



CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Group		Company	
		30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
ASSETS					
Cash and short-term funds	10	994,443	591,733	491,998	529,900
Deposits and placements with licensed banks and other financial institutions	11	378,091	164,450	362,721	157,920
Securities held-for-trading	12	179,579	259,065	179,579	259,065
Securities available-for-sale	13	3,612,090	3,548,516	1,649	1,655
Derivative assets	14	274	528	-	-
Loans, advances and financing	15	827,502	980,908	133,247	249,793
Other assets	16	168,728	129,447	16,275	19,198
Statutory deposits with Bank Negara Malaysia		116,771	114,645	-	-
Investment in associate		2,874	3,182	2,560	2,560
Investment in subsidiaries		-	-	600,757	600,954
Investment properties		2,850	2,894	-	-
Property, plant and equipment		8,548	3,864	6,381	2,236
Intangible assets		3,363	2,935	-	-
Deferred tax assets		11,563	19,038	3,986	4,259
Goodwill		86,713	86,713	-	-
TOTAL ASSETS		6,393,389	5,907,918	1,799,153	1,827,540
LIABILITIES					
Deposits from customers	17	2,078,641	1,987,757	-	-
Deposits and placements of banks and other financial institutions	18	1,904,373	1,521,857	-	-
Other liabilities		184,133	124,880	47,634	43,270
Borrowings	19	461,794	470,003	313,659	321,972
Provision for taxation and zakat		2,822	2,278	809	646
Employee benefits		11,601	11,403	8,354	8,299
TOTAL LIABILITIES		4,643,364	4,118,178	370,456	374,187
SHAREHOLDER'S EQUITY					
Capital and reserves attributable to shareholder of the Company					
Share capital		466,070	466,070	466,070	466,070
Reserves		1,283,742	1,323,460	962,627	987,283
		1,749,812	1,789,530	1,428,697	1,453,353
Non-controlling interests		213	210	-	-
TOTAL SHAREHOLDER'S EQUITY		1,750,025	1,789,740	1,428,697	1,453,353
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		6,393,389	5,907,918	1,799,153	1,827,540
COMMITMENTS AND CONTINGENCIES	27	450,967	503,187	8,890	13,951
NET ASSETS PER SHARE (RM)		3.75	3.84	3.07	3.12

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 2016.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

Group	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Operating revenue		<u>91,197</u>	<u>92,748</u>	<u>173,996</u>	<u>182,858</u>
Interest income	20	40,474	45,308	75,064	91,543
Interest expense	21	(26,247)	(28,073)	(51,932)	(55,732)
Net interest income		14,227	17,235	23,132	35,811
Net income from Islamic banking operations	33 (b)	19,158	18,751	39,370	37,988
Non-interest income	22	22,699	20,692	41,163	37,841
		56,084	56,678	103,665	111,640
Operating expenses	23	(33,797)	(29,280)	(60,308)	(56,741)
Operating profit		22,287	27,398	43,357	54,899
Impairment losses (made)/written-back on loans, advances and financing	24	(3,642)	(922)	2,074	5,638
Impairment losses (made)/written back on securities (net)	25	(2,233)	(737)	(3,304)	1,465
Impairment losses (made)/written back on other assets		(144)	(142)	(576)	(114)
Profit before share of results in associates		16,268	25,597	41,551	61,888
Share of results in associates		349	317	709	683
Profit before taxation and zakat		16,617	25,914	42,260	62,571
Taxation		(5,393)	(6,063)	(10,986)	(15,155)
Zakat		(245)	(300)	(622)	(628)
Profit for the financial period		10,979	19,551	30,652	46,788
Attributable to:					
Shareholder of the Company		10,977	19,551	30,649	46,788
Non-controlling interests		2	-	3	-
Profit for the financial period		10,979	19,551	30,652	46,788
Earnings per share (sen)					
- Basic and diluted		<u>2.36</u>	<u>4.19</u>	<u>6.58</u>	<u>10.04</u>

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 2016.



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

<u>Group</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Profit for the financial period	10,979	19,551	30,652	46,788
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	(2,609)	(2,380)	(3,692)	(2,442)
Fair value changes	11,977	1,521	23,340	13,392
Total other comprehensive gain/(loss) for the financial period, net of tax	9,368	(859)	19,648	10,950
Items that not to be reclassified subsequently to profit or loss:				
Re-measurement loss on defined benefit plans	-	-	(15)	-
Total comprehensive income for the financial period	20,347	18,692	50,285	57,738
Total comprehensive income for the financial period attributable to:				
Shareholder of the Company	20,346	18,692	50,284	57,738
Non-controlling interests	1	-	1	-
	20,347	18,692	50,285	57,738

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 2016.

CONDENSED STATEMENT OF PROFIT & LOSS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

<u>Company</u>	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
		RM'000	RM'000	RM'000	RM'000
Operating revenue		<u>76,147</u>	<u>25,058</u>	<u>99,152</u>	<u>50,486</u>
Interest income	20	4,174	5,936	8,426	12,015
Interest expense	21	(1,066)	(1,160)	(2,151)	(2,351)
Net interest income		<u>3,108</u>	<u>4,776</u>	<u>6,275</u>	<u>9,664</u>
Net income from Islamic banking operations	33(b)	9,319	7,663	18,786	15,720
Non-interest income	22	<u>64,308</u>	<u>13,254</u>	<u>75,114</u>	<u>26,842</u>
		<u>76,735</u>	<u>25,693</u>	<u>100,175</u>	<u>52,226</u>
Operating expenses	23	<u>(15,949)</u>	<u>(15,026)</u>	<u>(29,638)</u>	<u>(28,739)</u>
Operating profit		60,786	10,667	70,537	23,487
Impairment losses written-back on loans, advances and financing	24	(381)	363	428	2,972
Impairment loss made on securities	25	-	23	(252)	23
Impairment loss made on other assets		-	83	(198)	-
Profit before taxation and zakat		60,405	11,136	70,515	26,482
Taxation		(2,327)	(2,264)	(4,919)	(6,080)
Zakat		(93)	(78)	(252)	(165)
Profit for the financial period		57,985	8,794	65,344	20,237



CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

<u>Company</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Profit for the financial period	57,985	8,794	65,344	20,237
Other comprehensive income:				
Net loss on securities available-for-sale	-	-	-	-
Other comprehensive income/(loss) for the financial period, net of tax	-	-	-	-
Total comprehensive income for the financial period	57,985	8,794	65,344	20,237

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 2016.

**MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD (No. 3755-M)
UNAUDITED INTERIM FINANCIAL STATEMENTS**



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Attributable to shareholder of the Company									
	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	Non-controlling interests RM'000	Total Equity RM'000	Total RM'000
Group										
At 1 January 2017	466,070	363,861	(42,534)	-	3,932	131,324	866,877	210	1,789,530	1,789,740
Other comprehensive income for the period	-	-	19,648	-	-	-	(15)	-	19,633	19,633
Profit for the period	-	-	-	-	-	-	30,649	3	30,649	30,652
Total comprehensive income for the period	-	-	19,648	-	-	-	30,634	3	50,282	50,285
Transactions with owner										
Dividends	-	-	-	-	-	-	(90,000)	-	(90,000)	(90,000)
Transfer to regulatory reserve	-	-	-	-	(651)	-	651	-	-	-
At 30 June 2017	466,070	363,861	(22,886)	-	3,281	131,324	808,162	213	1,749,812	1,750,025

* 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 2016.

**MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD (No. 3755-M)
UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**



Group	Attributable to shareholder of the Company															
	Share Capital RM'000	Share Premium RM'000	Securities Available-For-Sale Reserve # RM'000	Regulatory Reserve ^ RM'000	Statutory Reserve * RM'000	Retained Profits RM'000	Non-controlling interests RM'000	Total Equity RM'000	Share Capital RM'000	Share Premium RM'000	Securities Available-For-Sale Reserve # RM'000	Regulatory Reserve ^ RM'000	Statutory Reserve * RM'000	Retained Profits RM'000	Non-controlling interests RM'000	Total Equity RM'000
At 1 January 2016	466,070	363,861	(25,643)	1,458	131,324	857,125	208	1,794,195	466,070	363,861	-	1,458	131,324	857,125	208	1,794,403
Other comprehensive income for the period	-	-	8,799	-	-	-	-	10,950	-	-	-	-	-	-	-	10,950
Profit for the period	-	-	-	-	-	46,788	-	46,788	-	-	-	-	46,788	-	-	46,788
Total comprehensive income for the period	-	-	-	-	-	46,788	-	46,788	-	-	-	-	46,788	-	-	46,788
Transfer to regulatory reserve	-	-	-	3,242	-	(3,242)	-	-	-	-	-	-	-	-	-	-
At 30 June 2016	466,070	363,861	(16,844)	4,700	131,324	900,671	208	1,851,933	466,070	363,861	-	4,700	131,324	900,671	208	1,852,141

* 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 2016.



CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

<u>Company</u>	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
Profit for the financial period	-	-	65,344	65,344
Comprehensive income for the financial period	-	-	65,344	65,344
Transaction with owner				
Dividends	-	-	(90,000)	(90,000)
At 30 June 2017	466,070	363,861	598,766	1,428,697

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

<u>Company</u>	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 2016	466,070	363,861	675,573	1,505,504
Profit for the financial period	-	-	20,237	20,237
Comprehensive income for the financial period	-	-	20,237	20,237
At 30 June 2016	466,070	363,861	695,810	1,525,741

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 2016.



CONDENSED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Group		Company	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Profit before taxation and zakat:	42,260	62,571	70,515	26,482
Adjustments	(6,060)	(17,445)	1,149	(11,867)
Operating profit before changes in working capital	<u>36,200</u>	45,126	<u>71,664</u>	14,615
Changes in working capital:				
Net changes in operating assets	161,024	(89,810)	195,003	106,759
Net changes in operating liabilities	532,638	229,489	4,364	(7,730)
Tax expense paid	(9,794)	(10,730)	(906)	(4,871)
Retirement benefits paid	(465)	(465)	(347)	(465)
Net cash generated from operating activities	<u>719,603</u>	173,610	<u>269,778</u>	108,308
Net cash used in generated from investing activities	<u>(5,043)</u>	(950)	<u>(4,566)</u>	(301)
Net cash generated used in generated financing activities	<u>(98,209)</u>	(36,397)	<u>(98,313)</u>	(6,680)
Net increase / (decrease) in cash and cash equivalents	<u>616,351</u>	136,263	<u>166,899</u>	101,327
Cash and cash equivalents at beginning of the financial period	756,183	742,704	687,820	674,444
Cash and cash equivalents at end of the financial period	<u><u>1,372,534</u></u>	<u>878,967</u>	<u><u>854,719</u></u>	<u>775,771</u>

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

	Group		Company	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Cash and short-term funds	994,443	741,585	491,998	643,149
Deposits and placements with banks and other financial institutions	378,091	137,382	362,721	132,622
	<u>1,372,534</u>	<u>878,967</u>	<u>854,719</u>	<u>775,771</u>

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 2016.

Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134, *Interim Financial Reporting* ("MFRS 134"), International Accounting Standard 34 ("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 2016.

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 2016.

Companies Act, 2016

The unaudited condensed interim financial statements of the Group and of the Company are prepared in accordance with the requirements of the Companies Act, 2016 ("New Act"), which replaced the Companies Act, 1965. Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Company upon the commencement of the New Act on 31 January are:

- (a) the removal of the authorised share capital;
- (b) the ordinary shares of the Group and Company will cease to have par or nominal value; and
- (c) the Company's share premium will become part of the share capital.

During the financial period ended 30 June 2017, the Group has yet to transfer 363.9 million share premium to its share capital. Pursuant to Section 618 of the New Act, the Group and the Company has twenty four (24) months to utilise the amount of share premium that has been transferred to share capital.

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 2016.

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 2017.

- Amendments to MFRS 12 (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 107 Statement of Cash Flows - *Disclosure Initiative*
- Amendments to MFRS 112 Income Taxes - *Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the above pronouncements did not have any impact on the financial statements of the Group and the Company.

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 1 and MFRS 128 (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
MFRS 2 Share-based Payment - <i>Classification and Measurement of Share-Based Payment Transactions</i>	1 January 2018
MFRS 9 <i>Financial Instruments</i>	1 January 2018
Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (<i>Amendments to MFRS 4</i>)	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to MFRS 140 - Transfer of Investment Property	1 January 2018
IC Int. 22 - <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128 - <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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 30 June 2017.

5. Significant estimates and changes in estimates

There were no changes in estimates that have had any material effect on the quarter ended 30 June 2017.

6. Debt and equity securities

There were no changes in debt and equity securities during the quarter ended 30 June 2017.

7. Dividend paid/payable

A single tier interim dividend in respect of the financial year ended 31 December 2016 of 19.3104 sen on 466,069,913 ordinary share, amounting to a dividend of RM90,000,000 has been approved by the Board of Directors on 28 February 2017. On 31 March 2017, Bank Negara Malaysia ("BNM") approved this dividend. The dividend has been paid on 5 May 2017.

8. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2016 was not qualified.

9. Performance review

The Group registered a pre-tax profit of RM42.3 million for the period ended 30 June 2017, a decrease of 36.1% as compared to the previous corresponding period's pre-tax profit of RM62.6 million. The lower pre-tax profit is attributable to lower interest income/profit income earned on loans, and financing and higher impairment loss made on securities during the financial period.

MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD (No. 3755-M)
UNAUDITED INTERIM FINANCIAL STATEMENTS

10. Cash and short-term funds

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Cash and bank balances	61,380	40,255	8,926	3,724
Deposits and placements maturing within one month	933,063	551,478	483,072	526,176
	<u>994,443</u>	<u>591,733</u>	<u>491,998</u>	<u>529,900</u>

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group amounted to RM1,187,000 and RM826,000 (2016: RM1,183,000 and RM959,000) 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	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Deposits with licensed banks	378,091	155,450	362,721	148,920
Deposits with other financial institutions	-	9,000	-	9,000
	<u>378,091</u>	<u>164,450</u>	<u>362,721</u>	<u>157,920</u>

12. Securities held-for-trading

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
At fair value				
Unquoted securities in Malaysia:				
Corporate Bond and/or Sukuk	20,073	29,984	20,073	29,984
Islamic Commercial Papers	159,505	208,745	159,505	208,745
Shares	1	253	1	253
	<u>179,579</u>	<u>238,982</u>	<u>179,579</u>	<u>238,982</u>
Unit Trust	-	20,083	-	20,083
	<u>179,579</u>	<u>259,065</u>	<u>179,579</u>	<u>259,065</u>

13. Securities available-for-sale

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	482,298	471,465	-	-
Government Investment Issue	445,978	507,028	-	-
Malaysian Treasury Bills	99,657	-	-	-
Negotiable Instruments of Deposit	299,169	248,925	-	-
	<u>1,327,102</u>	<u>1,227,418</u>	<u>-</u>	<u>-</u>

MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD (No. 3755-M)
UNAUDITED INTERIM FINANCIAL STATEMENTS

13. Securities available-for-sale (cont'd.)

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Quoted securities in Malaysia:				
Shares and Warrants	20,724	21,218	-	-
Unquoted securities in Malaysia:				
Corporate Bond/Sukuk	2,245,686	2,288,050	1	7
Loan Stocks	12,863	6,275	1,348	1,348
	<u>2,258,549</u>	<u>2,294,325</u>	<u>1,349</u>	<u>1,355</u>
At cost				
Unquoted securities in Malaysia:				
Shares	5,715	5,555	300	300
	<u>3,612,090</u>	<u>3,548,516</u>	<u>1,649</u>	<u>1,655</u>

14. Derivative assets

Group	Contract or underlying principal amount RM'000	Derivative assets RM'000
30 June 2017		
Interest rate related derivatives:		
- Interest rate swaps	220,000	274
31 December 2016		
Interest rate related derivatives:		
- Interest rate swaps	320,000	528

