

CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31ST MARCH 2018

	Note	Group		Company	
		31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
ASSETS					
Cash and short-term funds	10	567,644	580,367	416,965	415,781
Deposits and placements with licensed banks and other financial institutions	11	434,791	434,823	427,691	424,573
Financial asset through profit and loss	12	250,921	246,079	233,887	246,079
Securities available-for-sale	13	-	3,828,614	-	1,655
Debt instrument at fair value through other comprehensive income	13	1,389,649	-	1,650	-
Debt instrument at amortised cost	13	2,729,643	-	-	-
Derivative assets	15	44	78	-	-
Loans, advances and financing	16	887,505	783,593	108,940	107,185
Other assets	17	141,991	236,628	20,300	13,511
Statutory deposits with Bank Negara Malaysia		112,809	114,282	-	-
Investment in associate		3,918	3,480	2,560	2,560
Investment in subsidiaries		-	-	600,757	600,756
Investment properties		2,790	2,805	-	-
Property, plant and equipment		3,553	3,784	2,471	2,671
Intangible assets		7,102	6,607	3,552	2,743
Deferred tax assets		8,687	13,419	4,414	4,645
Goodwill		86,713	86,713	-	-
TOTAL ASSETS		6,627,760	6,341,272	1,823,187	1,822,159
LIABILITIES					
Deposits from customers	18	2,337,678	1,937,469	-	-
Deposits and placements of banks and other financial institutions	19	1,854,403	1,881,642	-	-
Other liabilities		157,933	275,613	48,203	55,370
Borrowings	20	454,965	458,404	306,674	310,167
Provision for taxation and zakat		4,893	2,380	3,366	899
Employee benefits		11,922	11,936	7,919	7,829
Deferred tax liabilities		-	-	-	-
TOTAL LIABILITIES		4,821,794	4,567,444	366,162	374,265
SHAREHOLDER'S EQUITY					
Capital and reserves attributable to shareholder of the Company					
Share capital		829,931	829,931	829,931	829,931
Reserves		975,779	943,642	627,094	617,963
		1,805,710	1,773,573	1,457,025	1,447,894
Non-controlling interests		256	255	-	-
TOTAL SHAREHOLDER'S EQUITY		1,805,966	1,773,828	1,457,025	1,447,894
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		6,627,760	6,341,272	1,823,187	1,822,159
COMMITMENTS AND CONTINGENCIES	28	512,489	597,352	22,499	16,893
NET ASSETS PER SHARE (RM)		2.18	2.14	1.76	1.74

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2017.



CONDENSED CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Note	Group 3 Months Ended		Company 3 Months Ended	
		31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Operating revenue	27	83,076	82,775	23,679	23,006
Interest income	21	34,906	34,590	7,684	7,208
Interest expense	22	(23,500)	(25,685)	(1,015)	(1,085)
Net interest income		11,406	8,905	6,669	6,123
Net income from Islamic banking operations	33(b)	22,552	20,212	10,707	9,467
Non-interest income	23	9,587	18,464	5,217	7,850
		43,545	47,581	22,593	23,440
Operating expenses	24	(27,985)	(26,511)	(14,265)	(13,689)
Operating profit		15,560	21,070	8,328	9,751
Expected credit loss allowance/ impairment loss (made)/written back on:					
- loans, advances and financing	25	(781)	5,715	(344)	809
- debt instruments	26	(129)	(1,071)	-	(252)
- other assets		(117)	(432)	-	(198)
Profit before share of results in associates		14,533	25,282	7,984	10,110
Share of results in associates		418	360	-	-
Profit before taxation and zakat		14,951	25,642	7,984	10,110
Taxation		(3,446)	(5,593)	(1,559)	(2,592)
Zakat		(311)	(377)	(115)	(159)
Profit for the financial period		11,194	19,672	6,310	7,359
Attributable to:					
Shareholder of the Company		11,194	19,672	6,310	7,359
Non-controlling interests		-	-	-	-
Profit for the financial period		11,194	19,672	6,310	7,359
Earnings per share (sen)					
- Basic and diluted		2.40	4.22	1.35	1.58

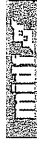
The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2017.



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

<u>Group</u>	Group 3 Months Ended		Company 3 Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Profit for the financial period	11,194	19,672	6,310	7,359
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Net realised gain transferred to profit or loss on disposal of securities available-for-sale	(2,081)	(1,083)	-	-
Fair value changes	1,877	11,363	-	-
Deferred tax on revaluation of securities available-for-sale			-	-
Total other comprehensive gain/(loss) for the financial period, net of tax	(204)	10,280	-	-
Items that not to be reclassified subsequently to profit or loss:				
Re-measurement loss on defined benefit plans	112	(15)	-	-
Total comprehensive income for the financial period	11,102	29,937	6,310	7,359
Total comprehensive income for the financial period attributable to:				
Shareholder of the Company	11,102	29,936	6,310	7,359
Non-controlling interests	-	1	-	-
	11,102	29,937	6,310	7,359

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2017.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

Group	Attributable to shareholder of the Company				Fair Value		Statutory Reserve *	Retained Profits	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Securities Available-For-Sale Reserve #	Through Other Comprehensive Income Reserve #	Regulatory Reserve ^	Distributable				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	829,931	-	(18,576)	-	2,573	-	959,645	255	1,773,573	1,773,828
Effect of MFRS 9 Financial Instrument adoption	-	-	18,576	681	19,056	-	(17,186)	-	21,127	21,127
At 1 January 2018, restated	829,931	-	-	681	21,629	-	942,459	255	1,794,700	1,794,955
Other comprehensive income for the period	-	-	-	(204)	-	-	112	-	(92)	(92)
Profit for the period	-	-	-	-	-	-	11,102	-	11,102	11,102
Total comprehensive income for the period	-	-	-	(204)	-	-	11,214	1	11,010	11,010
Transfer to regulatory reserve	-	-	-	-	(773)	-	773	-	-	-
At 31 March 2018	829,931	-	-	477	20,856	-	954,446	256	1,805,710	1,805,965

* The statutory reserve is maintained in compliance with the provisions of the Financial Services Act, 2013 and is not distributable as cash dividends.

^ The regulatory reserve for FY2018 is maintained in compliance with the revised Bank Negara Malaysia guideline on Financial Reporting policy in which the Group required to maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves no less than 1% of total exposure, net of loss allowance for credit-impaired exposures.

The debt instruments at fair value through other comprehensive income/securities available-for-sale reserve arises from the change in the fair value of the underlying instruments and it is not distributable as cash dividends.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2017.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

Group	Attributable to shareholder of the Company						Total Equity RM'000			
	Non-Distributable			Distributable						
	Share Capital RM'000	Share Premium RM'000	Securities Available-For- Sale Reserve # RM'000	Profit Equalisation Reserve RM'000	Regulatory Reserve ^ RM'000	Statutory Reserve * RM'000	Retained Profits RM'000	Total RM'000	Non- controlling Interests RM'000	
At 1 January 2017	466,070	363,861	(42,534)	-	3,932	131,324	866,877	1,789,530	210	1,789,740
Other comprehensive income for the period	-	-	-	-	-	-	10,265	10,265	-	10,265
Profit for the period	-	-	-	-	-	-	19,671	19,671	1	19,672
Total comprehensive income for the period	-	-	-	-	-	-	29,936	29,936	1	29,936
Transactions with owner Dividends	-	-	-	-	-	-	(90,000)	(90,000)	-	(90,000)
At 31 March 2017	466,070	363,861	(42,534)	-	3,932	131,324	806,813	1,729,466	211	1,729,692

* The statutory reserve is maintained in compliance with the provisions of the Financial Services Act, 2013 and is not distributable as cash dividends.

^ Regulatory reserve is maintained by an investment bank subsidiary in compliance with the guidelines issued by BNM in relation to the Policy on Classification and Impairment Provisions for Loans/Financing. The requirement to maintain, in aggregate, the collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowances is applied by the relevant investment banking subsidiary within the Group and such reserve is not distributable as cash dividends.

The securities available-for-sale reserve arises from the change in the fair value of the securities available-for-sale and it is not distributable as cash dividends.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2017.

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

Company	Attributable to shareholder of the Company			Total Equity RM'000
	— Non- Distributable —		Distributable	
	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	
At 1 January 2018	829,931	-	617,963	1,447,894
Effects of MFRS 9 Financial Instruments adoption	-	-	2,822	2,822
At 1 January 2018, restated	829,931	-	620,785	1,450,716
Total other comprehensive income for the period	-	-	-	-
Profit for the financial period	-	-	6,309	6,309
Comprehensive income for the financial period	-	-	6,309	6,309
At 31 March 2018	829,931	-	627,094	1,457,025

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

Company	Attributable to shareholder of the Company			Total Equity RM'000
	— Non- Distributable —		Distributable	
	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	
At 1 January 2017	466,070	363,861	623,422	1,453,353
Total other comprehensive income for the period	-	-	-	-
Profit for the financial period	-	-	7,359	7,359
Comprehensive income for the financial period	-	-	7,359	7,359
Transaction with owner	-	-	-	-
Dividends	-	-	(90,000)	(90,000)
At 31 March 2017	466,070	363,861	540,781	1,370,712

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2017.

CONDENSED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Group		Company	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Profit before taxation and zakat:	14,951	25,642	7,983	10,110
Adjustments	6,646	(7,817)	(2,816)	(92)
Operating profit before changes in working capital	21,597	17,825	5,167	10,018
Changes in working capital:				
Net changes in operating assets	(305,642)	(80,023)	12,325	171,737
Net changes in operating liabilities	276,129	388,397	(7,166)	9,863
Tax expense and zakat paid	(172)	(997)	(1,514)	(2,566)
Retirement benefits paid	(112)	(465)	(114)	(244)
Net cash generated from operating activities	(8,200)	324,738	8,698	188,808
Net cash used in generated from investing activities	(1,116)	(4,131)	(903)	(2,911)
Net cash generated used in generated financing activities	(3,439)	(3,031)	(3,493)	(3,492)
Net increase / (decrease) in cash and cash equivalents	(12,755)	317,576	4,302	182,405
Cash and cash equivalents at beginning of the financial period	1,015,190	756,183	840,354	687,820
Cash and cash equivalents at end of the financial period	1,002,435	1,073,759	844,656	870,225

Cash and cash equivalents included in the statements of cash flows comprise the following statement of financial position amounts:

	Group		Company	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Cash and short-term funds	567,644	817,553	416,965	621,149
Deposits and placements with banks and other financial institutions	434,791	256,206	427,691	249,076
Statutory deposits with Bank Negara Malaysia				
	1,002,435	1,073,759	844,656	870,225

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2017.

**Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134, *Interim Financial Reporting* ("MFRS 134"),
International Accounting Standard 134 ("IAS 34"), Guidelines on Financial Reporting and Guidelines on Financial
Reporting for Islamic Banking Institutions issued by Bank Negara Malaysia**

1. Basis of preparation

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34, *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB"), Bank Negara Malaysia ("BNM") Guidelines and the requirements of the Companies Act, 2016 in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 December 2017.

The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Company since the financial year ended 31 December 2017.

2. Significant accounting policies

The accounting policies applied by the Group and the Company in these condensed interim financial statements are the same as those applied by the Group and the Company in their financial statements for the year ended 31 December 2017.

2.1 Adoption of Amendments and Annual Improvements to Standards

The Group and the Company have adopted the following Amendments and Annual Improvements to Standards, with a date of initial application of 1 January 2018.

- Amendments to MFRS 1 and MFRS 128 (*Annual Improvements to MFRS Standards 2014-2016 Cycle*)
- Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4 - *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- MFRS 15 *Revenue from Contracts with Customers*
- MFRS 15 *Clarifications to MFRS 15*
- MFRS 9 *Financial Instruments*
- Amendments to MFRS 140 - *Transfer of Investment Property*
- IC Int. 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of the above pronouncements did not have any impact on the financial statements of the Group and the Company except as described below:

(a) MFRS 9 Financial Instruments

Classification and measurement of financial instruments

In these interim financial statements, the Group and the Company has applied MFRS 9 which replaced MFRS 139, effective for annual periods beginning on or after 1 January 2018, for the first time. The comparative information for 2017 for financial instruments has not been restated in the scope of MFRS 9.

Therefore, the comparative information for 2017 is reported under MFRS 139 and is not comparable to the information presented for 31 March 2018. The reclassification and measurement of financial assets and liabilities effected by MFRS 9 is summarised in Table 1 which also presented the difference in carrying amount of the Group and the Company's financial instruments as at 1 January 2018 between MFRS 139 and MFRS 9 to show the quantitative impact.

The differences and transition impact of Islamic Banking Scheme ("SPI") is disclosed in Note 33.

2. Significant accounting policies (cont'd.)

(a) MFRS 9 Financial Instruments (cont'd.)

Table 1

Summary of the classification and measurement of the Group's financial assets on 1 January 2018 are as follow:

	Note	Measurement Category		Carrying amount as at	
		Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139) RM'000	New (MFRS 9) RM'000
Financial assets:					
Cash and short-term funds	(iii)	Loans and receivables	Amortised cost	580,367	580,367
Deposits and placements with licensed banks and other financial institutions	(iii)	Loans and receivables	Amortised cost	434,823	434,823
Equity instruments	(i)	HFT	FVTPL	-	-
Debt instruments	(ii)	HFT	FVTPL	246,079	246,079
Equity instruments	(i)	AFS	FVOCI	1,057	1,057
Equity instruments	(i)	AFS	FVTPL	19,737	19,737
Debt instruments	(ii)	AFS	Amortised cost	2,664,469	2,689,380
Debt instruments	(ii)	AFS	FVOCI	1,138,419	1,138,419
Debt instruments	(ii)	AFS	FVTPL	4,932	4,932
Loans, advances and financing	(iii)	Loans and receivables	Amortised cost	783,593	785,763
Derivative assets		FVTPL	FVTPL	78	78
Other assets	(iii)	Loans and receivables	Amortised cost	236,628	236,756
Statutory deposits with Bank Negara Malaysia		Loans and receivables	Amortised cost	114,282	114,282
Financial liabilities:					
Deposits from customers	(iv)	Amortised cost	Amortised cost	1,937,469	1,937,469
Deposits and placements of banks and other financial institutions		Amortised cost	Amortised cost	1,881,642	1,881,642
Other liabilities		Amortised cost	Amortised cost	275,613	275,613

2. Significant accounting policies (cont'd.)

2.1 Adoption of Amendments and Annual Improvements to Standards (cont'd.)

(a) MFRS 9 Financial Instruments (cont'd.)

Table 1 (cont'd.)

(i) Under MFRS 9, all equity instruments are required to be accounted at fair value either based on:

- Fair value through Other Comprehensive Income (Without Recycling) ("FVOCI"); or
- Fair Value Through Profit & Loss ("FVTPL")

For equity instrument held for trading, the Group and the Company has elected the equity instrument as FVTPL; while for those not held for trading, the equity instrument is elected as FVOCI.

(ii) Classification of debt instruments previously recorded under MFRS 139 as AFS is accounted for as follows:

- Debt instruments that pass "Solely Payment of Principal and Interest" (SPPI Test) and is intended to hold to collect the contractual cash flows are accounted for at Amortised Cost.
- Debt instruments that pass "Solely Payment of Principal and Interest" (SPPI Test) and its business model is achieved by both collecting contractual cash flows and selling of these assets are accounted for as FVOCI.
- Debt instruments that fail SPPI test are accounted for at FVTPL.

(iii) Staff loans receivable, trade receivables, other receivables which are financial assets, cash and bank balances and cash for trading margins, security deposits and dividend distributions that have previously been classified as loan and receivables are now classified as amortised cost. The Group and the Company intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(iv) If an entity chooses to measure a financial liability at FVTPL, MFRS 9 requires changes in fair value related to changes in own credit risk to be presented separately in OCI but not in profit or loss. As at January 2018, the Group and the Company does not elect for any financial liability at fair value through profit or loss.

2. Significant accounting policies (cont'd.)

2.1 Adoption of Amendments and Annual Improvements to Standards (cont'd.)

(a) MFRS 9 Financial Instruments (cont'd.)

Table 2

Reconciliation of the carrying amount of the Group's statement of financial position from MFRS 139 Financial Instruments to MFRS 9 Financial Instruments as at 1 January 2018 are as follow:

	Original (MFRS 139) Carrying amount as at 31 December 2017 RM'000	Reclassification RM'000	Remeasurement RM'000	New (MFRS 9) Carrying amount as at 1 January 2018 RM'000
Investment securities - AFS	3,828,614	(3,828,614)	-	-
Investment securities - Amortised Cost	-	2,664,469	24,911	2,689,380
Investment securities - FVOCI	-	1,139,476	-	1,139,476
Investment securities - FVTPL	-	24,669	-	24,669
Loans, advances and financing:	783,593	-	2,170	785,763
Opening balance	783,593	-	-	-
Increase in loss allowance	-	-	2,170	-
Total loans, advances and financing	-	-	-	785,763
Deferred tax assets:	13,419	(5,867)	(215)	7,337
Opening balance	13,419	-	-	-
Reversal of deferred tax relating to AFS revaluation reserve	-	(5,867)	-	-
Recognition of deferred tax relating to FVOCI revaluation reserve	-	-	(215)	-
Total deferred tax assets	-	-	-	7,337
Other assets:	236,628	-	128	236,756
Opening balance	236,628	-	-	-
Decrease in loss allowance*	-	-	128	-
Other assets	-	-	-	236,756
Retained earnings:	959,645	-	(17,186)	942,459
Opening balance	959,645	-	-	959,645
Increase in loss allowance for:	-	-	-	-
- loans, advances and financing	-	-	2,170	2,170
- debt instruments at amortised cost	-	-	(428)	(428)
- other assets	-	-	128	128
Transfer to regulatory reserve	-	-	(19,056)	(19,056)
Total retained earnings	-	-	-	942,459
AFS reserve	(18,576)	18,576	-	-
FVOCI reserve:	-	-	681	681
Opening balance	-	-	-	-
Fair value changes arising from the revaluation of investment securities FVOCI	-	-	681	681
Total FVOCI reserve	-	-	-	-
Regulatory reserve:	2,573	-	19,056	21,629
Opening balance	2,573	-	-	2,573
Transfer from retained earnings	-	-	19,056	19,056
Total regulatory reserve	-	-	-	21,629

* The Group applies the simplified approach in providing ECL.

2. Significant accounting policies (cont'd.)

2.2 Standards issued but not yet effective

At the date of authorisation of the unaudited condensed interim financial statements, the following Standards and Amendments to Standards were issued but not yet effective and have not been adopted by the Group and the Company.

Description	Effective for financial periods beginning on or after
Amendments to MFRS 9 - Prepayment Features with Negative Compensation	1 January 2019
MFRS 16 <i>Leases</i>	1 January 2019
IC Int. 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 3 Business Combination (<i>Annual Improvements to MFRS</i>)	1 January 2019
Amendments for MFRS 112 - Income Taxes (<i>Annual Improvements to MFRS</i>)	1 January 2019
Amendments to MFRS 123 - <i>Borrowing Costs (Annual Improvements to MFRS</i>)	1 January 2019
Amendments to MFRS 128 - <i>Long-term Interests in Associates and Joint</i>	1 January 2019
Amendments to MFRS 119 - <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 11 <i>Joint Arrangements (Annual Improvement to MFRS</i>)	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between</i>	Deferred
	Deferred

3. Comments about seasonal or cyclical factors

The Group's and the Company's performance is not materially affected by any seasonal or cyclical factors but is affected by the level of activities in the securities and derivatives markets.

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 March 2018.

5. Significant estimates and changes in estimates

There were no changes in estimates that have had any material effect on the quarter ended 31 March 2018.

