT
UNAUDITED BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	31 December 2008 RM'000	30 June 2008 RM'000
SHAREHOLDERS' EQUITY			
Share capital		104,000	100,000
Reserves		2,040,360	1,584,840
TOTAL SHAREHOLDERS' EQUITY		2,144,360	1,684,840
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		31,257,121	26,924,720
COMMITMENTS AND CONTINGENCIES	24	9,825,672	8,728,220
<u>CAPITAL ADEQUACY</u>	25		
Based on credit and market risks:			
<u>Without deducting dividend payable</u>			
Core capital ratio		8.49%	8.07%
Risk-weighted capital ratio		10.10%	9.67%
<u>After deducting dividend payable</u>			
Core capital ratio:		8.49%	8.07%
Risk-weighted capital ratio:		10.10%	9.67%

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENT

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2008**

	<=====Non Distributable=====>					
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 July 2008	100,000	1,500,000	57,983	(31,126)	57,983	1,684,840
Unrealised net gain on revaluation of securities available for sale	-	-	-	74,868	-	74,868
Net gain/(loss) not recognised in the income statement	-	-	-	74,868	-	74,868
Net profit for the period	-	-	-	-	184,652	184,652
Total recognised income/(expense) for the period	-	-	-	74,868	184,652	259,520
Transfer to statutory reserve	-	-	92,326	-	(92,326)	-
Issue of ordinary shares	4,000	196,000	-	-	-	200,000
At 31 December 2008	104,000	1,696,000	150,309	43,742	150,309	2,144,360

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENT
UNAUDITED CONDENSED CASH FLOW STATEMENT
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2008

	31 December 2008 RM'000
Profit before taxation	249,892
Adjustments for non-operating and non-cash items	
Allowances for losses on financing	(89,829)
Accretion of discounts less amortisation of premium of investment securities, net	(13,856)
Profit equalisation reserves	<u>(14,012)</u>
Operating profit before working capital changes	132,195
Changes in working capital:-	
Net changes in operating assets	(1,672,601)
Net changes in operating liabilities	3,892,092
Tax expense and zakat paid	(45,116)
Net cash generated from operations	<u>2,306,570</u>
Net cash (used in)/generated from investing activities	<u>200,000</u>
	<u>200,000</u>
Net change in cash and cash equivalents	2,506,570
Cash and cash equivalents at beginning of year	2,282,360
	<u>4,788,930</u>
Cash and cash equivalents at end of period	<u>4,788,930</u>
Cash and cash equivalents comprise :	
Cash and short-term funds	<u>4,788,930</u>

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements)

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Explanatory Notes

1. Basis of Preparation

The condensed interim financial statements of the Bank have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: securities held-for-trading and available-for-sale and derivative financial instruments.

The condensed interim financial statements have not been audited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and other applicable Financial Reporting Standards (“FRSs”) in Malaysia, as modified by Bank Negara Malaysia. The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2008 and the explanatory notes attached provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the year ended 30 June 2008.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the audited financial statements for the year ended 30 June 2008.

The allowance for doubtful financing of the Bank are computed based on the requirements of BNM/GP3 of which specific allowances are made for doubtful financing which have been individually reviewed and specifically identified as bad and doubtful. In addition, general allowance is made based on a certain percentage of total risk-weighted assets for credit risk, which takes into account all balance sheet items and their perceived credit risk levels.

2. Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving higher degree of judgement and complexity, are as follows.

(i) Fair Value Estimation of Securities Available-for-sale (Note 12) and Derivative Financial Instruments

The fair value of securities and derivatives that are not traded in an active market are determined using valuation techniques based on assumptions of market conditions existing at the balance sheet date, including reference to quoted market prices and independent dealer quotes for similar securities and discounted cash flows method.