15. Loans, advances and financing

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Term loans				
Syndicated term loans/financing	69,116	282,629	-	-
Hire purchase receivables	10,242	10,275	1,365	1,383
Real estate financing	73,180	96,047	-	-
Murabahah financing	352,501	230,352	-	-
Lease receivables	1,568	1,568	-	-
Other term loans/financing	229,933	239,860	187,759	303,927
	<u>736,540</u>	<u>860,731</u>	<u>189,124</u>	<u>305,310</u>
Margin accounts	226,644	261,148	-	-
Staff loans	1,705	2,003	1,083	1,333
	<u>964,889</u>	<u>1,123,882</u>	<u>190,207</u>	<u>306,643</u>
Less: Unearned interest / income	(9,578)	(9,189)	(9,578)	(9,189)
Gross loans, advances and financing	<u>955,311</u>	<u>1,114,693</u>	<u>180,629</u>	<u>297,454</u>
Less: Impairment allowance				
- Collective impairment allowance	(9,094)	(7,601)	(6,103)	(4,755)
- Individual impairment allowance	(118,715)	(126,184)	(41,279)	(42,906)
Total net loans, advances and financing	<u>827,502</u>	<u>980,908</u>	<u>133,247</u>	<u>249,793</u>

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

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

a. By type of customer

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Domestic business enterprises				
- Small medium enterprises	497,398	504,177	130,493	249,506
- Others	222,624	244,468	49,053	46,615
Individuals	235,289	366,048	1,083	1,333
Gross loans, advances and financing	955,311	1,114,693	180,629	297,454

b. By interest/profit rate sensitivity

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Fixed rate				
- Staff loans	1,705	2,003	1,083	1,333
- Hire purchase receivables	10,243	10,275	1,366	1,383
- Other fixed rate loan/financing	386,547	508,958	92,054	91,967
Variable rate				
- BLR plus	196,243	27,260	28,031	27,260
- Cost plus	360,573	566,197	58,095	175,511
Gross loans, advances and financing	955,311	1,114,693	180,629	297,454

c. By economic sector

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Mining and quarrying	98,162	88,730	-	-
Manufacturing	111,492	129,209	53,592	55,695
Construction	-	117	-	-
Wholesale & retail trade and restaurants & hotels	74,378	51,008	43,387	39,778
Transport, storage and communications	2,294	3,066	2,294	2,398
Finance, insurance, and business services	278,100	230,782	76,024	193,915
Purchase of transport vehicles	8,877	7,607	-	-
Others	382,008	604,174	5,332	5,668
Gross loans, advances and financing	955,311	1,114,693	180,629	297,454

d. By residual contractual maturity

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Within one year	505,609	658,920	44,615	77,800
One year to five years	424,521	434,427	122,328	198,429
After five years	25,181	21,346	13,686	21,225
Gross loans, advances and financing	955,311	1,114,693	180,629	297,454

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

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

(i) Movements in ILs

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
At 1 January	568,470	460,213	65,242	100,787
Classified as impaired/(performing) during the financial year	6,462	244,974	-	(28,706)
Amount recovered	(63,626)	(116,499)	(703)	(2,776)
Amount written off	(72)	(20,218)	(72)	(4,063)
At 30 June / 31 December	511,234	568,470	64,467	65,242
Less: Individual impairment allowance	(118,715)	(126,184)	(41,279)	(42,906)
Net ILs	392,519	442,286	23,188	22,336
Net ILs as % of gross loans, advances and financing less individual impairment allowance	46.92%	44.74%	16.64%	8.77%

(ii) ILs by economic sector

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Mining and quarrying	86,200	88,730	-	-
Manufacturing	107,108	123,489	49,208	49,975
Construction	-	117	-	-
Wholesale & retail trade and restaurants & hotels	23,766	24,197	12,938	12,968
Transport, storage and communication	280	886	280	218
Finance, insurance, and business services	154,244	89,185	1,613	1,663
Purchase of transport vehicles	8,877	7,607	-	-
Others	130,759	234,259	428	419
	511,234	568,470	64,467	65,242

(iii) Movements in impairment provision

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Individual impairment allowance				
At 1 January	126,184	138,736	42,906	40,550
Reclassification to other liabilities and AFS	(9,728)	-	-	-
Impairment made during the financial period/year	6,640	18,136	10	8,609
Amount written-back	(2,037)	(1,800)	(575)	(1,121)
Amount written off	(789)	(20,218)	(789)	(4,063)
Discount unwind	(1,555)	(8,670)	(273)	(1,069)
At 30 June / 31 December	118,715	126,184	41,279	42,906

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	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Collective impairment allowance				
At 1 January	7,601	12,011	4,755	5,039
Impairment made/(written back) during the financial period	1,493	(4,410)	1,348	(284)
At 30 June / 31 December	<u>9,094</u>	<u>7,601</u>	<u>6,103</u>	<u>4,755</u>
% of total loans, advances and financing less individual impairment allowance	1.09%	0.77%	4.38%	1.87%

16. Other assets

	Note	Group		Company	
		30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Interest/profit receivables		27,866	33,706	4,629	5,517
Amount due from brokers and clients	(b)	90,700	44,890	-	-
Less: Individual impairment allowance		-	-	-	-
		90,700	44,890	-	-
Deposits, prepayments and other receivables		30,601	21,853	10,194	8,468
Less: Individual impairment allowance		(9,047)	(4,515)	-	-
		21,554	17,338	10,194	8,468
Amount receivables from Danaharta		97,877	97,877	-	-
Less: Individual impairment allowance		(97,877)	(97,877)	-	-
		-	-	-	-
Amount due from subsidiaries	(a)	-	-	1,452	1,625
Amount due from Government Scheme Fund		-	3,588	-	3,588
Tax recoverable		28,608	29,925	-	-
		<u>168,728</u>	<u>129,447</u>	<u>16,275</u>	<u>19,198</u>

16. Other assets (cont'd.)

- (a) Amount due from subsidiaries

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

- (b) Clients' accounts

Group	Note	30 June 2017 RM'000	31 December 2016 RM'000
Brokers		-	24,654
Amount due from clients		90,700	20,236
		<u>90,700</u>	<u>44,890</u>
Less: Individual impairment allowance	(i)	-	-
		<u>90,700</u>	<u>44,890</u>

This arose from trading of securities, through the investment bank subsidiary, which are not yet due for settlement as at the reporting date under the Rules of Bursa Malaysia Securities Berhad.

Group	30 June 2017 RM'000	31 December 2016 RM'000
(i) Movements in individual impairment allowance on amount from clients:		
At 1 January	-	(2,567)
Impairment (made) written off during the period / year	-	(1)
Amount written off	-	2,568
At 30 June / 31 December	<u>-</u>	<u>-</u>

17. Deposits from customers

	Group	
	30 June 2017 RM'000	31 December 2016 RM'000
(i) By type of deposit		
- Call deposits	18,481	31,072
- Fixed deposits	2,060,160	1,956,685
	<u>2,078,641</u>	<u>1,987,757</u>
(ii) By type of customer		
- Business enterprises	1,601,905	1,678,421
- Government and statutory bodies	474,200	306,847
- Individuals	2,536	2,489
	<u>2,078,641</u>	<u>1,987,757</u>
(iii) The maturity structure of term deposits are as follows:		
- Due within six months	1,970,935	1,955,495
- Six months to one year	107,706	32,262
	<u>2,078,641</u>	<u>1,987,757</u>

18. Deposits and placements of banks and other financial institutions

	Group	
	30 June 2017 RM'000	31 December 2016 RM'000
(i) Call deposits		
- Other financial institutions	9,914	3,811
(ii) Fixed deposits		
- Licensed banks	-	12,300
- Licensed Islamic banks	-	-
- Other financial institutions	1,894,459	1,505,746
	<u>1,894,459</u>	<u>1,518,046</u>
	<u>1,904,373</u>	<u>1,521,857</u>