6. Debt and equity securities

There were no changes in debt and equity securities during the quarter ended 31 March 2018.

7. Dividend paid/payable

A single tier interim dividend in respect of the financial year ended 31 December 2017 of 10.7280 sen on 466,069,913 ordinary share, amounting to a dividend of RM50,000,000 has been approved by the Board of Directors on 28 February 2018. On 19 April 2018, Bank Negara Malaysia ("BNM") approved this dividend.

8. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2017 was not qualified.

9. Performance review

The Group registered a pre-tax profit of RM15.0 million for the period ended 31 March 2018, a decrease of 41.4% as compared to the previous corresponding period's pre-tax profit of RM25.6 million. The lower pre-tax profit is attributable to higher net unrealised loss on of financial assets through profit and loss of RM1.7 million for this quarter.

10. Cash and short-term funds

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Cash and bank balances	50,309	123,265	6,509	6,185
Deposits and placements maturing within one month	517,335	457,102	410,456	409,596
	<u>567,644</u>	<u>580,367</u>	<u>416,965</u>	<u>415,781</u>

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group amounted to RM3,134,000 and RM1,734,000 (2017: RM2,304,000 and RM1,343,000) respectively. These amounts are excluded from the cash and short-term funds of the Group.

11. Deposits and placements with licensed banks and other financial institutions

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Deposits with licensed banks	434,791	434,823	427,691	424,573
Deposits with other financial institutions				
	<u>434,791</u>	<u>434,823</u>	<u>427,691</u>	<u>424,573</u>

12. Financial assets at fair value through profit or loss ("FVTPL")

At fair value	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Money market instruments:				
Government Investment Issues	15,011	9,940	15,011	9,940
Quoted instruments:				
Shares	17,023	-	-	-
Unquoted securities in Malaysia:				
Corporate Bond and/or Sukuk	65,323	65,517	65,312	65,517
Islamic Commercial Papers	144,480	160,614	144,480	160,614
Shares	1	1	1	1
	<u>209,804</u>	<u>226,132</u>	<u>209,793</u>	<u>226,132</u>
Unit Trust	9,083	10,007	9,083	10,007
	<u>250,921</u>	<u>246,079</u>	<u>233,887</u>	<u>246,079</u>

13. Debt instruments at fair value through comprehensive income ("FVOCI") / Securities Available-For-Sale

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	291,592	481,359	-	-
Government Investment Issue	201,087	384,266	-	-
Malaysian Treasury Bills	24,674	-	-	-
Negotiable Instruments of Deposit	645,758	497,021	-	-
	<u>1,163,111</u>	<u>1,362,646</u>	<u>-</u>	<u>-</u>
Quoted securities in Malaysia:				
Shares and Warrants	-	29,606	-	-
	<u>-</u>	<u>29,606</u>	<u>-</u>	<u>-</u>
Unquoted securities in Malaysia:				
Corporate Bond/Sukuk	299,395	2,512,061	590	595
Shares	4,921	4,921	-	-
Loan Stocks	73,418	81,008	9,404	9,404
	<u>377,734</u>	<u>2,597,990</u>	<u>9,994</u>	<u>9,999</u>
Unquoted securities in Malaysia:				
Shares	1,057	1,206	300	300
	<u>1,057</u>	<u>1,206</u>	<u>300</u>	<u>300</u>
Less: Expected credit loss allowance	(152,253)	(162,834)	(8,644)	(8,644)
	<u>1,389,649</u>	<u>3,828,614</u>	<u>1,650</u>	<u>1,655</u>

14. Debt instruments at amortised cost

	Group	
	31 March 2018 RM'000	31 December 2017 RM'000
At amortised cost		
Money market instruments:		
Malaysian Government Securities	194,627	-
Government Investment Issue	190,803	-
	<u>385,430</u>	<u>-</u>
Unquoted securities in Malaysia:		
Shares	2,337,028	-
Loan Stocks	8,247	-
	<u>2,345,275</u>	<u>-</u>
Less: Expected credit loss allowance	(a) (1,062)	-
	<u>2,729,643</u>	<u>-</u>

14. Debt instruments at amortised cost (cont'd.)

(a) Movements in expected credit loss allowance

	Stage 1 Collective RM'000	Group Stage 3 Individual RM'000	Total RM'000
As at 1 January	-	-	-
Effects of MFRS 9 Financial Instruments adoption	-	(1,057)	(1,057)
As at 1 January, restated	-	(1,057)	(1,057)
Impairment made during the financial period	(5)	-	(5)
	<u>(5)</u>	<u>(1,057)</u>	<u>(1,062)</u>

15. Derivative assets

Group	Contract or underlying principal amount RM'000	Derivative assets RM'000
31 March 2018		
Interest rate related derivatives:		
- Interest rate swaps	100,000	44
31 December 2017		
Interest rate related derivatives:		
- Interest rate swaps	100,000	78

16. Loans, advances and financing

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Term loans				
Syndicated term loans/financing	134,003	238,832	-	-
Hire purchase receivables	9,976	10,205	1,110	1,339
Real estate financing	29,882	27,735	-	-
Murabahah financing	279,710	180,205	-	-
Lease receivables	1,568	1,568	-	-
Other term loans/financing	250,806	141,577	156,698	160,026
	<u>705,945</u>	<u>600,122</u>	<u>157,808</u>	<u>161,365</u>
Margin accounts	310,817	317,038	-	-
Staff loans	1,392	1,441	916	948
Revolving credits				
	<u>1,018,154</u>	<u>918,601</u>	<u>158,724</u>	<u>162,313</u>
Less: Unearned interest / income	(8,676)	(9,160)	(8,676)	(9,160)
Gross loans, advances and financing	<u>1,009,478</u>	<u>909,441</u>	<u>150,048</u>	<u>153,153</u>
Less: Security deposits				
Less: Impairment allowance				
- Collective impairment allowance	-	(8,881)	-	(5,366)
- Individual impairment allowance	-	(116,967)	-	(40,602)
- Expected credit loss allowance	(121,973)	-	(41,108)	-
Total net loans, advances and financing	<u>887,505</u>	<u>783,593</u>	<u>108,940</u>	<u>107,185</u>

The Group and the Company operate principally in Malaysia and hence, disclosure of information by geographical area is not presented.

16. Loans, advances and financing (cont'd.)

a. By type of customer

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Domestic business enterprises				
- Small medium enterprises	584,014	444,848	98,050	101,091
- Others	162,784	193,811	51,082	51,114
Individuals	262,680	270,782	916	948
Foreign entities	-	-	-	-
Gross loans, advances and financing	1,009,478	909,441	150,048	153,153

b. By interest/profit rate sensitivity

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Fixed rate				
- Staff loans	1,392	1,441	916	948
- Hire purchase receivables	9,976	10,205	1,110	1,339
- Other fixed rate loan/financing	468,671	445,814	90,191	92,262
Variable rate				
- BLR plus	26,402	27,523	26,402	27,523
- Cost plus	503,037	424,458	31,429	31,081
Gross loans, advances and financing	1,009,478	909,441	150,048	153,153

c. By economic sector

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Mining and quarrying	98,048	98,048	-	-
Manufacturing	112,488	115,382	50,464	52,829
Construction	109	117	-	-
Wholesale & retail trade and restaurants & hotels	70,732	72,582	44,388	44,790
Transport, storage and communications	114,848	2,864	1,944	2,196
Finance, insurance, and business services	158,538	160,547	48,283	48,273
Purchase of transport vehicles	8,865	7,581	-	-
Others	445,850	452,320	4,969	5,065
Gross loans, advances and financing	1,009,478	909,441	150,048	153,153

d. By residual contractual maturity

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Within one year	690,828	556,270	70,122	72,464
One year to five years	287,125	334,857	59,789	73,843
After five years	31,525	18,314	20,137	6,846
Gross loans, advances and financing	1,009,478	909,441	150,048	153,153

16. Loans, advances and financing (cont'd.)

e. Impaired loans ("ILs"), advances and financing

(i) Movements in ILs

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
At 1 January	449,700	568,470	63,743	65,242
Classified as impaired/(performing) during the financial year	502	33,365	-	-
Reclassified as unimpaired during the period/ year	-	-	-	-
Amount recovered	(179)	(151,347)	(143)	(711)
Amount written off	(2,345)	(788)	(2,345)	(788)
At 31 March/31 December	447,678	449,700	61,255	63,743
Less: Allowances				
- Individual impairment allowances	-	(116,967)	-	(40,602)
- Expected credit loss allowances	(114,967)	-	(38,589)	-
Net ILs	332,711	332,733	22,666	23,141
Net ILs as % of gross loans, advances and financing less expected credit loss allowances (stage 3) / individual impairment allowance	37.49%	41.99%	20.81%	20.56%

(ii) ILs by economic sector

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Mining and quarrying	98,047	98,048	-	-
Manufacturing	105,180	107,328	46,666	48,814
Construction	117	117	-	-
Wholesale & retail trade and restaurants & hotels	23,770	23,917	12,576	12,687
Transport, storage and communication	731	948	63	280
Finance, insurance, and business services	1,531	1,543	1,531	1,543
Purchase of transport vehicles	7,581	7,581	-	-
Others	210,721	210,218	419	419
	447,678	449,700	61,255	63,743

(iii) Movements in impairment provision

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Individual impairment allowance				
At 1 January	116,967	126,184	40,602	42,906
Transfer to expected credit allowance	(116,967)	-	(40,602)	-
Impairment made during the financial period/year	-	5,744	-	67
Amount written-back	-	(2,409)	-	(1,057)
Amount written off	-	(1,545)	-	(788)
Discount unwind	-	(2,036)	-	(526)
Reclassification to other liabilities and AFS	-	(8,971)	-	-
At 31 March / 31 December	-	116,967	-	40,602

15. Loans, advances and financing (cont'd.)

e. Impaired loans ("ILs"), advances and financing (cont'd.)

(iii) Movements in impairment provision (cont'd.)