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2. Significant Accounting Estimates and Judgments (Cont'd)

(ii) Deferred Tax and Incomes Taxes

The Bank is subject to income taxes in many jurisdictions and significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking expert advice where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

(iii) Allowances for Bad and Doubtful Financing

The Bank review the doubtful financing at each reporting date to assess whether allowances for impairment should be recorded in the financial statements. In particular, judgement is required in the identification of doubtful financing and the estimation of realisation amount from the doubtful financing when determining the level of allowance required.

The Bank have adopted certain criteria in the identification of doubtful financing, which include classifying financing as non-performing when repayments are in arrears for more than three (3) months (one (1) month after maturity date for trade bills, bankers' acceptances and trust receipts). Specific allowances for doubtful financing are provided after taking into consideration of the values assigned to collateral.

The values assigned to collateral are estimated based on market value and/or forced sales value, as appropriate and conforms to BNM guidelines. In addition to the specific allowances made, the Bank also make general allowance against exposure not specifically identified based on a certain percentage of total risk-weighted assets for credit risk. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

(iv) Profit Equalisation Reserve (PER)

PER is the amount provided in order to maintain a certain level of return for deposits in conformity with Bank Negara Malaysia's "The Framework of the Rate of Return". The PER is deducted at a minimum amount of 15% of the total gross income and is maintained up to the maximum of 30% of the total Islamic banking capital fund.

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(v) **Zakat**

This represents business zakat. It is an obligatory amount payable by the Bank to comply with the principles of Shariah.

3. Seasonal or Cyclical Factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors in the financial quarter ended 31 December 2008.

4. Unusual Items Due to Their Nature, Size or Incidence

During the financial quarter ended 31 December 2008, the bank increased its issued and fully paid shares capital to RM104,000,000 by the right issue of 4,000,000 new ordinary shares of RM1 each at premium of RM 49.00 per share on the basis of one share for every 25 existing shares of the Bank.

There were no other unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank during the financial quarter ended 31 December 2008.

5. Changes in Estimates

There was no material changes in estimates during the financial quarter ended 31 December 2008.

6. Subsequent Events

There were no material events subsequent to the balance sheet date.

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7. Performance Review

The Bank registered profit before tax and zakat of RM249.9 million and profit after tax and zakat of RM184.6 million respectively for the cumulative 6 month period ended 31 December 2008 subsequent to the following events:-

- a) Income derived from investment of depositors' funds and income derived from investment of shareholders' funds stood at RM732.3 million and RM72.9 million respectively. Contributing to the overall encouraging income performance for the cumulative 6 month period were income from financing of RM652.5 million (81%), income from deposit placement with financial institutions of RM66.0 million (8%), income from investment in securities of RM43.5 million (5%) and fee and commission income of RM43.0 million (5%). However, the above was off-set by unrealised losses on derivatives revaluation and foreign exchange losses totalling RM13.2 million and losses on sale of investment securities of RM0.4 million.
- b) Allowances for losses on financing stood at RM76.9 million, mainly due to a Newly Classified Non-Performing Financing (NPF) of a few commercial and SMEs financing during the 6 month period.
- c) A total RM14.0 million of Profit Equalisation Reserve (PER) was written-back to income statement in line with Bank Negara Malaysia framework of rate of return to maintain a consistent indicative dividend rates as well as to meet the dividend obligations throughout the period.
- d) Other expenses directly attributable to depositors and shareholders' fund stood at RM10.2 million, mainly on expenses related to dividend on structured Islamic Profit Rate Swap (IPRS).
- e) Income attributable to depositors stood at RM331.1 million for the cumulative 6 month period. This comprised of dividend paid on deposit from customers of RM173.3 million (52%) and deposit/placements from banks and financial institutions of RM157.8 million (48%).
- f) Overhead expenses for the cumulative 6 month period amounted to RM151.0 million. RM14.1 million or 9% of the overhead were expenses directly attributable the cost of doing business; personnel cost of RM3.3 million, establishment cost of RM0.6 million, marketing expenses of RM5.1 million and administrative and general expenses of RM142.0 million. The remaining RM136.9 million or 91% of the overhead were chargeback expenses for shared services provided by holding company.