19. Borrowings

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
(a) Short Term:				
- Unsecured	6,985	11,805	6,985	11,805
	<u>6,985</u>	<u>11,805</u>	<u>6,985</u>	<u>11,805</u>
(b) Long Term:				
- Unsecured	294,809	298,198	146,674	150,167
- Unsecured - Islamic Operations	160,000	160,000	160,000	160,000
	<u>454,809</u>	<u>458,198</u>	<u>306,674</u>	<u>310,167</u>
Total borrowings	<u>461,794</u>	<u>470,003</u>	<u>313,659</u>	<u>321,972</u>

20. Interest income

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Group				
Loans, advances and financing				
- Interest income on non-impaired loans	5,670	6,553	12,354	16,575
- Interest income on impaired loans ("ILs")	7,617	10,578	11,099	18,599
Money at call and deposit placements with financial institutions	4,942	3,670	8,478	6,563
Securities held-for-trading ("HFT")	2	-	3	-
Securities available-for-sale ("AFS")				
- Interest income on non-impaired AFS	21,239	12,895	41,723	26,948
- Interest income on impaired AFS	1,046	139	1,677	256
Securities held-to-maturity ("HTM")				
- Interest income on non-impaired HTM	-	10,995	-	21,171
Accretion of discounts (net of amortisation of premium)	(91)	(47)	(376)	(146)
Derivative instruments	49	525	106	1,577
	<u>40,474</u>	<u>45,308</u>	<u>75,064</u>	<u>91,543</u>

20. Interest income (cont'd.)

<u>Company</u>	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income on non-impaired loans	1,081	3,075	2,719	6,415
- Interest income on impaired loans ("ILs")	122	813	273	1,518
Money at call and deposit placements with financial institutions	2,960	2,032	5,423	4,066
Securities available-for-sale ("AFS")				
- Interest income on impaired AFS	11	16	11	16
	<u>4,174</u>	<u>5,936</u>	<u>8,426</u>	<u>12,015</u>

21. Interest expense

<u>Group</u>	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	12,901	14,073	22,032	26,918
Deposits from customers	10,744	12,077	23,893	24,822
Borrowings	1,536	763	3,856	1,641
Concessionary funds	1,066	1,160	2,151	2,351
	<u>26,247</u>	<u>28,073</u>	<u>51,932</u>	<u>55,732</u>
<u>Company</u>				
Concessionary funds	1,066	1,160	2,151	2,351
	<u>1,066</u>	<u>1,160</u>	<u>2,151</u>	<u>2,351</u>

22. Non-interest income

<u>Group</u>	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Underwriting fees	-	-	158	1,033
Management fees	4,515	975	5,859	1,853
Corporate advisory fees	842	180	984	678
Brokerage fees	5,105	4,568	11,312	9,312
Income from Government Scheme Funds	4,876	2,857	7,501	5,735
Other fees	1,064	5,099	2,572	7,669
	<u>16,402</u>	<u>13,679</u>	<u>28,386</u>	<u>26,280</u>

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

Group	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Investment income:				
Gain/(loss) on sale of securities:				
- Held-for-trading	13	-	13	-
- Available-for-sale	(31)	2,145	(11)	2,196
Net unrealised gain on revaluation of securities held-for-trading	4,851	5,029	9,453	11,439
Net unrealised (loss)/gain on revaluation of derivative instruments	(149)	(710)	(253)	(3,208)
	<u>4,684</u>	<u>6,464</u>	<u>9,202</u>	<u>10,427</u>
Gross dividend income:				
Securities available-for-sale	793	-	1,780	-
Other income:				
Rental from:				
- Office premises	358	344	733	719
- Others	70	67	121	142
Others	392	138	941	273
	<u>820</u>	<u>549</u>	<u>1,795</u>	<u>1,134</u>
Total non-interest income	<u>22,699</u>	<u>20,692</u>	<u>41,163</u>	<u>37,841</u>
Company				
Fee income:				
Management fees	1,977	2,133	4,251	4,289
Income from Government Scheme Funds	4,876	2,857	7,501	5,735
	<u>6,853</u>	<u>4,990</u>	<u>11,752</u>	<u>10,024</u>
Investment income:				
Net unrealised gain on revaluation of securities held-for-trading	4,853	5,029	9,453	11,439
	<u>4,853</u>	<u>5,029</u>	<u>9,453</u>	<u>11,439</u>
Gross dividend income:				
Subsidiaries	50,000	-	50,000	-
Associate	1,017	1,617	1,017	1,617
Securities available-for-sale	300	-	300	-
	<u>51,317</u>	<u>1,617</u>	<u>51,317</u>	<u>1,617</u>
Other income:				
Rental from:				
- Office premises	1,051	1,043	2,092	2,096
Gain on liquidation of subsidiaries	-	-	-	930
Others	205	575	471	736
	<u>1,285</u>	<u>1,618</u>	<u>2,592</u>	<u>3,762</u>
Total non-interest income	<u>64,308</u>	<u>13,254</u>	<u>75,114</u>	<u>26,842</u>

23. Operating expenses

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Staff costs				
Wages, salaries and bonuses	18,350	17,445	33,812	32,884
Employee benefits:				
Current period	270	268	527	536
Social security costs	91	76	179	144
Defined contribution plan	3,160	2,282	5,610	4,763
Other staff related expenses	2,016	1,379	2,980	2,724
	<u>23,887</u>	<u>21,450</u>	<u>43,108</u>	<u>41,051</u>
Establishment costs				
Depreciation	501	437	992	884
Office rental	2,380	1,957	4,346	3,929
Equipment rental	34	18	45	46
Others	2,780	1,838	4,773	3,408
	<u>5,695</u>	<u>4,250</u>	<u>10,156</u>	<u>8,267</u>
Promotion and marketing-related expenses				
Business promotion and advertisement	1,440	1,480	1,822	2,437
Entertainment	123	82	237	241
	<u>1,563</u>	<u>1,562</u>	<u>2,059</u>	<u>2,678</u>
General and administrative expenses				
Auditors' remuneration				
- Audit fees	133	126	256	260
Directors' fees and meeting allowances	397	491	812	970
Communication expenses	91	95	188	241
Loss on disposal of property, plant and equipment	-	45	-	45
Professional fees	675	102	1,176	982
Securities Commission's levy	310	275	778	522
Brokerage fee	485	173	485	408
Others	561	711	1,290	1,317
	<u>2,652</u>	<u>2,018</u>	<u>4,985</u>	<u>4,745</u>
	<u>33,797</u>	<u>29,280</u>	<u>60,308</u>	<u>56,741</u>

Company	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Personnel costs				
Wages, salaries and bonuses	8,876	7,715	16,411	14,721
Employee benefits:				
Current period	198	194	402	388
Social security costs	53	44	103	83
Defined contribution plan	1,719	1,227	2,957	2,402
Other staff related expenses	986	1,209	1,820	1,973
	<u>11,832</u>	<u>10,389</u>	<u>21,693</u>	<u>19,567</u>
Establishment costs				
Depreciation	213	234	421	483
Office rental	1,974	1,966	3,931	3,909
Equipment rental	15	7	17	17
Others	572	568	1,169	1,237
	<u>2,774</u>	<u>2,775</u>	<u>5,538</u>	<u>5,646</u>

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23. Operating expenses (cont'd.)