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Collective impairment allowance				
At 1 January	5,366	7,602	5,366	4,755
Transfer to expected credit allowance	(5,366)	-	(5,366)	-
Impairment made/(written back) during the financial period	-	1,279	-	611
At 31 March / 31 December	<u>-</u>	<u>8,881</u>	<u>-</u>	<u>5,366</u>

Expected credit loss allowance on loans, advances and financing

	Stage 1 Collective RM'000	Stage 2 Collective RM'000	Stage 3 Individual RM'000	Off-Balance Sheet RM'000	Total RM'000
Group					
As at 1 January	-	-	-	-	-
Effects of MFRS 9					
Financial Instruments adoption	(2,526)	(1,633)	(116,967)	(2,552)	(123,678)
As at 1 January, restated	<u>(2,526)</u>	<u>(1,633)</u>	<u>(116,967)</u>	<u>(2,552)</u>	<u>(123,678)</u>
Transfer	(78)	-	-	78	-
Impairment made during the financial period	(432)	-	(631)	-	(1,063)
Amount written-back	-	137	68	-	205
Amount written off	-	-	2,447	-	2,447
Discount unwind	-	-	116	-	116
	<u>(3,036)</u>	<u>(1,496)</u>	<u>(114,967)</u>	<u>(2,474)</u>	<u>(121,973)</u>
Company					
As at 1 January	-	-	-	-	-
Effects of MFRS 9					
Financial Instruments adoption	(808)	(1,633)	(40,602)	(103)	(43,146)
As at 1 January, restated	<u>(808)</u>	<u>(1,633)</u>	<u>(40,602)</u>	<u>(103)</u>	<u>(43,146)</u>
Impairment made during the financial period	(111)	-	(485)	-	(596)
Amount written-back	-	136	38	-	174
Amount written off	-	-	2,344	-	2,344
Discount unwind	-	-	116	-	116
	<u>(919)</u>	<u>(1,497)</u>	<u>(38,589)</u>	<u>(103)</u>	<u>(41,108)</u>

17. Other assets

	Note	Group		Company	
		31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Interest/profit receivables		37,215	31,777	4,231	4,870
Amount due from brokers and clients	(b)	58,130	165,308	-	-
Deposits, prepayments and other receivables		29,314	15,516	4,004	3,011
Less: Individual impairment allowance		(10,449)	(4,350)	-	-
Expected credit loss		18,865	11,166	4,004	3,011
Amount receivables from Danaharta		96,973	96,973	-	-
Less: Individual impairment allowance		(96,973)	(96,973)	-	-
Expected credit loss		-	-	-	-
Amount due from subsidiaries	(a)	-	-	8,518	4,620
Tax recoverable		27,781	28,377	3,547	1,010
		<u>141,991</u>	<u>236,628</u>	<u>20,300</u>	<u>13,511</u>

(a) Amount due from subsidiaries

These amounts are unsecured, interest free and repayable on demand.

(b) Clients' accounts

Group	Note	31 March 2018 RM'000	31 December 2017 RM'000
Brokers		31,007	52,399
Amount due from clients		27,123	112,909
		<u>58,130</u>	<u>165,308</u>

(c) Deposit, prepayments and other receivables

Group	31 March 2018 RM'000	31 December 2017 RM'000
(i) Movements in individual impairment allowance on amount from clients:		
At 1 January	(4,350)	(4,515)
Transfer to expected credit allowance	4,350	-
Impairment made during the financial period/year	-	(842)
Amount written off	-	1,152
Adjustment	-	(145)
At 31 March / 31 December	<u>-</u>	<u>(4,350)</u>
	31 March 2018 RM'000	31 December 2017 RM'000

(ii) Movements in expected credit loss allowances

As at 1 January	-	-
Effects of MFRS 9 Financial Instruments adoption	4,141	-
As at 1 January, restated	4,141	-
Impairment made during the financial period	399	-
Written back	(282)	-
Adjustment	6,191	-
	<u>10,449</u>	<u>-</u>

18. Deposits from customers

	Group	
	31 March 2018 RM'000	31 December 2017 RM'000
(i) By type of deposit		
- Call deposits	17,820	10,192
- Fixed deposits	2,319,858	1,927,277
	<u>2,337,678</u>	<u>1,937,469</u>
(ii) By type of customer		
- Business enterprises	1,696,163	1,465,036
- Government and statutory bodies	638,939	469,857
- Individuals	2,576	2,576
	<u>2,337,678</u>	<u>1,937,469</u>
(iii) The maturity structure of term deposits are as follows:		
- Due within six months	2,051,949	1,805,695
- Six months to one year	264,556	116,101
- One year to two years	21,173	15,673
	<u>2,337,678</u>	<u>1,937,469</u>

19. Deposits and placements of banks and other financial institutions

	Group	
	31 March 2018 RM'000	31 December 2017 RM'000
(i) Call deposits		
- Other financial institutions	5,443	3,860
(ii) Fixed deposits		
- Licensed banks	221,000	68,700
- Licensed Islamic banks	-	-
- Other financial institutions	1,627,960	1,809,082
	<u>1,848,960</u>	<u>1,877,782</u>
(iii) Negotiable Instruments Notes Issued		
- Licensed banks	1,854,403	1,881,642
	<u>1,854,403</u>	<u>1,881,642</u>

20. Borrowings

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
(a) Short Term:				
- Unsecured	6,984	6,984	6,984	6,984
	<u>6,984</u>	<u>6,984</u>	<u>6,984</u>	<u>6,984</u>
(b) Long Term:				
- Unsecured	299,729	303,183	299,690	303,183
- Unsecured - Islamic Operations	148,252	148,237	-	-
	<u>447,981</u>	<u>451,420</u>	<u>299,690</u>	<u>303,183</u>
Total borrowings	<u>454,965</u>	<u>458,404</u>	<u>306,674</u>	<u>310,167</u>

21. Interest income

	Group 3 Months Ended		Company 3 Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Loans, advances and financing				
- Interest income on non-impaired loans	7,803	6,684	698	1,638
- Interest income on impaired loans ("ILs")	1,064	3,482	116	151
Money at call and deposit placements with financial institutions	7,285	3,536	5,997	5,235
Financial assets at fair value through profit or loss	873	1	873	184
Debt instruments at fair value through other comprehensive income				
- Interest income on non-impaired debt instruments	3,937	20,484	-	-
- Interest income on impaired debt instruments	715	631	-	-
Debt instruments at amortised cost				
- Interest income on non-impaired debt instruments	13,174	-	-	-
Accretion of discount less amortisation of premium	(7)	(285)	-	-
Derivative instruments	62	57	-	-
	<u>34,906</u>	<u>34,590</u>	<u>7,684</u>	<u>7,208</u>

22. Interest expense

Group	Group 3 Months Ended		Company 3 Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Deposits and placements of banks and other financial institutions	7,822	9,131	-	-
Deposits from customers	12,720	13,149	-	-
Borrowings	2,958	3,405	1,015	1,085
	<u>23,500</u>	<u>25,685</u>	<u>1,015</u>	<u>1,085</u>

23. Non-interest income

	Group 3 Months Ended		Company 3 Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Fee income:				
Underwriting fees	-	158	-	-
Management fees	1,441	678	2,355	2,274
Corporate advisory fees	2,313	142	-	-
Brokerage fees	4,834	6,207	-	-
Income from Government Scheme Funds	2,221	2,625	2,221	2,625
Other fees	502	1,508	-	-
	<u>11,311</u>	<u>11,318</u>	<u>4,576</u>	<u>4,899</u>

23. Non-interest income (cont'd.)

	Group		Company	
	3 Months Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Investment income:				
Net (loss)/gain on sale of debt instrument at fair value through other comprehensive income	(806)	20	(1,507)	399
Net unrealised (loss)/gain on revaluation of financial assets at fair value through profit on loss	(1,690)	4,602	1,024	1,245
Net unrealised (loss)/gain on revaluation of derivative instruments	(34)	(104)	-	-
	<u>(2,530)</u>	<u>4,518</u>	<u>(483)</u>	<u>1,644</u>
Gross dividend income:				
Financial assets at fair value through profit or loss	494	-	-	-
Debt instruments at fair value through other comprehensive income/securities available-for-sale	-	987	-	-
	<u>494</u>	<u>987</u>	<u>-</u>	<u>-</u>
Other income:				
Rental from:				
- Office premises	18	1,041	947	1,041
- Others	-	51	-	-
Others	294	549	177	266
	<u>312</u>	<u>1,641</u>	<u>1,124</u>	<u>1,307</u>
Total non-interest income	<u>9,587</u>	<u>18,464</u>	<u>5,217</u>	<u>7,850</u>

24. Operating expenses

	Group		Company	
	3 Months Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Staff costs				
Wages, salaries and bonuses	15,162	15,462	7,644	7,535
Employee benefits:				
Current period	212	257	203	204
Social security costs	99	88	57	50
Defined contribution plan	2,461	2,450	1,253	1,238
Other staff related expenses	1,663	964	989	834
	<u>19,597</u>	<u>19,221</u>	<u>10,146</u>	<u>9,861</u>
Establishment costs				
Depreciation	852	491	294	208
Office rental	1,952	1,966	1,943	1,957
Equipment rental	16	11	8	2
Others	1,948	1,993	535	597
	<u>4,768</u>	<u>4,461</u>	<u>2,780</u>	<u>2,764</u>
Promotion and marketing-related expenses				
Business promotion and advertisement	818	382	603	123
Entertainment	116	114	3	4
	<u>934</u>	<u>496</u>	<u>606</u>	<u>127</u>

24. Operating expenses (cont'd.)

	Group		Company	
	3 Months Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
General and administrative expenses				
Auditors' remuneration				
- Audit fees	130	123	48	48
Directors' fees and meeting allowances	666	415	318	242
Communication expenses	109	97	66	62
Professional fees	338	501	73	318
Securities Commission's levy	396	468	-	-
Others	1,047	729	228	267
	<u>2,686</u>	<u>2,333</u>	<u>733</u>	<u>937</u>
	<u>27,985</u>	<u>26,511</u>	<u>14,265</u>	<u>13,689</u>