The Bank recorded total assets of RM31.3 billion, increased by RM4.4 billion or 16% from last financial year ended 30 June 2008. Total net financing and advances assets amounted to RM22.3 billion, higher by RM1.4 billion or 7% from June 2008 mainly attributable to higher hire purchase receivables or automobile financing by RM1.7 billion or 19%.

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7. Performance Review (Cont'd)

The Bank's Islamic financing assets comprised consumer portfolio of 66% and business financing made up the remaining 34% as at December 2008. During the 6 month period, asset quality improved further with net non-performing financing ratio stood at 2.32% against 2.62% registered last financial year.

Total customer deposits amounted to RM18.1 billion, lower by RM0.6 billion or 3% from June 2008. Major reduction came from negotiable instruments of deposits and general investment deposits, which dropped by RM0.8 billion and RM0.7 billion respectively from last financial year. Demand deposits and savings on the other hand, registered higher balances from last financial year by RM0.4 billion and RM0.3 billion respectively. Mudharabah fund accounted for 40% of total customer deposits, while non-Mudharabah fund were the remaining 60%.

The Bank market share of financing assets and customer deposits were in the region of 22.5% and 17.6% respectively based on the industry's position as at November 2008.

As a separate entity, Maybank Islamic is adequately capitalised above the minimum requirements set by Bank Negara Malaysia with core capital ratio of 8.49% and risk weighted capital ratio of 10.10%.

8. Prospects

The Bank expects business environment to remain challenging in 2009 amid slowing global and domestic economic growth. Nevertheless, the Central Bank is positive that the Malaysian economy is not likely to slip into recession given various positive conditions that prevail – relatively stable labour market, access to financing and induction of new stimulus packages. Domestic interests rates are expected to remain soften with anticipated further cut in Overnight Policy Rate in a move to support domestic growth.

The Bank is positive of meeting its broad key performance indicators (KPI) for this financial year with series of business strategies and initiatives are being laid down to enhance its selling propositions and strengthen operational capabilities to maintain our leadership in the domestic Islamic banking market.

9. Profit Forecast or Profit Guarantee

The Bank do not make any profit forecast or issued any profit guarantee.

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10. Cash and Short Term Funds

	31 December 2008 RM'000	30 June 2008 RM'000
Money at call and interbank placements with remaining maturity not exceeding one month	4,788,930	2,282,360
	4,788,930	2,282,360

11. Deposits and Placements with Financial Institutions

Bank Negara Malaysia	126	1,261
	126	1,261

12. Securities Portfolio

	Note		
Securities available-for-sale	(i)	3,280,622	2,715,435
Securities held-to-maturity	(ii)	10,090	-
		3,290,712	2,715,435

12. (i) Securities available-for-sale

At Fair value

Money market instruments:-

Cagamas Bonds	37,556	37,564
Malaysian Government Investment Issues	1,862,006	1,210,750
Negotiable Islamic Instruments of Deposits	169,271	138,551
Bankers' Acceptances and Islamic Accepted Bills	541,914	676,784
Khazanah Bonds	346,860	342,578
Total Money Market Instruments	2,957,607	2,406,227

Unquoted Securities in Malaysia :

Private and Islamic Debt Securities	323,015	309,208
	323,015	309,208
Total securities available-for-sale	3,280,622	2,715,435

12. (ii) Securities held-to-maturity

At Amortised cost less impairment losses

Money market instruments:-

Malaysian Government Securities	10,090	-
Total Money Market Instruments	10,090	-
Total securities held-to-maturity	10,090	-