<u>Company (cont'd.)</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Promotion and marketing-related expenses				
Business promotion and advertisement	536	890	659	1,161
Entertainment	9	5	13	6
	<u>545</u>	<u>895</u>	<u>672</u>	<u>1,167</u>
General and administrative expenses				
Auditors' remuneration				
- Audit fees	49	49	97	99
Directors' fees and meeting allowances	192	246	434	503
Communication expenses	46	59	108	140
Loss on disposal of property, plant and equipment	-	45	-	45
Building maintenance	190	166	364	332
Professional fees	270	126	588	750
GST expense	44	94	90	203
Others	7	182	54	287
	<u>798</u>	<u>967</u>	<u>1,735</u>	<u>2,359</u>
	<u>15,949</u>	<u>15,026</u>	<u>29,638</u>	<u>28,739</u>

24. Impairment losses (made)/written-back on loans, advances
and financing

<u>Group</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
(a) Individual impairment allowances				
- made in the financial period	(6,461)	(2,973)	(6,640)	(4,653)
- written-back	1,031	153	2,037	1,869
(b) Collective impairment allowances				
- made in the financial period	(1,331)	(1,135)	(1,913)	(1,250)
- written-back	258	1,076	420	6,044
(c) Recoveries from impaired loans	2,861	1,957	8,170	3,628
	<u>(3,642)</u>	<u>(922)</u>	<u>2,074</u>	<u>5,638</u>

<u>Company</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
(a) Individual impairment allowances				
- made in the financial period	-	(43)	(10)	(70)
- written-back	258	617	575	1,318
(b) Collective impairment allowances				
- made in the financial period	(1,545)	(604)	(1,705)	(771)
- written-back	258	-	357	1,913
(c) Recoveries from impaired loans	648	393	1,211	582
	<u>(381)</u>	<u>363</u>	<u>428</u>	<u>2,972</u>

25. Impairment losses written back/(made) on securities

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Group				
Securities available-for-sale (net)	(2,233)	(737)	(3,304)	1,465
	<u>(2,233)</u>	<u>(737)</u>	<u>(3,304)</u>	<u>1,465</u>
Company				
Securities available-for-sale (net)	-	23	(252)	23
	<u>-</u>	<u>23</u>	<u>(252)</u>	<u>23</u>

26. 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:

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Segment Revenue				
Investment banking	59,207	60,254	115,768	118,490
Development finance	17,214	14,188	32,155	29,009
Asset management	1,229	1,068	2,439	2,033
Investment holding	62,094	11,525	73,073	25,844
Others	8,657	12,201	13,381	22,478
	<u>148,400</u>	<u>99,236</u>	<u>236,816</u>	<u>197,854</u>
Inter-segment elimination	(57,203)	(6,488)	(62,820)	(14,996)
	<u>91,197</u>	<u>92,748</u>	<u>173,996</u>	<u>182,858</u>
Segment Results				
Investment banking	7,757	9,622	22,023	27,080
Development finance	9,691	6,941	18,937	17,910
Asset management	58	(175)	(104)	(395)
Investment holding	50,702	4,240	51,654	8,641
Others	(942)	6,602	(140)	11,214
Inter-segment elimination	(50,998)	(1,633)	(50,819)	(2,562)
	<u>16,268</u>	<u>25,597</u>	<u>41,551</u>	<u>61,888</u>
Share of results in associates	349	317	709	683
	<u>16,617</u>	<u>25,914</u>	<u>42,260</u>	<u>62,571</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.

27. 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:

<u>Group</u>	← As at 30.06.2017 →			← As at 31.12.2016 →		
	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	66,800	33,400	33,400	10,000	5,000	5,000
Interest rate related contracts with an original maturity						
- Not exceeding one year	220,000	663	133	220,000	614	123
- Exceeding one year	-	-	-	100,000	1,341	268
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	141,490	28,298	28,295	115,289	23,058	23,056
- Maturity exceeding one year	22,677	7,202	7,202	57,898	24,764	24,764
Total	450,967	69,563	69,029	503,187	54,777	53,211
 <u>Company</u>						
Irrevocable commitments to extend credit:						
- Maturity exceeding one year	8,890	4,445	4,445	13,951	6,975	6,975
Total	8,890	4,445	4,445	13,951	6,975	6,975

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

28. Related party disclosures

Significant related party transactions and balances

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 30 June 2017 RM'000	As at 30 June 2016 RM'000	As at 30 June 2017 RM'000	As at 30 June 2016 RM'000
Penultimate holding company				
Income:				
Brokerage fees earned	4,204	4,707	-	-
Expenditures:				
Interest expense on deposits	-	250	-	-
Rental expense	3,721	3,721	3,721	3,721
Immediate holding company				
Rental of premises	1,147	1,168	-	-
Management fee paid	3,371	3,290	-	-
Subsidiaries				
Income:				
Interest on loans	-	-	2,095	6,642
Rental of premises	-	-	1,342	1,367
Management fees	-	-	4,277	4,208
Dividend from subsidiaries	-	-	50,000	-
Expenditures:				
Other expenses	-	-	-	2
Associates				
Income:				
Rental received	117	117	217	217
Dividend from associates	-	-	1,017	1,617
Expenditures:				
Interest expense on deposits	-	63	-	-
Other related companies				
Income:				
Interest income on securities	3,993	7,919	-	-
Fee income	-	55	-	-
Management fees	4	17	4	17
Brokerage fees earned	1,664	738	-	-
Expenditures:				
Interest expense on deposits	2,025	2,367	-	-

28. 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 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Penultimate holding company				
Amount due from:				
Sundry deposit received	1,861	1,861	1,861	1,861
Amount due to:				
Deposits from placements of banks and other financial institutions	-	-	-	-
Other payables	-	-	-	-
Subsidiaries				
Amount due from:				
Loans, advances and financing	-	-	58,095	175,511
Trade receivables	-	-	1,452	1,625
Amount due to:				
Rental deposit received	-	-	649	649
Other payables	-	-	881	510
Associates				
Amount due to:				
Rental deposit received	109	109	109	109
Other related companies				
Amount due from:				
Fee receivables	-	80	-	-
Trade receivables	-	553	-	1
Securities	30,007	169,475	-	-
Amount due to:				
Deposits from placements of banks and other financial institutions	50,529	104,909	-	-
Other payables	-	134	-	25

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

29. Credit exposures arising from credit transactions with connected parties

	Group	
	As at 30 June 2017	As at 31 December 2016
(i) Total credit exposures with connected parties	87,779	330,000
(ii) Percentage of total credit exposures to connected parties as proportion of total credit exposures	2.56%	8.65%
(iii) Percentage of total credit exposures to connected parties which is impaired or in default	Nil	Nil

30. Capital adequacy

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

	Group		Company	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Tier 1 Capital				
Common Equity Tier 1 ("CET1") Capital				
Ordinary shares	466,070	466,070	466,070	466,070
Share premium	363,861	363,861	363,861	363,861
Statutory reserve	131,324	131,324	-	-
Securities available-for-sale reserve	(22,886)	(42,534)	-	-
Regulatory reserve	3,281	3,932	-	-
Retained profits	776,877	866,877	533,422	623,422
	<u>1,718,527</u>	<u>1,789,530</u>	<u>1,363,353</u>	<u>1,453,353</u>
Less: Regulatory adjustments	(101,639)	(121,884)	(618,976)	(613,857)
Total CET1 Capital / Tier 1 Capital	<u>1,616,888</u>	<u>1,667,646</u>	<u>744,377</u>	<u>839,496</u>
Tier 2 Capital				
Collective impairment allowance and regulatory reserve	4,770	5,956	869	1,074
Total Tier 2 capital	<u>4,770</u>	<u>5,956</u>	<u>869</u>	<u>1,074</u>
Total Capital	<u>1,621,658</u>	<u>1,673,602</u>	<u>745,246</u>	<u>840,570</u>
CET 1 Capital	60.873%	62.935%	140.287%	128.771%
Tier 1 Capital	60.873%	62.935%	140.287%	128.771%
Total Capital	61.053%	63.160%	140.451%	128.936%

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

	Group		Company	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Total risk weighted assets for credit risk	2,196,779	2,176,711	332,465	417,923
Total risk weighted assets equivalent for market risk	36,469	93,952	22,269	62,752
Total risk weighted assets equivalent for operational risk	422,901	379,138	175,875	171,252
	<u>2,656,148</u>	<u>2,649,801</u>	<u>530,609</u>	<u>651,927</u>

32. Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- 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 30 June 2017				
Financial assets				
Assets measured at fair value:				
Securities held-for-trading				
Unquoted securities	-	179,578	1	179,579
Securities available-for-sale				
Money market instruments	-	1,327,102	-	1,327,102
Quoted securities	20,724	-	-	20,724
Unquoted securities	-	2,055,062	203,487	2,258,549
Derivative assets	-	274	-	274
	<u>20,724</u>	<u>3,562,016</u>	<u>203,488</u>	<u>3,786,228</u>
Assets for which fair value are disclosed:				
Loans, advances and financing				
- staff loans	-	963	-	963
Investment properties				
Residential properties	-	-	7,734	7,734
Office property	-	-	1,792	1,792
	<u>-</u>	<u>-</u>	<u>9,526</u>	<u>9,526</u>
Liability for which fair values are disclosed:				
Borrowings	-	461,794	-	461,794
	<u>-</u>	<u>461,794</u>	<u>-</u>	<u>461,794</u>

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 2016				
Financial assets				
Assets measured at fair value:				
Securities held-for-trading				
Money market instruments	-	-	-	-
Unquoted securities	-	258,812	253	259,065
Securities available-for-sale				
Money market instruments	-	1,227,418	-	1,227,418
Quoted securities	21,218	-	-	21,218
Unquoted securities	-	1,969,562	329,690	2,299,252
Derivative assets	-	528	-	528
Assets for which fair value are disclosed:				
Loans, advances and financing				
- staff loans	-	1,154	-	1,154
Investment properties				
Residential properties	-	-	6,508	6,508
Office property	-	-	1,301	1,301
Liability for which fair values are disclosed:				
Borrowings	-	470,003	-	470,003
Company				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 30 June 2017				
Assets measured at fair value:				
Securities held-for-trading				
Unquoted securities	-	179,578	1	179,579
Securities available-for-sale				
Unquoted securities	-	-	1,349	1,349
	-	179,578	1,350	180,928
Assets for which fair value are disclosed:				
Loans, advances and financing				
- staff loans	-	836	-	836
Liability for which fair values are disclosed:				
Borrowings	-	313,659	-	313,659

32. Fair value hierarchy (cont'd.)

Company At 31 December 2016	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	-	258,812	253	259,065
Securities available-for-sale				
Unquoted securities	-	-	1,355	1,355
	-	258,812	1,608	260,420
Assets for which fair value are disclosed:				
Loans, advances and financing				
- staff loans	-	1,029	-	1,029
Liability for which fair values are disclosed:				
Borrowings	-	321,972	-	321,972

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 At 30 June 2017	Securities held-for- trading RM'000	Securities available- for-sale RM'000	Total RM'000
At 1 January 2017	253	329,690	329,943
Additional unquoted securities	-	6,369	6,369
Total gains/(losses) recognised in profit or loss:			
Included within interest income	-	1,666	1,666
Included within net income from Islamic Banking Operation	-	1,389	1,389
Included within impairment loss on securities	(252)	(3,052)	(3,304)
	(252)	3	(249)
Settlements	-	(132,575)	(132,575)
At 30 June 2017	1	203,487	203,488
At 31 December 2016			
At 1 January 2016	253	10,279	10,532
Additional unquoted securities		323,408	323,408
Total gains/(losses) recognised in profit or loss:			
Included within interest income	-	481	481
Included within impairment loss on securities	-	151	151
	-	632	632
Settlements		(4,629)	(4,629)
At 31 December 2016	253	329,690	329,943

32. Fair value hierarchy (cont'd)

Company	Securities held-for- trading RM'000	Securities available- for-sale RM'000	Total RM'000
At 30 June 2017			
At 1 January 2017	253	1,355	1,608
Total gains/(losses) recognised in profit or loss:			
Included within impairment loss on securities	(252)	-	(252)
Settlements	-	(6)	(6)
At 30 June 2017	<u>1</u>	<u>1,349</u>	<u>1,350</u>

Company	Securities held-for- trading RM'000	Securities available- for-sale RM'000	Total RM'000
At 31 December 2016			
At 1 January 2016	253	3,157	3,410
Total gains/(losses) recognised in profit or loss:			
Included within interest income	-	36	36
Included within impairment loss on securities	-	23	23
Settlements	-	59	59
At 31 December 2016	<u>253</u>	<u>(1,861)</u>	<u>(1,861)</u>
	<u>253</u>	<u>1,355</u>	<u>1,608</u>

33. Operations of Islamic Banking Business

(a) CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Group		Company	
		30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
ASSETS					
Cash and short-term funds	33 (f)	202,531	120,067	98,025	119,491
Deposits and placements with licensed banks and other financial institutions	33 (g)	59,600	43,600	59,600	43,600
Securities available-for-sale	33 (h)	1,554,786	1,478,943	-	-
Financing and advances	33 (i)	220,885	228,014	36,620	31,897
Other assets		28,878	33,730	18,141	20,134
Deferred tax assets		1,513	3,257	488	423
TOTAL ASSETS		2,068,193	1,907,611	212,874	215,545
LIABILITIES					
Deposits from customers	33 (j)	572,701	502,766	-	-
Deposits and placements of banks and other financial institutions	33 (k)	669,955	553,439	-	-
Borrowings	33 (l)	160,000	160,000	160,000	160,000
Other liabilities		61,839	49,977	22,465	21,169
Provision for taxation and zakat		7,329	10,809	771	522
Amount due to Head Office		174	302	174	302
TOTAL LIABILITIES		1,471,998	1,277,293	183,410	181,993
ISLAMIC BANKING CAPITAL FUNDS					
Funds allocated from Head Office		416,600	416,600	20,000	20,000
Reserves		179,595	213,718	9,464	13,552
TOTAL ISLAMIC BANKING CAPITAL FUNDS		596,195	630,318	29,464	33,552
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		2,068,193	1,907,611	212,874	215,545

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

(b) CONDENSED STATEMENT OF PROFIT & LOSS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

<u>Group</u>	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Income derived from investment of depositors funds and others		23,178	20,092	44,670	39,795
Income derived from Government Scheme Funds		8,019	6,621	16,272	13,723
Total attributable income		31,197	26,713	60,942	53,518
Income attributable to depositors		(12,039)	(7,962)	(21,572)	(15,530)
Net income attributable to the reporting institution		19,158	18,751	39,370	37,988
Other operating expenses		(4,962)	(4,680)	(9,385)	(9,097)
Operating profit		14,196	14,071	29,985	28,891
Impairment losses (made)/ written back on securities		(1,218)	-	(1,786)	594
Impairment losses written back on financing and advances	33 (o)	(44)	610	3,749	1,811
Impairment losses made on other assets		4	50	(410)	26
Profit before taxation and zakat		12,938	14,731	31,538	31,322
Taxation		(3,404)	(3,136)	(7,407)	(6,994)
Zakat		(245)	(300)	(622)	(628)
Profit for the financial period		9,289	11,295	23,509	23,700
Company					
Income derived from investment of depositors funds and others		1,300	1,042	2,514	1,997
Income derived from Government Scheme Funds		8,019	6,621	16,272	13,723
Income attributable to the reporting institution		9,319	7,663	18,786	15,720
Other operating expenses		(3,938)	(3,871)	(7,518)	(7,381)
Operating profit		5,381	3,792	11,268	8,339
Impairment losses written back/(made) on financing and advances	33 (o)	(326)	129	1,419	46
Impairment losses written back on securities		-	-	-	-
Impairment losses made on other asset		-	-	-	(28)
Profit before taxation and zakat		5,055	3,921	12,687	8,357
Taxation		(1,509)	(935)	(2,975)	(1,985)
Zakat		(91)	(78)	(250)	(165)
Profit for the financial period		3,455	2,908	9,462	6,207

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

(c) CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Group				
Profit for the financial period	<u>9,289</u>	11,295	<u>23,509</u>	23,700
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	(2,640)	-	(3,703)	-
Fair value changes	<u>3,283</u>	-	<u>10,156</u>	-
Other comprehensive gain for the year, net of tax	<u>643</u>	-	<u>6,453</u>	-
Total comprehensive income for the period	<u>9,932</u>	11,295	<u>29,962</u>	23,700
Company				
Profit for the financial period	<u>3,455</u>	2,908	<u>9,462</u>	6,207
Other comprehensive income/(loss):				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Net loss on securities available-for-sale				
Cumulative gain transferred to profit and loss upon disposal	-	-	-	-
Fair value changes	-	-	-	-
Other comprehensive gain for the year, net of tax	-	-	-	-
Total comprehensive income for the period	<u>3,455</u>	2,908	<u>9,462</u>	6,207