25. Expected credit loss allowance/impairment loss (made)/written-back on loans, advances and financing

Group	Group		Company	
	3 Months Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
(a) Individual impairment allowances				
- made in the financial period	-	(179)	-	(10)
- written-back	-	1,006	-	317
(b) Collective impairment allowances				
- made in the financial period	-	(582)	-	(160)
- written-back	-	162	-	99
(c) Expected credit loss allowance				
- made in the financial period	(1,033)	-	(596)	-
- written-back	174	-	174	-
(d) Recoveries from impaired loans	78	5,309	78	563
	<u>(781)</u>	<u>5,715</u>	<u>(344)</u>	<u>809</u>

26. Expected credit loss allowance/impairment loss (made)/written-back on debt securities

Group	Group		Company	
	3 Months Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Debt instruments at fair value through other comprehensive income/securities available-for-sale	(124)	(1,071)	-	(252)
Debt instruments at amortised cost	(5)	-	-	-
	<u>(129)</u>	<u>(1,071)</u>	<u>-</u>	<u>(252)</u>

27. Segment information

For management purposes, the Group is organised into business units based on their products and services, has five reportable operating segments as follows:

	Cumulative Quarter 3 Months Ended	
	31 March 2018	31 March 2017
	RM'000	RM'000
Segment Revenue		
Investment banking	60,750	56,497
Development finance	15,523	14,941
Asset management	1,170	1,210
Investment holding	9,537	11,154
Others	926	4,724
	<u>87,906</u>	<u>88,525</u>
Inter-segment elimination	(4,830)	(5,750)
	<u>83,076</u>	<u>82,775</u>

	Cumulative Quarter 3 Months Ended	
	31 March 2018	31 March 2017
	RM'000	RM'000
Segment Results		
Investment banking	5,691	14,266
Development finance	6,522	9,246
Asset management	(157)	(162)
Investment holding	(268)	952
Others	(1,011)	801
Inter-segment elimination	-	179
	<u>10,777</u>	<u>25,282</u>
Share of results in associates	418	360
	<u>11,195</u>	<u>25,642</u>

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The Group operates principally in Malaysia and hence, disclosure of information by geographical area is not presented.

28. Commitments and contingencies

In the normal course of business, the Group and the Company made various commitments and incurred certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies and the related risk-weighted exposures of the Group and the Company as at the end of financial period/year are as follows:

Group	As at 31 March 2018			As at 31 December 2017		
	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
Obligations under underwriting agreement	-	-	-	-	-	-
Interest rate related contracts with an original maturity	-	-	-	-	-	-
- Not exceeding one year	100,000	191	38	100,000	194	39
- Exceeding one year	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	192,545	38,509	38,509	283,014	56,603	56,603
- Maturity exceeding one year	187,499	93,750	93,750	181,893	90,946	90,946
Loan facility commitments approved that have yet been drawdown:						
- Real estate financing	19,000	3,800	3,800	19,000	3,800	3,800
- Mezzanine/Short term financing	13,445	2,689	2,689	13,445	2,689	2,589
Total	512,489	138,939	138,786	597,352	154,232	153,977
Company						
Guarantee facilities	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
- Maturity exceeding one year	22,499	11,250	11,250	16,893	8,446	8,446
Total	22,499	11,250	11,250	16,893	8,446	8,446

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

29. Related party disclosures

The following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period / year.

	Group		Company	
	As at 31 March 2018 RM'000	As at 31 March 2017 RM'000	As at 31 March 2018 RM'000	As at 31 March 2017 RM'000
Penultimate holding company				
Income:				
Interest income on securities	489	-	-	-
Brokerage fees earned	1,513	2,486	-	-
Fee income	38	-	-	-
	<u>1,861</u>	<u>-</u>	<u>1,861</u>	<u>1,861</u>
Expenditures:				
Rental expense	1,861	-	1,861	1,861
	<u>1,861</u>	<u>-</u>	<u>1,861</u>	<u>1,861</u>
Subsidiaries				
Income:				
Interest on loans	-	-	429	1,327
Rental of premises	-	-	651	666
Interest on short term deposits	-	-	-	-
Management fees	-	-	2,275	2,211
	<u>-</u>	<u>-</u>	<u>2,275</u>	<u>2,211</u>
Expenditures:				
Other expenses	-	-	15	15
	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
Associates				
Income:				
Rental received	109	109	109	109
	<u>109</u>	<u>109</u>	<u>109</u>	<u>109</u>
Other related companies				
Income:				
Interest income on securities	348	2,129	-	-
Fee income	20	20	-	3
Management fees	-	3	-	3
Brokerage fees earned	1,009	744	-	-
	<u>1,009</u>	<u>744</u>	<u>-</u>	<u>-</u>
Expenditures:				
Interest expense on deposits	2,678	1,489	-	-
	<u>2,678</u>	<u>1,489</u>	<u>-</u>	<u>-</u>

29. Related party disclosures (cont'd.)

In addition to the related party information disclosed elsewhere in the financial statements, the significant outstanding balances of the Group and of the Company with their related parties are as follows:

	Group		Company	
	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
Penultimate holding company				
Amount due from:				
Fee receivable	100	138	-	-
Securities	65,100	35,000	-	-
Sundry deposit received	1,861	1,861	1,861	1,861
Subsidiaries				
Amount due from:				
Loans, advances and financing	-	-	31,429	31,081
Trade receivables	-	-	734	4,619
Amount due to:				
Rental deposit received	-	-	649	649
Other payables	-	-	734	1,331
Associates				
Amount due to:				
Rental deposit received	109	109	109	109
Other related companies				
Amount due from:				
Fee receivables	47	71	-	-
Sundry deposits	553	553	-	-
Securities	65,100	179,244	-	-
Amount due to:				
Deposits from placements of banks and other financial institutions	136,422	126,099	-	-
Other payables	114	185	-	-

Other related companies include companies within the YPB Group and companies related to the Directors of the Group and of the Company.

30. Credit exposures arising from credit transactions with connected parties

	Group	
	As at 31 March 2018	As at 31 December 2017
(i) Total credit exposures with connected parties	153,857	152,500
(ii) Percentage of total credit exposures to connected parties as proportion of total credit exposures	4.04%	4.15%
(iii) Percentage of total credit exposures to connected parties which is impaired or in default	Nil	Nil

31. Capital adequacy

(i) The capital adequacy ratio of the Group and of the Company are as follows:

	Group As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	Company As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
<u>Tier 1 Capital</u>				
Common Equity Tier 1 ("CET1")				
Capital				
Share capital	829,931	829,931	829,931	829,931
Securities available-for-sale reserve/ FVOCI reserve	-	(18,576)	-	-
Regulatory reserve	20,856	2,573	-	-
Retained profits	943,232	959,645	620,785	617,963
	<u>1,794,019</u>	<u>1,773,573</u>	<u>1,450,716</u>	<u>1,447,894</u>
Less: Regulatory adjustments	(138,480)	(120,835)	(617,823)	(620,385)
Total CET1 Capital / Tier 1 Capital	<u>1,655,539</u>	<u>1,652,738</u>	<u>832,893</u>	<u>827,509</u>
<u>Tier 2 Capital</u>				
Collective impairment allowance and regulatory reserve	7,007	3,802	2,519	537
Total Tier 2 capital	<u>7,007</u>	<u>3,802</u>	<u>2,519</u>	<u>537</u>
Total Capital	<u>1,662,546</u>	<u>1,656,540</u>	<u>835,412</u>	<u>828,046</u>
CET 1 Capital	50.927%	63.101%	154.336%	146.751%
Tier 1 Capital	50.927%	63.101%	154.336%	146.751%
Total Capital	51.143%	63.246%	154.802%	146.847%

(ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	Group As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	Company As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
Total risk weighted assets for credit risk	2,733,006	2,153,437	291,043	307,154
Total risk weighted assets equivalent for market risk	98,979	80,666	64,665	75,916
Total risk weighted assets equivalent for operational risk	418,813	385,086	183,955	180,815
	<u>3,250,798</u>	<u>2,619,189</u>	<u>539,663</u>	<u>563,885</u>

32. Fair value hierarchy

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 March 2018				
Financial assets				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Quoted securities	17,023	-	-	17,023
Unquoted securities	-	232,945	1	232,946
Debt instruments at fair value through other comprehensive income				
Money market instruments	-	1,163,111	-	1,163,111
Quoted securities	-	4,921	1,350	6,271
Unquoted securities	-	160,140	59,070	219,210
Derivative assets	-	44	-	44
Assets for which fair value are disclosed:				
Loans, advances and financing				
- staff loans	-	1,002	-	1,002
Investment properties				
Residential properties	-	-	6,983	6,983
Office property	-	-	2,104	2,104
Liability for which fair values are disclosed:				
Borrowings	-	454,965	-	454,965

32. Fair value hierarchy (cont'd.)

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2017				
Financial assets				
Assets measured at fair value:				
Securities held-for-trading				
Money market instruments				-
Unquoted securities	-	246,078	1	246,079
Securities available-for-sale				
Quoted securities	19,737	-	-	19,737
Unquoted securities	-	2,302,206	138,047	2,440,253
Derivative assets	-	78	-	78
Assets for which fair value are disclosed:				
Loans, advances and financing				
- staff loans	-	1,153	-	1,153
Investment properties				
Residential properties	-	-	6,983	6,983
Office property	-	-	2,104	2,104
Liability for which fair values are disclosed:				
Borrowings	-	458,404	-	458,404
Company				
At 31 March 2018				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Unquoted securities	-	232,945	1	232,946
Debt instruments at fair value through other comprehensive income				
Quoted securities	-	-	1,350	1,350
Assets for which fair value are disclosed:				
Loans, advances and financing				
- staff loans	-	706	-	706
Liability for which fair values are disclosed:				
Borrowings	-	306,674	-	306,674

32. Fair value hierarchy (cont'd.)

Company At 31 December 2017	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value:				
Securities held-for-trading				
Money market instruments	-			-
Unquoted securities	-	246,078	1	246,079
Securities available-for-sale				
Unquoted securities	-	-	1,355	1,355
Assets for which fair value are disclosed:				
Loans, advances and financing				
- staff loans	-	731	-	731
Liability for which fair values are disclosed:				
Borrowings	-	310,167	-	310,167

There was no transfer between Level 1 and Level 2 of the fair value hierarchy during the financial period.