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13. Financing, Advances and other loans

i) By Type

	31 December 2008 RM'000	30 June 2008 RM'000
Cashline	1,933,197	1,997,952
Term financing		
- Housing financing	4,986,930	4,671,245
- Syndicated financing	318	31,144
- Hire purchase receivables	10,335,918	8,670,953
- Other financing	11,062,088	10,498,323
Bills receivable	55,559	71,263
Trust receipts	121,578	152,488
Claims on customers under acceptance credits	3,733,442	4,064,557
Staff financing	224,991	201,894
Credit/charge cards	4,534	-
Revolving credit	57,000	
	32,515,555	30,359,819
Unearned income	(9,292,136)	(8,546,218)
Gross financing, advances and other loans	23,223,419	21,813,601
Allowances for bad and doubtful financing:		
- specific	(548,286)	(549,632)
- general	(357,142)	(333,981)
Net financing, advances and other loans	22,317,991	20,929,988

ii) By contract

Al-Bai' Bithaman Ajil	8,406,747	8,106,048
Al-Ijarah Thumma Al-Bai (AITAB)	8,600,717	7,202,573
Al-Murabahah	2,130,885	2,154,161
Al-Mudharabah	21,031	30,986
Al-Musyarakah Mutanaqisah	184,986	78,505
Bai Al-Dayn	3,855,967	4,236,434
Other principles	23,086	4,894
Gross financing, advances and other loans	23,223,419	21,813,601

iii) By type of customer

Domestic operations:

Domestic non-banking institutions	1,723,816	1,521,954
Domestic business enterprises		
- Small and medium enterprises	4,637,234	4,813,257
- Others	2,886,732	2,879,563
Government and statutory bodies	120,258	111,513
Individuals	13,773,384	12,425,844
Other domestic entities	3,462	2,146
Foreign entities in Malaysia	78,533	59,324
Gross financing, advances and other loans	23,223,419	21,813,601

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13. Financing, Advances and other loans (contd)

	31 December 2008 RM'000	30 June 2008 RM'000
(iv) By profit rate sensitivity		
Fixed rate		
- Housing financing	3,695,848	3,928,565
- Hire purchase receivables	8,600,728	7,211,478
- Other financing	3,339,058	3,135,363
Floating rate		
- Housing financing	777,045	668,427
- Other financing	6,810,740	6,869,768
Gross financing, advances and other loans	23,223,419	21,813,601

(v) Total financing by economic purpose

Domestic operations:

Purchase of securities	219,143	52,142
Purchase of transport vehicles	9,115,763	7,820,918
- less Islamic loans sold to Cagamas	(518,956)	(611,346)
Purchase of landed properties		
- residential	5,400,970	5,474,098
- non-residential	629,107	615,952
- less Islamic housing loans sold to Cagamas	(338,589)	(362,256)
Personal use	343,184	344,056
Purchase of consumer durables	243	111
Construction	892,257	865,113
Working capital	7,368,252	7,508,035
Credit card	11,684	-
Others	100,361	106,778
Gross financing, advances and other loans	23,223,419	21,813,601

(vi) Non-performing financing by economic purpose

Domestic operations:

Purchase of securities	44,938	46,701
Purchase of transport vehicles	38,714	28,470
Purchase of landed properties		
- residential	495,493	513,073
- non-residential	46,693	43,493
Personal use	41,176	34,565
Purchase of consumer durables	1	4
Construction	96,822	136,448
Working capital	309,748	303,636
Gross financing, advances and other loans	1,073,585	1,106,390

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13. Financing, Advances and other loans (contd)

(vii) Movement in non-performing financing, advances and other loans ("NPF") (including income receivables) are as follows:

	31 December 2008 RM'000	30 June 2008 RM'000
At 1 July 2008	1,106,390	-
Amount vested over from Maybank	-	1,245,328
Non-performing during the period	209,005	326,393
Reclassified as performing	(132,474)	(214,035)
Recovered	(43,911)	(130,959)
Amount written off	(67,980)	(123,707)
Expenses debited to customers' accounts	2,555	3,370
At end of the period	<u>1,073,585</u>	<u>1,106,390</u>
Less: Specific allowance	<u>(548,286)</u>	<u>(549,632)</u>
Net non-performing financing, advances and other loans	<u>525,299</u>	<u>556,758</u>
Gross financing, advances and other loans	23,223,419	21,813,601
Less: Specific allowance	<u>(548,286)</u>	<u>(549,632)</u>
Net financing, advances and other loans	<u>22,675,133</u>	<u>21,263,969</u>
Ratio of net non-performing financings	<u>2.32%</u>	<u>2.62%</u>