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

(d) CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

<u>Group</u>	←----- Non-distributable ----->			Distributable	
	Islamic banking funds RM'000	Securities available- for-sale reserve RM'000	Profit equalisation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2016	416,600	(5,639)	-	184,285	595,246
Profit for the financial year	-	-	-	23,700	23,700
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	23,700	23,700
At 30 June 2016	416,600	(5,639)	-	207,985	618,946
At 1 January 2017	416,600	(8,255)	-	221,438	629,783
Profit for the financial year	-	-	-	23,509	23,509
Other comprehensive income	-	6,453	-	-	6,453
Total comprehensive income for the period	-	6,453	-	23,509	29,962
Dividends	-	-	-	(50,000)	(50,000)
Allocation to Head Office	-	-	-	(13,550)	(13,550)
At 30 June 2017	416,600	(1,802)	-	181,397	596,195

(d) CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

<u>Company</u>	←---- Non-distributable ----->		Distributable
	Islamic banking funds RM'000	Retained profits RM'000	Total RM'000
At 1 January 2016	20,000	10,485	30,485
Total comprehensive income for the period	-	6,207	6,207
Allocation to Head Office	-	-	-
At 30 June 2016	20,000	16,692	36,692
At 1 January 2017	20,000	13,552	33,552
Total comprehensive income for the period	-	9,462	9,462
Allocation to Head Office	-	(13,550)	(13,550)
At 30 June 2017	20,000	9,464	29,464

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33 Islamic banking business (cont'd.)

(e) CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Group		Company	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Profit before taxation and zakat	31,538	31,322	12,687	8,357
Adjustments for non-cash items	(10,907)	(6,261)	(1,418)	(34)
Operating profit before changes in working capital	20,631	25,061	11,269	8,323
Changes in working capital:				
Net changes in operating assets	(48,335)	(141,550)	(523)	12,842
Net changes in operating liabilities	189,721	133,475	(2,660)	(3,866)
Net cash generated from operating activities	162,017	16,986	8,086	17,299
Net cash generated (used in) / from financing activities	(63,552)	5,431	(13,552)	5,431
Net increase / (decrease) in cash and cash equivalents	98,464	20,267	(5,466)	20,580
Cash and cash equivalents at beginning of the period	163,667	152,300	163,091	151,401
Cash and cash equivalents at end of the period	262,131	172,567	157,625	171,981

Cash and cash equivalents comprise:

	Group		Company	
	Cumulative Quarter		Cumulative Quarter	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Cash and short-term funds	202,531	130,867	98,025	130,281
Deposits and placements	59,600	41,700	59,600	41,700
	262,131	172,567	157,625	171,981

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

(f) Cash and short-term funds

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Cash and bank balances	5,731	1,667	5,225	1,091
Deposits and placements maturing within one month	196,800	118,400	92,800	118,400
	<u>202,531</u>	<u>120,067</u>	<u>98,025</u>	<u>119,491</u>

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

	Group and Company	
	30 June 2017 RM'000	31 December 2016 RM'000
Deposits with licensed banks	59,600	43,600
	<u>59,600</u>	<u>43,600</u>

(h) Securities available-for-sale

	Group	
	30 June 2017 RM'000	31 December 2016 RM'000
At fair value		
Money market instruments:		
Government Investment Issue	440,062	501,129
Islamic Negotiable Instruments	299,169	248,925
Unquoted securities in Malaysia:		
Islamic Private Debt Securities	815,555	728,889
	<u>1,554,786</u>	<u>1,478,943</u>

(i) Financing and advances

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Term financing				
- Syndicated term financing	187,001	198,901	-	-
- Islamic hire purchase/leasing	574	590	574	590
- Other term financing	48,681	44,972	48,681	44,972
	<u>236,256</u>	<u>244,463</u>	<u>49,255</u>	<u>45,562</u>
Less: Unearned income	(9,555)	(9,167)	(9,555)	(9,167)
Gross financing and advances	226,701	235,296	39,700	36,395
Less: Impairment provision				
- Collective impairment provision	(4,770)	(4,546)	(2,034)	(1,762)
- Individual impairment provision	(1,046)	(2,736)	(1,046)	(2,736)
Total net financing and advances	<u>220,885</u>	<u>228,014</u>	<u>36,620</u>	<u>31,897</u>

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

(i) Financing and advances (cont'd)

(i) By contract

Group

30 June 2017

	Sale-based contract		Lease-based contract	Total financing and advances RM'000
	Comodity Murabahah	Bai Bithaman Ajil	Al-ljarah Thumma Al-Bai	
	RM'000	RM'000	RM'000	
Syndicated term financing	187,001	-	-	187,001
Deferred payment sales	-	39,126	-	39,126
Finance lease	-	-	574	574
	<u>187,001</u>	<u>39,126</u>	<u>574</u>	<u>226,701</u>

31 December 2016

	Sale-based contract		Lease-based contract	Total financing and advances RM'000
	Comodity Murabahah	Bai Bithaman Ajil	Al-ljarah Thumma Al-Bai	
	RM'000	RM'000	RM'000	
Syndicated term financing	198,901	-	-	198,901
Deferred payment sales	-	35,805	-	35,805
Finance lease	-	-	590	590
	<u>198,901</u>	<u>35,805</u>	<u>590</u>	<u>235,296</u>

Company

30 June 2017

	Sale-based contract	Lease-based contract	Total financing and advances RM'000
	Bai Bithaman Ajil	Al-ljarah Thumma Al-Bai	
	RM'000	RM'000	
Deferred payment sales	39,126	-	39,126
Finance lease	-	574	574
	<u>39,126</u>	<u>574</u>	<u>39,700</u>

31 December 2016

	Sale-based contract	Lease-based contract	Total financing and advances RM'000
	Bai Bithaman Ajil	Al-ljarah Thumma Al-Bai	
	RM'000	RM'000	
Deferred payment sales	35,805	-	35,805
Finance lease	-	590	590
	<u>35,805</u>	<u>590</u>	<u>36,395</u>

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

(i) Financing and advances (cont'd)

(ii) By contract

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Commodity Murabahah	187,001	198,901	-	-
Bai Bithaman Ajil (deferred payment sale)	39,126	35,805	39,126	35,805
Al-Ijarah Thumma Al-Bai (finance lease)	574	590	574	590
	<u>226,701</u>	<u>235,296</u>	<u>39,700</u>	<u>36,395</u>

(iii) By types of customer

Domestic business enterprises	226,701	235,296	39,700	36,395
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(iv) By profit rate sensitivity

Variable rate				
Cost-plus	187,001	198,901	-	-
Fixed rate				
Hire purchase receivables	574	590	574	590
Other fixed rate financing	39,126	35,805	39,126	35,805
	<u>226,701</u>	<u>235,296</u>	<u>39,700</u>	<u>36,395</u>

(v) By economic sector

Mining and quarrying	86,200	88,730	-	-
Manufacturing	876	1,202	876	1,202
Wholesale & retail trade and restaurants & hotels	18,588	14,462	18,588	14,462
Transport, storage and communications	530	504	530	504
Finance, insurance and business services	75,347	84,352	15,465	15,902
Education, health and other	40,919	41,721	-	-
Others	4,241	4,325	4,241	4,325
	<u>226,701</u>	<u>235,296</u>	<u>39,700</u>	<u>36,395</u>

(vi) By residual contractual maturity

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Within one year	58,089	8,188	7,293	7,064
One year to five years	151,259	212,116	15,054	14,339
After five years	17,353	14,992	17,353	14,992
Gross loans, advances and financing	<u>226,701</u>	<u>235,296</u>	<u>39,700</u>	<u>36,395</u>