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial instruments which are recorded at fair value:

Group	Financial assets at fair value through profit or loss RM'000	Debt instrument at fair value through comprehensi RM'000	Total RM'000
At 31 March 2018			
At 1 January 2018	1	138,047	138,048
Total gains/(losses) recognised in profit or loss:			
Included within interest income	-	715	715
Included within impairment loss on debt instrument	-	(124)	(124)
	-	591	591
Settlements	-	(78,218)	(78,218)
At 31 March 2018	1	60,420	60,421
At 31 December 2017			
At 1 January 2017	253	329,690	329,943
Additional unquoted securities	-	7,590	7,590
Total gains/(losses) recognised in profit or loss:			
Included within interest income	-	3,977	3,977
Included within net income from Islamic Banking Operation	-	2,717	2,717
Included within impairment loss on securities	(252)	(18,536)	(18,788)
	(252)	(11,842)	(12,094)
Settlements		(187,391)	(187,391)
At 31 December 2017	1	138,047	138,048

32. Fair value hierarchy (cont'd)

Company	Financial assets at fair value through profit or loss RM'000	Debt instrument at fair value through comprehensive income RM'000	Total RM'000
At 31 March 2018			
At 1 January 2018	1	1,355	1,356
Total gains/(losses) recognised in other comprehensive income			
Settlements	-	(5)	(5)
At 31 March 2018	1	1,350	1,351
At 31 December 2017			
At 1 January 2017	253	1,355	1,608
Total gains/(losses) recognised in profit or loss:			
Included within interest income	-	22	22
Included within impairment loss on securities	(252)	27	(225)
	(252)	49	(203)
Settlements	-	(49)	(49)
At 31 December 2017	1	1,355	1,356

33. Operations of Islamic Banking Business

(a) CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

ASSETS	Note	Group		Company	
		31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Cash and short-term funds	33 (f)	213,358	156,922	127,986	118,070
Deposits and placements with licensed banks and other financial institutions	33 (g)	47,200	59,600	47,200	59,600
Securities available-for-sale	33 (h)	-	1,995,191	-	-
Securities held-to-maturity					
Debt instruments at fair value through other comprehensive income	33 (h)	918,131	-	-	-
Debt instruments at amortised cost	33 (i)	1,356,058	-	-	-
Financing and advances	33 (j)	200,972	205,615	38,616	38,100
Other assets		35,030	31,165	14,979	18,018
Intangible asset		767	860	-	-
Deferred tax assets		504	2,701	258	448
Amount due from Head Office		1,462	-	1,462	-
TOTAL ASSETS		2,773,482	2,452,054	230,501	234,236
LIABILITIES					
Deposits from customers	33 (k)	966,142	727,464	-	-
Deposits and placements of banks and other financial institutions	33 (l)	922,814	852,676	-	-
Borrowings	33 (m)	160,000	160,000	160,000	160,000
Amount due to clients					
Other liabilities		82,182	80,983	24,305	32,772
Provision for taxation and zakat		5,616	11,858	1,014	899
Deferred tax liabilities					
Amount due to Head Office		-	196	-	196
TOTAL LIABILITIES		2,136,754	1,833,177	185,319	193,867
ISLAMIC BANKING CAPITAL FUNDS					
Funds allocated from Head Office		416,600	416,600	20,000	20,000
Reserves		220,128	202,277	25,182	20,369
TOTAL ISLAMIC BANKING CAPITAL FUNDS		636,728	618,877	45,182	40,369
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		2,773,482	2,452,054	230,501	234,236

33. Operations of Islamic Banking Business (cont'd)

(b) CONDENSED STATEMENT OF PROFIT & LOSS FOR THE FINANCIAL PERIOD ENDED 31ST MARCH 2018

	Note	Group		Company	
		3 Months Ended		3 Months Ended	
		31 March	31 March	31 March	31 March
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors funds and others		29,753	21,492	1,338	1,214
Income derived from Government Scheme Funds		9,369	8,253	9,369	8,253
Total attributable income	33 (n)	39,122	29,745	10,707	9,467
Income attributable to depositors	33 (o)	(16,570)	(9,533)	-	(3,580)
Net income attributable to the reporting institution		22,552	20,212	10,707	5,887
Other operating expenses		(5,805)	(4,423)	(4,680)	-
Operating profit		16,747	15,789	6,027	5,887
Expected credit loss (allowance)/written back					
- financing and advances		(16)	(568)	(61)	1,745
- debt instruments		(42)	3,793	-	-
- other assets		(7)	(414)	-	-
Profit before taxation and zakat		16,682	18,600	5,966	7,632
Taxation		(4,965)	(4,003)	(1,903)	(1,466)
Zakat		(312)	(377)	(116)	(159)
Profit for the financial period		11,405	14,220	3,947	6,007

(c) CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31ST MARCH 2018

	Group		Company	
	3 Months Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	11,405	14,220	3,947	6,007
Other comprehensive income:				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Net gain on securities available-for-sale				
Cumulative gain transferred to profit and loss upon disposal	(1,380)	(1,063)	-	-
Fair value changes	2,312	6,873	-	-
Other comprehensive gain for the year, net of tax	932	5,810	-	-
Income tax relating to net loss on securities available-for-sale	-	-	-	-
Other comprehensive gain for the year, net of tax	932	5,810	-	-
Total comprehensive income for the period	12,337	20,030	3,947	6,007

32. Operations of Islamic Banking Business (cont'd)

(d) CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

<u>Group</u>	Non-distributable			Distributable		Total RM'000
	Islamic banking funds RM'000	Regulatory reserve RM'000	Securities available- for-sale reserve RM'000	Fair value through other comprehensive income reserve RM'000	Retained profits RM'000	
At 1 January 2017	416,600	-	(5,639)	-	184,285	595,246
Profit for the financial year	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-
Allocation to Head Office	-	-	-	-	-	-
At 31 March 2017	416,600	-	(5,639)	-	184,285	595,246
At 1 January 2018	416,600	-	(5,507)	-	207,784	618,877
Effects of MFRS 9 Financial Instruments adoption	-	8,327	5,507	-	(9,252)	4,582
At 1 January 2018, restated	416,600	8,327	-	-	198,532	623,459
Profit for the financial year	-	-	-	-	12,337	12,337
Other comprehensive income	-	-	-	932	-	932
Total comprehensive income for the period	-	-	-	932	12,337	13,269
Transfer to regulatory reserve	-	1,112	-	-	(1,112)	-
Allocation to Head Office	-	-	-	-	-	-
At 31 March 2018	416,600	9,439	-	932	209,757	636,728

(d) CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

<u>Company</u>	Non-distributable		Distributable
	Islamic banking funds RM'000	Retained profits RM'000	Total RM'000
At 1 January 2017	20,000	13,552	33,552
Total comprehensive income for the period	-	6,007	6,007
Allocation to Head Office	-	-	-
At 31 March 2017	20,000	19,559	39,559
At 1 January 2018	20,000	20,369	40,369
Effects of MFRS 9 Financial Instruments adoption	-	866	866
At 1 January 2018, restated	20,000	21,235	41,235
Total comprehensive income for the period	-	3,947	3,947
Allocation to Head Office	-	-	-
At 31 March 2018	20,000	25,182	45,182

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32 Islamic banking business (cont'd.)

(e) CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Group		Company	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Profit before taxation and zakat	30,341	18,600	19,686	7,632
Adjustments for non-cash items	(9,734)	(6,233)	(1,532)	(1,744)
Operating profit before changes in working capital	29,728	12,367	18,154	5,888
Changes in working capital:				
Net changes in operating assets	(274,708)	(139,789)	(1,199)	(591)
Net changes in operating liabilities	317,794	171,164	218	4,529
Net cash generated from operating activities	90,330	43,742	17,173	3,938
Net cash generated from investing activities	-	-	-	-
Net cash generated (used in) / from financing activities	(13,552)	-	(13,552)	-
Net increase / (decrease) in cash and cash equivalents	50,141	43,742	3,621	9,826
Cash and cash equivalents at beginning of the period	201,943	163,667	163,091	163,091
Cash and cash equivalents at end of the period	252,084	207,409	166,712	172,917

Cash and cash equivalents comprise:

	Group		Company	
	Cumulative Quarter		Cumulative Quarter	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Cash and short-term funds	192,484	147,809	107,112	113,317
Deposits and placements	59,600	59,600	59,600	59,600
	252,084	207,409	166,712	172,917

33. Operations of Islamic Banking Business (cont'd)

(f) Cash and short-term funds

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Cash and bank balances	3,458	14,992	3,086	2,070
Deposits and placements maturing within one month	209,900	142,000	124,900	116,000
	<u>213,358</u>	<u>156,992</u>	<u>127,986</u>	<u>118,070</u>

(g) Deposits and placements with licensed banks and other financial institutions

	Group and Company	
	31 March 2018 RM'000	31 December 2017 RM'000
Deposits with licensed banks		
Deposits with other financial institutions	47,200	59,600
	<u>47,200</u>	<u>59,600</u>

(h) Debt instruments at fair value through other comprehensive income/ securities available-for-sale

	Group	
	31 March 2018 RM'000	31 December 2017 RM'000
At fair value		
Money market instruments:		
Government Investment Issue	201,087	378,327
Islamic Negotiable Instruments	595,748	447,008
	<u>796,835</u>	<u>825,335</u>
Unquoted securities in Malaysia:		
Islamic Private Debt Securities	130,172	1,178,695
Less: Expected credit loss allowance/individual impairment allowance	(8,876)	(8,839)
	<u>918,131</u>	<u>1,995,191</u>