(viii) Movement in specific allowance for bad and doubtful financing accounts are as follows:

	31 December 2008 RM'000	30 June 2008 RM'000
<u>Specific Allowance</u>		
At 1 July 2008	549,632	-
Amount vested over from Maybank	-	579,816
Allowance made during the period	103,649	146,574
Amount written back in respect of recoveries	(37,015)	(53,051)
Amount written off	(67,980)	(123,707)
At end of the period	<u>548,286</u>	<u>549,632</u>

(ix) Movement in general allowance for bad and doubtful financing accounts are as follows:

<u>General Allowance</u>		
At 1 July 2008	333,981	-
Amount vested over from Maybank	-	307,891
Allowance made/(written back) during the year	23,161	26,090
At end of the period	<u>357,142</u>	<u>333,981</u>
As a percentage of total financing (less specific allowance)	<u>1.58%</u>	<u>1.57%</u>

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14. Other Assets

	31 December 2008 RM'000	30 June 2008 RM'000
Income receivables	20,796	21,565
Amount due from holding company	-	9,924
Handling fees	73,203	63,302
Prepayments and deposits	61	61
Other debtors	28,114	53,525
	<u>122,174</u>	<u>148,377</u>

15. Deposits from Customers

i) Type of Deposit

Mudharabah Fund

Demand deposits	2,266,060	2,179,605
Savings deposits	120,369	108,793
General investment deposits	4,491,713	5,221,906
	<u>6,878,142</u>	<u>7,510,304</u>

Non-Mudharabah Fund

Demand deposits	3,994,739	3,673,790
Savings deposits	4,245,518	3,959,324
Structured deposits *	512,881	345,330
Negotiable instruments of deposits	2,450,390	3,221,824
	<u>11,203,528</u>	<u>11,200,268</u>
	<u>18,081,670</u>	<u>18,710,572</u>

* Structured deposits represent foreign currency time deposits with embedded foreign exchange option and commodity-linked time deposits.

ii) Type of Customer

Business enterprises	4,075,133	5,874,924
Individuals	6,986,311	6,428,066
Government and statutory bodies	2,436,454	2,535,825
Others	4,583,772	3,871,757
	<u>18,081,670</u>	<u>18,710,572</u>

16. Deposits and Placement of Banks and Other Financial Institutions

Mudharabah Fund

Licensed banks	3,445,601	2,248,619
Licensed merchant banks	13,100	1,500
Other financial institutions	268,435	-
	<u>3,727,136</u>	<u>2,250,119</u>

Non Mudharabah Fund

Licensed banks	1,278,097	654,035
Licensed merchant banks	545,764	487,596
Other financial institutions	226,529	199,228
	<u>2,050,390</u>	<u>1,340,859</u>
	<u>5,777,526</u>	<u>3,590,978</u>

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17. Other Liabilities

	31 December 2008 RM'000	30 June 2008 RM'000
Profit payable	85,042	63,049
Profit Equalisation Reserves	47,757	61,768
Sundry creditors	7,455	188,865
Deposit on trade financing	24,792	49,062
Provisions and accruals	14,890	23,989
Amount due to holding company	1,160,186	-
Others	19,504	69,522
	1,359,626	456,255
<u>Profit Equalisation Reserve</u>		
At 1 July 2008	61,768	-
Amount vested over from Maybank	-	71,993
Provision made during the year	12,668	43,034
Write back during the year	(26,679)	(53,259)
At end of the period*	47,757	61,768

* Profit equalisation reserve at the end of the quarter of which the shareholder's portion is RM 4,323,675 (30 June 2008: RM 4,857,581)

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18. Income derived from investment of depositors' funds