(vii) Impaired financing and advances by economic sector

	Group and Company	
	30 June 2017 RM'000	31 December 2016 RM'000
Manufacturing	356	373
Wholesale & retail trade and restaurants & hotels	1,946	1,954
Transport, storage and communications	280	218
Finance, insurance and business services	373	371
Others	418	418
	<u>3,373</u>	<u>3,334</u>

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

(i) Financing and advances (cont'd)

(viii) Movements in impaired financing and advances

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
At 1 January	3,334	6,850	3,334	6,850
Amount written off	-	(3,442)	-	(3,442)
Amount recovered	39	(74)	39	(74)
At 30 June / 31 December	3,373	3,334	3,373	3,334
Less: Individual impairment provision	(1,046)	(2,736)	(1,046)	(2,736)
Net impaired financing and advances	2,327	598	2,327	598
As % of gross financing and advances less individual impairment allowance	1.03%	0.26%	6.02%	1.78%

(ix) Movements in impairment allowance

	Group and Company	
	30 June 2017 RM'000	31 December 2016 RM'000
Individual impairment allowance		
At 1 January	2,736	2,251
Impairment made during the financial period/year	-	1,694
Impairment allowance written back during the financial period/year	(1,690)	(230)
Amount written off	-	(964)
Discount unwind	-	(15)
At 30 June / 31 December	1,046	2,736

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Collective impairment allowance				
At 1 January	4,546	6,034	1,762	1,541
Impairment made/(written back) during the financial period/year	224	(1,488)	272	221
At 30 June / 31 December	4,770	4,546	2,034	1,762
As % of gross financing and advances less individual impairment allowance	2.11%	1.95%	5.26%	5.23%

(j) Deposits from customers

	Group	
	30 June 2017 RM'000	31 December 2016 RM'000
(i) By type of deposits		
Commodity Murabahah		
Term deposits	572,701	502,766
(ii) By type of customers		
Commodity Murabahah		
Business enterprises	344,001	413,833
Government and statutory bodies	228,700	88,933
	572,701	502,766

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

(j) Deposits from customers (cont'd.)

Group	
30 June 2017 RM'000	31 December 2016 RM'000

(iii) The maturity structure of term deposits is as follows:

Due within six months	524,701	502,766
One to two years	48,000	-
	572,701	502,766

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

Group	
30 June 2017 RM'000	31 December 2016 RM'000

(i) By type of deposits

Commodity Murabahah Fund
Term deposits

669,955	553,439
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(ii) By type of customers

Commodity Murabahah Fund
Other financial institutions

669,955	553,439
669,955	553,439

(l) Borrowings

Group and Company	
30 June 2017 RM'000	31 December 2016 RM'000

Funds from MITI Soft Loans Scheme for Services Sector	160,000	160,000
	160,000	160,000

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

Income derived from investment of general investment deposits:

Group

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Income derived from investment of:				
(i) General investment deposits	19,784	14,296	36,802	27,955
(ii) Other deposits	11,413	12,417	24,140	25,563
	31,197	26,713	60,942	53,518

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

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

<u>Company</u>	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	-	-	-	-
(ii) Other deposits	9,319	7,663	18,786	15,720
	<u>9,319</u>	<u>7,663</u>	<u>18,786</u>	<u>15,720</u>

(i) General investment deposits

<u>Group</u>	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Money at call placements				
with financial and deposit institutions	969	356	1,405	656
Securities available-for-sale				
- Profit on non-impaired securities	12,184	2,713	24,653	5,428
- Profit on impaired securities	699	-	1,389	-
Securities held-to-maturity	-	9,389	-	18,057
	<u>13,852</u>	<u>12,458</u>	<u>27,447</u>	<u>24,141</u>
Accretion of discounts less amortisation of premiums	3,292	1,838	5,652	3,803
Total finance income and hibah	<u>17,144</u>	<u>14,296</u>	<u>33,099</u>	<u>27,944</u>
Other operating income				
Net gain on sale of securities available-for-sale	2,640	-	3,703	11
	<u>19,784</u>	<u>14,296</u>	<u>36,802</u>	<u>27,955</u>

(ii) Other deposits

<u>Group</u>	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	2,316	4,944	4,662	10,045
Money at call and deposit placements with financial institutions	327	324	641	584
	<u>2,643</u>	<u>5,268</u>	<u>5,303</u>	<u>10,629</u>
Other operating income				
Management fee from Government				
Scheme Funds	8,019	6,621	16,272	13,723
Fee income	381	340	1,981	833
Other income	370	188	584	378
	<u>8,770</u>	<u>7,149</u>	<u>18,837</u>	<u>14,934</u>
	<u>11,413</u>	<u>12,417</u>	<u>24,140</u>	<u>25,563</u>

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

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

Company

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Finance income and hibah				
Financing and advances	374	345	728	654
Money at call and deposit placements with financial institutions	327	324	641	584
	<u>701</u>	<u>669</u>	<u>1,369</u>	<u>1,238</u>
Other operating income				
Management fee from Government Scheme Funds	8,019	6,621	16,272	13,723
Fee income	230	196	564	430
Other income	369	177	581	329
	<u>8,618</u>	<u>6,994</u>	<u>17,417</u>	<u>14,482</u>
	<u>9,319</u>	<u>7,663</u>	<u>18,786</u>	<u>15,720</u>

(n) Income attributable to depositors

	Group			
	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000	
Commodity Fund				
Deposits from customers	(4,773)	(3,731)	(10,586)	(7,621)
Deposits and placements of banks and financial institutions	(7,266)	(4,231)	(10,986)	(7,909)
	<u>(12,039)</u>	<u>(7,962)</u>	<u>(21,572)</u>	<u>(15,530)</u>
	<u>(12,039)</u>	<u>(7,962)</u>	<u>(21,572)</u>	<u>(15,530)</u>

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

(o) Impairment losses (made)/written back on financing and advances

<u>Group</u>	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Collective impairment allowance				
- (Made) / written back during the period	(353)	471	(224)	1,588
Individual impairment allowance				
- Made in the financial year	-	(5)	-	(25)
- Written back in the financial period	-	140	1,690	236
Bad debts recovered on financing and advances	309	4	2,283	12
	(44)	610	3,749	1,811

<u>Company</u>	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Collective impairment allowance				
- Made during the period	(326)	(10)	(272)	(177)
Individual impairment allowance				
- Made in the financial year	-	(5)	-	(25)
- Written back in the financial period	-	140	1,690	236
Bad debts recovered on financing and advances	-	4	1	12
	(326)	129	1,419	46

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

(p) Capital adequacy

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

	Group		Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
	RM'000	RM'000	RM'000	RM'000
Common Equity Tier 1 (CET1)				
Islamic capital fund	416,600	416,600	20,000	20,000
Unrealised gain and loss of securities available-for-sale	(1,802)	(8,256)	-	-
Retained profits	158,424	221,974	2	13,552
	573,222	630,318	20,002	33,552
Less: Regulatory adjustments of CET1	(1,514)	(6,037)	(489)	(3,203)
Total Tier-I capital	571,708	624,281	19,513	30,349
Collective impairment allowance	1,311	1,298	441	411
	1,311	1,298	441	411
Total Tier-II capital				
Total capital	573,019	625,579	19,954	30,760
CET1 Capital	69.09%	82.95%	13.23%	21.54%
Tier 1 Capital	69.09%	82.95%	13.23%	21.54%
Total Capital	69.25%	83.12%	13.53%	21.83%

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

	Group		Company	
	As at 30 June 2017	As at 31 December 2016	As at 30 June 2017	As at 31 December 2016
Total risk weighted assets for credit risk	690,415	623,386	87,157	86,192
Total risk weighted assets equivalent for market risk	-	-	-	-
Total risk weighted assets equivalent for operational risk	137,022	129,242	60,344	54,706
	827,437	752,628	147,501	140,898

**MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD (No. 3755-M)
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 six months ended 30th June 2017, as set out on pages 1 to 45, 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 30th June 2017. 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**

27th July 2017