(i) Movement of impairment allowance/ expected credit loss allowance

	Group		
	31 March 2018 RM'000	31 December 2017 RM'000	
Individual impairment allowance			
At 1 January 2017	(1,314)	-	
Impairment made during the financial year	(7,525)	-	
At 31 December 2017	<u>(8,839)</u>	<u>-</u>	
Expected credit loss allowance			
At 1 January 2018	-	-	-
Effects of MFRS 9 Financial Instruments adoption	-	(1,314)	(1,314)
At 1 January 2018, restated	-	(1,314)	(1,314)
Impairment made during the financial period	(37)	(7,525)	(7,562)
At 31 March 2018	<u>(37)</u>	<u>(8,839)</u>	<u>(8,876)</u>

33. Operations of Islamic Banking Business (cont'd)

(i) Debt instruments at amortised cost

	Group	
	31 March 2018 RM'000	31 December 2017 RM'000
At amortised cost		
Money market instruments:		
Government Investment Issue	184,874	-
Unquoted securities in Malaysia:		
Corporate bond/sukuk	1,171,479	-
Less: Expected credit loss allowance/individual impairment allowance	(295)	-
	<u>1,356,058</u>	<u>-</u>

(i) Movement of impairment allowance/ expected credit loss allowance

Individual impairment allowance

	Group	
	31 March 2018 RM'000	31 December 2017 RM'000
At 1 January	-	-
Classified as impaired during the year	-	-
Amount written back	-	-
Discount unwind	-	-
Amount written off	-	-
At 31 December	<u>-</u>	<u>-</u>

Expected credit loss allowance

	Stage 1	Stage 3	Total RM'000
	Collective RM'000	Individual RM'000	
At 1 January	-	-	-
Effects of MFRS 9 Financial Instruments adoption	-	(290)	(290)
At 1 January, restated	-	(290)	(290)
Impairment made during the financial period	(5)	-	(5)
At 31 March 2018	<u>(5)</u>	<u>(290)</u>	<u>(295)</u>

(j) Financing and advances

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Term financing				
- Syndicated term financing	166,461	170,104	-	-
- Islamic hire purchase/leasing	312	542	312	542
- Other term financing	48,820	49,580	48,820	49,580
	<u>215,593</u>	<u>220,226</u>	<u>49,132</u>	<u>50,122</u>
Less: Unearned income	(8,657)	(9,141)	(8,657)	(9,141)
Gross financing and advances	<u>206,936</u>	<u>211,085</u>	<u>40,475</u>	<u>40,981</u>
Less: Impairment provision				
- Collective impairment provision	-	(4,456)	-	(1,867)
- Individual impairment provision	-	(1,014)	-	(1,014)
- Expected credit losses	(5,964)	-	(1,859)	-
Total net financing and advances	<u>200,972</u>	<u>205,615</u>	<u>38,616</u>	<u>38,100</u>

33. Operations of Islamic Banking Business (cont'd)

(j) Financing and advances (cont'd.)

(i) By contract

Group

	Sale-based contract		Lease-based contract	Total financing and advances
	Commodity Murabahah	Bai Bithaman Ajil	Al-Ijarah Thumma Al-Bai	
31 March 2018	RM'000	RM'000	RM'000	RM'000
Syndicated term financing	166,461	-	-	166,461
Deferred payment sales	-	40,163	-	40,163
Finance lease	-	-	312	312
	<u>166,461</u>	<u>40,163</u>	<u>312</u>	<u>206,936</u>

31 December 2017

	Sale-based contract		Lease-based contract	Total financing and advances
	Commodity Murabahah	Bai Bithaman Ajil	Al-Ijarah Thumma Al-Bai	
31 December 2017	RM'000	RM'000	RM'000	RM'000
Syndicated term financing	170,104	-	-	170,104
Deferred payment sales	-	35,964	-	35,964
Finance lease	-	-	5,017	5,017
	<u>170,104</u>	<u>35,964</u>	<u>5,017</u>	<u>211,085</u>

Company

31 March 2018

	Sale-based contract	Lease-based contract	Total financing and advances
	Bai Bithaman Ajil	Al-Ijarah Thumma Al-Bai	
31 March 2018	RM'000	RM'000	RM'000
Deferred payment sales	40,163	-	40,163
Finance lease	-	312	312
	<u>40,163</u>	<u>312</u>	<u>40,475</u>

31 December 2017

	Sale-based contract	Lease-based contract	Total financing and advances
	Bai Bithaman Ajil	Al-Ijarah Thumma Al-Bai	
31 December 2017	RM'000	RM'000	RM'000
Deferred payment sales	35,964	-	35,964
Finance lease	-	5,017	5,017
	<u>35,964</u>	<u>5,017</u>	<u>40,981</u>

33. Operations of Islamic Banking Business (cont'd)

(j) Financing and advances (cont'd.)

(i) By contract (cont'd.)

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Commodity Murabahah	166,461	170,104	-	-
Bai Bithaman Ajil (deferred payment sale)	40,163	35,964	40,163	35,964
Al-Ijarah Thumma Al-Bai (finance lease)	312	5,017	312	5,017
	<u>206,936</u>	<u>211,085</u>	<u>40,475</u>	<u>40,981</u>

(ii) By types of customer

Domestic business enterprises	<u>206,936</u>	<u>211,085</u>	<u>40,475</u>	<u>40,981</u>
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(iii) By profit rate sensitivity

Variable rate				
Cost-plus	166,461	170,104	-	-
Fixed rate				
Hire purchase receivables	312	542	312	542
Other fixed rate financing	40,163	40,439	40,163	40,439
	<u>206,936</u>	<u>211,085</u>	<u>40,475</u>	<u>40,981</u>

(iv) By economic sector

Mining and quarrying	86,200	86,200	-	-
Manufacturing	756	804	756	804
Wholesale & retail trade and restaurants & hotels	20,858	20,717	20,858	20,717
Transport, storage and communications	256	492	256	492
Finance, insurance and business services	61,630	66,200	14,553	14,852
Education, health and other	33,184	32,556	-	-
Others	4,052	4,116	4,052	4,116
	<u>206,936</u>	<u>211,085</u>	<u>40,475</u>	<u>40,981</u>

(vi) By residual contractual maturity

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Within one year	6,266	7,570	5,384	7,304
One year to five years	183,152	198,036	17,573	28,198
After five years	17,518	5,479	17,518	5,479
Gross loans, advances and financing	<u>206,936</u>	<u>211,085</u>	<u>40,475</u>	<u>40,981</u>

(vii) Impaired financing and advances by economic sector

	Group and Company	
	31 March 2018 RM'000	31 December 2017 RM'000
Manufacturing	312	324
Wholesale & retail trade and restaurants & hotels	1,954	1,954
Transport, storage and communications	63	280
Finance, insurance and business services	373	373
Others	418	418
	<u>3,120</u>	<u>3,349</u>

33. Operations of Islamic Banking Business (cont'd)

(j) Financing and advances (cont'd)

(viii) Movements in impaired financing and advances

	Group and Company	
	31 March 2018 RM'000	31 December 2017 RM'000
At 1 January	3,349	3,334
Amount written off	(218)	-
Amount recovered	(11)	15
At 31 March / 31 December	3,120	3,349
Less: Individual impairment provision	-	(1,014)
Expected credit loss	(784)	-
Net impaired financing and advances	2,336	2,335
As % of gross financing and advances less individual impairment allowance/ expected credit loss Stage 3	1.16%	1.11%

(ix) Movements in impairment allowance

	Group and Company	
	31 March 2018 RM'000	31 December 2017 RM'000
At 1 January	1,014	2,736
Effects of MFRS 9 Financial Instruments adoption	(1,014)	-
Impairment allowance written back during the financial period/year	-	(1,722)
At 31 March / 31 December	-	1,014

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
At 1 January	4,456	4,546	1,867	1,762
Effects of MFRS 9 Financial Instruments adoption	(4,456)	-	(1,867)	-
Impairment made/(written back) during the financial period/year	-	(90)	-	105
At 31 March / 31 December	-	4,456	-	1,867
As % of gross financing and advances less individual impairment allowance	0.00%	2.12%	0.00%	4.67%

33. Operations of Islamic Banking Business (cont'd)

(j) Financing and advances (cont'd)

(ix) Movements in impairment allowance (cont'd.)

Expected credit loss allowance

Group	Stage 1 Collective RM'000	Stage 2 Collective RM'000	Stage 3 Collective RM'000	Off Balance Sheet Individual RM'000	Total RM'000
At 1 January 2018	-	-	-	-	-
Effects of MFRS 9 Financial Instruments adoption	2,275	342	1,014	2,474	6,105
At 1 January 2018, restated	2,275	342	1,014	2,474	6,105
Impairment made during the financial period	113	-	-	-	113
Amount written back	-	(24)	(12)	-	(36)
Amount written off	-	-	(218)	-	(218)
Discount unwind	-	-	-	-	-
At 31 March 2018	2,388	318	784	2,474	5,964

Company	Stage 1 Collective RM'000	Stage 2 Collective RM'000	Stage 3 Collective RM'000	Off Balance Sheet Individual RM'000	Total RM'000
At 1 January 2018	-	-	-	-	-
Effects of MFRS 9 Financial Instruments adoption	557	342	1,014	103	2,016
At 1 January 2018, restated	557	342	1,014	103	2,016
Impairment made during the financial period	97	-	-	-	97
Amount written back	-	(24)	(12)	-	(36)
Amount written off	-	-	(218)	-	(218)
Discount unwind	-	-	-	-	-
At 31 March 2018	654	318	784	103	1,859

(k) Deposits from customers

	Group	
	31 March 2018 RM'000	31 December 2017 RM'000
Commodity Murabahah		
Term deposits	966,142	727,464
(ii) By type of customers		
Commodity Murabahah		
Business enterprises	566,918	421,717
Government and statutory bodies	399,224	305,747
	966,142	727,464
(iii) The maturity structure of term deposits is as follows:		
Due within six months	861,642	627,417
Six months to one year	104,500	100,047
	966,142	727,464