	2nd Quarter Ended 31 December 2008	Cummulative 6 Months Ended 31 December 2008
Income derived from investment of:		
i) General investment deposits	81,455	181,908
ii) Other deposits	282,057	550,381
	363,512	732,289

i) Income derived from investment of general investment deposits

Financing, advances and other loans	67,058	147,403
Money at call and deposit placements with financial institutions	6,900	14,914
Securities available-for-sale	4,769	9,789
Securities held-to-maturity	22	39
	78,749	172,145
Amortisation of premium less accretion of discounts	1,382	3,130
Total finance income and hibah	80,131	175,275
Other operating income :		
Fees Income		
- Processing fees	575	1,796
- Commissions	2,001	4,932
- Service Charges	1,489	2,995
Unrealised losses on revaluation derivatives	(1,843)	(1,903)
Losses on sale of securities available-for-sale	(59)	(97)
Unrealised losses on foreign exchange translations	(839)	(1,090)
	81,455	181,908

ii) Income derived from investment of other deposits

Financing, advances and other loans	231,362	445,978
Money at call and deposit placements with financial institutions	23,717	45,124
Securities available-for-sale	16,210	29,617
Securities held-to-maturity	75	119
	271,364	520,838
Amortisation of premium less accretion of discounts	4,800	9,471
Total finance income and hibah	276,164	530,309
Other operating income :		
Fees Income		
- Processing fees	2,172	5,433
- Commissions	7,095	14,923
- Service Charges	5,039	9,062
Unrealised losses on revaluation derivatives	(5,595)	(5,756)
Losses on sale of securities available-for-sale	(191)	(292)
Unrealised losses on foreign exchange translations	(2,627)	(3,298)
	282,057	550,381

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19. Income derived from investment of shareholders' funds

	2nd Quarter Ended 31 December 2008	Cumulative 6 Months Ended 31 December 2008
Financing, advances and other loans	34,198	59,070
Money at call and deposit placements with financial institutions	3,496	5,977
Securities available-for-sale	2,369	3,923
Securities held-to-maturity	11	16
	<u>40,074</u>	<u>68,986</u>
Amortisation of premium less accretion of discounts	713	1,254
Total finance income and hibah	<u>40,787</u>	<u>70,240</u>
Other operating income :		
Fees Income		
- Processing fees	342	720
- Commissions	1,070	1,977
- Service Charges	734	1,200
Unrealised losses on revaluation derivatives	(743)	(762)
Losses on sale of securities available-for-sale	(27)	(39)
Unrealised losses on foreign exchange translations	(359)	(437)
	<u>41,804</u>	<u>72,899</u>

20. Allowance for Losses on Financing

Allowance for bad and doubtful financing:		
Specific allowance		
- provided	50,320	103,649
- written back	(7,300)	(37,016)
General allowance		
- provided	13,503	31,514
- written back	(3,860)	(8,353)
Bad financing written off	11	35
Bad financing recovered	(9,159)	(12,895)
	<u>43,515</u>	<u>76,934</u>

21. Income attributable to depositors

Deposits from customers		
- Mudharabah	29,349	51,991
- Non-Mudharabah	49,600	121,299
	<u>78,949</u>	<u>173,290</u>
Deposits and placements of banks and other financial institutions		
- Mudharabah	29,981	51,047
- Non-Mudharabah	58,508	106,794
	<u>88,489</u>	<u>157,841</u>
	<u>167,438</u>	<u>331,131</u>

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22. Overhead Expenses

	2nd Quarter Ended 31 December 2008 RM'000	Cumulative 6 Months Ended 31 December 2008 RM'000
Personnel costs	1,727	3,297
- Salaries, allowances and bonuses	1,274	2,477
- Pension costs	193	452
- Others	260	368
Establishment costs	365	598
- Information technology expenses	365	598
Marketing expenses	3,307	5,075
- Advertisement and publicity	3,307	5,074
- Others	-	1
Administration and general expenses	75,315	142,032
- Fees and brokerage	2,092	4,242
- Administrative expenses	545	910
- Shared service cost from Holding company	72,678	136,880
	80,714	151,002

23. Tax Expense and Zakat

The analysis of the tax expense for financial quarter ended 31 December 2008 are as follows:

Malaysian income tax	32,347	70,989
Deferred tax expense		
- Origination and reversal of temporary differences	(5,652)	(11,996)
	(5,652)	(11,996)
Tax expense for the period	26,695	58,993
Zakat	2,986	6,247
	29,681	65,240

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24. Commitments and Contingencies and Off-Balance Sheet Financial Instruments

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

The risk-weighted exposures of the Bank as at the following dates are as follows:

	As at 31 December 2008			As at 30 June 2008		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Direct credit substitutes	201,464	201,464	145,279	170,015	170,015	119,227
Certain transaction-related contingent items	611,556	305,778	278,844	650,224	325,112	289,899
Short-term self-liquidating trade-related contingencies	111,925	22,385	18,686	269,206	53,841	51,414
Islamic housing and hire purchase loans sold to Cagamas Berhad	857,545	857,545	688,251	973,602	973,602	792,474
Commitment on securities sold under sell and buy back agreements	-	-	-	40,000	40,000	8,000
Irrevocable commitments to extend credit:						
- maturity within one year	6,750,364	-	-	5,585,765	-	-
- maturity exceeding one year	370,780	185,390	162,774	242,234	121,117	104,422
Profit rate related contracts:						
- one year to less than five years	859,400	15,283	3,057	691,750	20,063	20,055
Miscellaneous	62,638	-	-	105,424	-	-
	9,825,672	1,587,845	1,296,891	8,728,220	1,703,750	1,385,491

* The credit equivalent amount and the risk-weighted amount are arrived at using the credit conversion factors and risk weights respectively, as specified by Bank Negara Malaysia.

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25. Capital Adequacy

The capital adequacy ratios of the Bank, based on credit and market risks as at the following dates:

	31 December 2008 RM'000	30 June 2008 RM'000
Before deducting proposed dividend:		
Core capital ratio	8.49%	8.07%
Risk-weighted capital ratio	10.10%	9.67%
After deducting proposed dividend:		
Core capital ratio	8.49%	8.07%
Risk-weighted capital ratio	10.10%	9.67%
Components of Tier I and Tier II capital:		
<u>Tier I capital</u>		
Paid-up share capital	104,000	100,000
Share premium	1,696,000	1,500,000
Other reserves	115,966	115,966
Less: Deferred tax assets	(27,114)	(27,114)
Total Tier I capital	1,888,852	1,688,852
<u>Tier II capital</u>		
General allowance for bad and doubtful debts	357,142	333,981
Total Tier II capital	357,142	333,981
Total capital	2,245,994	2,022,833
Capital base	2,245,994	2,022,833

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26. Profit Rate Risk

As at 31 December 2008	← Non trading book →						Trading books	Total	Effective profit rate %
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	380,120	-	-	-	-	4,408,810	-	4,788,930	3.22
Deposits and placements with banks and other financial institutions	-	-	-	-	-	126	-	126	-
Securities available-for-sale	278,133	399,742	380,170	1,152,117	1,070,460	-	-	3,280,622	3.35
Securities held-to-maturity	-	-	-	10,090	-	-	-	10,090	3.07
Financing, advances and other loans									
- performing	4,309,463	1,672,501	828,177	2,751,258	12,588,434	-	-	22,149,833	6.08
- non-performing*	-	-	-	-	-	168,158	-	168,158	-
Derivative assets	-	-	-	27,216	-	-	-	27,216	-
Other assets	-	-	-	-	-	832,146	-	832,146	-
TOTAL ASSETS	4,967,716	2,072,243	1,208,347	3,940,681	13,658,894	5,409,240	-	31,257,121	

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26. Profit Rate Risk (contd)