33. Operations of Islamic Banking Business (cont'd)

(l) Deposits and placements of banks and other financial institutions

	Group	
	31 March 2018 RM'000	31 December 2017 RM'000
(i) By type of deposits		
Commodity Murabahah Fund		
Term deposits	922,814	852,676
(ii) By type of customers		
Commodity Murabahah Fund		
Other financial institutions	922,814	852,676
	<u>922,814</u>	<u>852,676</u>

(m) Borrowings

	Group and Company	
	31 March 2018 RM'000	31 December 2017 RM'000
Funds from MITI Soft Loans Scheme for Services Sector	160,000	160,000
	<u>160,000</u>	<u>160,000</u>

(n) Income derived from investment of depositors funds and others

Income derived from investment of general investment deposits:

Group	Group		Company	
	3 Months Ended		3 Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Income derived from investment of:				
(i) General investment deposits	26,581	17,018	-	13,659
(ii) Other deposits	12,541	12,727	10,707	13,146
	<u>39,122</u>	<u>29,745</u>	<u>10,707</u>	<u>26,805</u>

(i) General investment deposits

Group	Cumulative Quarter 3 Months Ended	
	31 March 2018 RM'000	31 December 2017 RM'000
Finance income and hibah		
Money at call placements		
with financial and deposit institutions	1,442	3,798
Securities held-for-trading		
Debt instruments at fair value through other comprehensive income/securities available-for-sale	1,777	52,678
- Profit on non-impaired debt instruments	-	2,717
- Profit on impaired debt instruments	15,002	-
Debt instruments at amortised cost	<u>18,221</u>	<u>59,193</u>
	4,748	15,639
Accretion of discounts less amortisation of premiums	<u>22,969</u>	<u>74,832</u>
Total finance income and hibah		

33. Operations of Islamic Banking Business (cont'd)

(n) Income derived from investment of depositors funds and others (cont'd.)

(i) General investment deposits

Group

	Cumulative Quarter 3 Months Ended	
	31 March 2018 RM'000	31 December 2017 RM'000
Other operating income		
Net gain on sale of debt instruments at fair value through other comprehensive income/securities available-for-sale	1,380	4,907
Net unrealised gain on revaluation of financial assets at fair value through profit or loss	2,232	-
	<u>3,612</u>	<u>4,907</u>
	<u>26,581</u>	<u>79,739</u>

(ii) Other deposits

	Group Cumulative Quarter 3 Months Ended		Company Cumulative Quarter 3 Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Finance income and hibah				
Financing and advances	1,928	2,346	391	354
Money at call and deposit placements with financial institutions	364	314	364	314
	<u>2,292</u>	<u>2,660</u>	<u>755</u>	<u>668</u>
Other operating income				
Management fee from Government Scheme Funds	9,369	8,253	9,369	8,253
Fee income	524	1,600	346	334
Other income	356	214	237	212
	<u>10,249</u>	<u>10,067</u>	<u>9,952</u>	<u>8,799</u>
	<u>12,541</u>	<u>12,727</u>	<u>10,707</u>	<u>9,467</u>

(o) Income attributable to depositors

	Group Cumulative Quarter 3 Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000
Commodity Fund		
Deposits from customers	(7,882)	(5,813)
Deposits and placements of banks and financial institutions	(8,688)	(3,720)
	<u>(16,570)</u>	<u>(9,533)</u>
	<u>(16,570)</u>	<u>(9,533)</u>

33. Operations of Islamic Banking Business (cont'd)

(p) Expected credit loss allowance/impairment loss written-back on financing and advances

	Group		Company	
	3 Months Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Collective impairment allowance				
- net (made) / written back during the period	(174)	129	(174)	54
Expected credit loss				
- (Made) / written back during the period				
- net (made)/ written back during the period	(77)	1,690	(61)	1,690
Profit on impaired financing recovered	-	1,974	-	1
	<u>(251)</u>	<u>3,793</u>	<u>(235)</u>	<u>1,745</u>

(q) Expected credit loss allowance/impairment loss made on debt instruments

	Group		Company	
	3 Months Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Debt instruments at fair value through other comprehensive income/securities available-for-sale (net)	(37)	-	-	-
Debt instruments at amortised cost	(5)	-	-	-
Profit on impaired debt instruments recovered	-	-	-	-
	<u>(42)</u>	<u>-</u>	<u>-</u>	<u>-</u>

(r) Capital adequacy

(i) The capital adequacy ratio of the Group and of the Company are as follows:

	Group		Company	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Common Equity Tier 1 (CET1)				
Islamic capital fund	416,600	416,600	20,000	20,000
Share premium				
Debt instruments at fair value through other comprehensive income	932	(5,506)	-	-
Retained profits	196,018	207,248	20,369	20,369
	<u>613,550</u>	<u>618,342</u>	<u>40,369</u>	<u>40,369</u>
Less:				
Regulatory adjustments of CET1	(11,222)	(3,561)	(258)	(448)
Capital allocation	-	(3,783)	(2,584)	(3,783)
Total Tier-I capital	<u>602,328</u>	<u>610,998</u>	<u>37,527</u>	<u>36,138</u>
Collective impairment allowance	(9,889)	966	1,075	274
	<u>(9,889)</u>	<u>966</u>	<u>1,075</u>	<u>274</u>
Total capital	<u>592,439</u>	<u>611,964</u>	<u>38,602</u>	<u>36,412</u>
CET1 Capital	56.98%	62.02%	24.08%	23.05%
Tier 1 Capital	56.98%	62.02%	24.08%	23.05%
Total Capital	56.04%	62.12%	24.77%	23.22%

33. (r) Capital adequacy (cont'd.)

(ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	Group		Company	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Total risk weighted assets for credit risk	906,540	837,708	88,147	90,992
Total risk weighted assets equivalent for market risk	-	-	-	-
Total risk weighted assets equivalent for operational risk	150,548	147,396	67,725	65,821
	<u>1,057,088</u>	<u>985,104</u>	<u>155,872</u>	<u>156,813</u>

(s) MFRS 9 Financial Instruments

(i) Summary of classification and measurement of the Group's financial assets and liabilities on 1 January 2018 are as follow:

Table 1

	Note	Measurement Category		Carrying amount as at	
		Original (MFRS 139) RM'000	New (MFRS 9) RM'000	Original (MFRS 139) RM'000	New (MFRS 9) RM'000
Financial assets:					
Cash and short-term funds	(iii)	Loans and receivables	Amortised cost	156,922	156,922
Deposits and placements with licensed banks and other financial institutions	(iii)	Loans and receivables	Amortised cost	59,600	59,600
Debt instruments	(ii)	AFS	Amortised cost	1,308,100	1,316,289
Debt instruments	(ii)	AFS	FVOCI	687,091	687,091
Loans, advances and financing	(iii)	Loans and receivables	Amortised cost	205,615	206,481
Other assets	(iii)	Loans and receivables	Amortised cost	31,165	31,166
Financial liabilities:					
Deposits from customers	(iv)	Amortised cost	Amortised cost	727,464	727,464
Deposits and placements of banks and other		Amortised cost	Amortised cost	852,676	852,676
Other liabilities		Amortised cost	Amortised cost	80,983	80,983

33. Operations of Islamic Banking Business (cont'd)


(s) MFRS 9 Financial Instruments

Table 2

	Original (MFRS 139) Carrying amount as at 31 December 2017 RM'000	Reclassification RM'000	Remeasurement RM'000	New (MFRS 9) Carrying amount as at 1 January 2018 RM'000
Investment securities - AFS	1,995,191	(1,995,191)	-	-
Investment securities - Amortised Cost		1,308,100	8,189	1,316,289
Investment securities - FVOCI		687,091	-	687,091
Investment securities - FVTPL		19,748	-	19,748
Loans, advances and financing:		-	(652)	503,172
Opening balance	205,615	-	-	-
Increase in loss allowance	-	-	(652)	-
Total loans, advances and financing	-	-	-	503,172
Deferred tax assets:	2,701	(5,867)	(215)	(3,381)
Opening balance	2,701	-	-	-
Reversal of deferred tax relating to AFS revaluation reserve	-	(1,739)	-	-
Recognition of deferred tax relating to FVOCI revaluation reserve	-	-	(296)	-
Total deferred tax assets	-	-	-	3,954
Other assets:	31,165	-	1	31,166
Opening balance	31,165	-	-	-
Decrease in loss allowance*	-	-	1	-
Other assets	-	-	-	31,166
Retained earnings:	207,784	-	(9,252)	198,532
Opening balance	207,784	-	-	-
Increase in loss allowance for:				
- loans, advances and financing	-	-	(634)	-
- debt instruments at amortised cost	-	-	(290)	-
- other assets	-	-	(1)	-
Transfer to regulatory reserve	-	-	(8,327)	-
Total retained earnings	-	-	-	407,556
AFS reserve	(5,507)	5,507		
FVOCI reserve:	-	-	938	938
Opening balance	-	-	-	-
Fair value changes arising from the revaluation of investment securities FVOCI	-	-	938	-
Total FVOCI reserve	-	-	-	938
Regulatory reserve:	-	-	8,327	8,327
Opening balance	-	-	-	-
Transfer from retained earnings	-	-	8,327	-
Total regulatory reserve	-	-	-	8,327

**MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD (No. 3785-M)
CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS**

I, Foo Wei Hoong, the officer primarily responsible for the financial management of Malaysian Industrial Development Finance Berhad, do hereby state that, the unaudited condensed interim financial statements for the three months ended 31 March 2018, as set out on pages 1 to 47, have been prepared from the Group and the Company's accounting and other records and that to the best of my knowledge and belief, are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2018. The results and cash flows of the Group and the Company for the period ended on that date are prepared in accordance with the MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Board Standards Board ("MASB"), IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"), Bank Negara Malaysia ("BNM") Guidelines and the requirements of the Companies Act, 2016 in Malaysia.



**FOO WEI HOONG
HEAD - FINANCE AND INFORMATION TECHNOLOGY**

27 April 2018