As at 31 December 2008	Non trading book						Trading books RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000	Non- profit sensitive RM'000			
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	4,197,431	2,933,208	3,036,667	7,810,793	103,571	-	-	18,081,670	1.86
Deposits and placements of banks and other financial institutions	1,951,147	1,403,428	1,868,756	178,528	7,030	368,637	-	5,777,526	3.48
Deposits and placements of holding company	500,000	1,500,000	-	1,500,000	-	-	-	3,500,000	3.81
Bills and acceptances payable	265,745	41,005	-	-	-	423	-	307,173	3.46
Derivatives liabilities	-	-	-	34,019	-	-	-	34,019	-
Other liabilities	-	-	-	-	-	1,412,373	-	1,412,373	-
Total Liabilities	6,914,323	5,877,641	4,905,423	9,523,340	110,601	1,781,433	-	29,112,761	
Shareholders' equity	-	-	-	-	-	2,144,360	-	2,144,360	
Total Liabilities and Shareholders' Equity	6,914,323	5,877,641	4,905,423	9,523,340	110,601	3,925,793	-	31,257,121	
On-balance sheet profit rate sensitivity gap	(1,946,607)	(3,805,398)	(3,697,076)	(5,582,659)	13,548,293	1,483,447	-	-	
Total profit rate sensitivity gap	(1,946,607)	(3,805,398)	(3,697,076)	(5,582,659)	13,548,293	1,483,447	-	-	
Cumulative profit rate sensitivity gap	(1,946,607)	(5,752,005)	(9,449,081)	(15,031,740)	(1,483,447)	-	-		

* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.

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26. Profit Rate Risk (contd)

	← Non trading book →					Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000				
As at 30 June 2008									
ASSETS									
Cash and short-term funds	308,260	-	-	-	-	1,974,100	-	2,282,360	3.48
Deposits and placements with banks and other financial institutions	-	-	-	-	-	1,261	-	1,261	-
Securities available-for-sale	305,968	424,473	108,610	1,422,702	453,682	-	-	2,715,435	4.20
Financing, advances and other loans									
- performing	3,991,265	1,365,170	274,292	2,399,018	12,677,466	-	-	20,707,211	6.43
- non-performing*	-	-	-	-	-	222,777	-	222,777	-
Derivative assets	-	-	-	45,185	-	-	-	45,185	-
Other assets	-	-	-	-	-	950,491	-	950,491	-
TOTAL ASSETS	4,605,493	1,789,643	382,902	3,866,905	13,131,148	3,148,629	-	26,924,720	

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26. Profit Rate Risk (contd)

As at 30 June 2008	← Non trading book →						Trading books RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000	Non- profit sensitive RM'000			
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	5,456,340	2,125,416	3,785,273	7,154,899	188,644	-	-	18,710,572	1.99
Deposits and placements of banks and other financial institutions	1,213,695	410,016	1,631,207	103,647	77,221	155,192	-	3,590,978	3.57
Deposits and placements of holding company	-	-	500,000	1,000,000	500,000	-	-	2,000,000	5.08
Bills and acceptances payable	-	175,508	214,056	-	-	546	-	390,110	3.45
Derivatives liabilities	-	-	-	45,185	-	-	15	45,200	-
Other liabilities	-	-	-	-	-	503,020	-	503,020	-
Total Liabilities	6,670,035	2,710,940	6,130,536	8,303,731	765,865	658,758	15	25,239,880	
Shareholders' equity	-	-	-	-	-	1,684,840	-	1,684,840	
Total Liabilities and Shareholders' Equity	6,670,035	2,710,940	6,130,536	8,303,731	765,865	2,343,598	15	26,924,720	
On-balance sheet profit rate sensitivity gap	(2,064,542)	(921,297)	(5,747,634)	(4,436,826)	12,365,283	805,031	(15)	-	
Total profit rate sensitivity gap	(2,064,542)	(921,297)	(5,747,634)	(4,436,826)	12,365,283	805,031	(15)	-	
Cumulative profit rate sensitivity gap	(2,064,542)	(2,985,839)	(8,733,473)	(13,170,299)	(805,016)	15	-		

* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.