

MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD
(3755-M)
(Incorporated in Malaysia)

Unaudited Condensed Interim Financial Statements
30 June 2018

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	Group		Company	
		30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
ASSETS					
Cash and short-term funds	10	747,205	580,367	482,651	415,781
Deposits and placements with licensed banks and other financial institutions	11	312,355	434,823	308,105	424,573
Financial asset through profit and loss/ Securities held-for-trading	12	282,039	246,079	265,252	246,079
Securities available-for-sale	13	-	3,828,614	-	1,655
Debt instrument at fair value through other comprehensive income	13	1,344,280	-	1,655	-
Debt instrument at amortised cost	14	2,634,822	-	-	-
Derivative assets	15	-	78	-	-
Loans, advances and financing	16	911,605	783,593	134,823	107,185
Other assets	17	203,882	236,628	14,416	13,511
Statutory deposits with Bank Negara Malaysia		124,687	114,282	-	-
Investment in associate		3,097	3,480	2,560	2,560
Investment in subsidiaries		-	-	600,757	600,756
Investment properties		2,761	2,805	-	-
Property, plant and equipment		3,534	3,784	2,405	2,671
Intangible assets		6,952	6,607	3,596	2,743
Deferred tax assets		10,131	13,419	3,585	4,645
Goodwill		86,713	86,713	-	-
TOTAL ASSETS		6,674,063	6,341,272	1,819,805	1,822,159
LIABILITIES					
Deposits from customers	18	2,623,643	1,937,469	-	-
Deposits and placements of banks and other financial institutions	19	1,602,878	1,881,642	-	-
Other liabilities		271,164	275,613	88,683	55,370
Borrowings	20	434,938	458,404	306,674	310,167
Provision for taxation and zakat		832	2,380	462	899
Employee benefits		10,654	11,936	8,121	7,829
TOTAL LIABILITIES		4,944,109	4,567,444	403,940	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		899,767	943,642	585,934	617,963
		1,729,698	1,773,573	1,415,865	1,447,894
Non-controlling interests		256	255	-	-
TOTAL SHAREHOLDER'S EQUITY		1,729,954	1,773,828	1,415,865	1,447,894
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		6,674,063	6,341,272	1,819,805	1,822,159
COMMITMENTS AND CONTINGENCIES	28	360,962	597,352	22,517	16,893
NET ASSETS PER SHARE (RM)		3.71	3.81	3.04	3.11

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
30 JUNE 2018**

Group	Note	Individual Quarter 3 Months Ended		Cummulative Quarter 6 Months Ended	
		30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Operating revenue	27	76,615	91,220	159,691	173,996
Interest income	21	27,491	40,474	62,397	75,064
Interest expense	22	(24,379)	(26,247)	(47,879)	(51,932)
Net interest income		3,112	14,227	14,518	23,132
Net income from Islamic banking operations	33(b)	21,275	19,158	43,827	39,370
Non-interest income	23	19,737	22,699	29,324	41,163
		44,124	56,084	87,669	103,665
Operating expenses	24	(27,458)	(33,797)	(55,443)	(60,308)
Operating profit		16,666	22,287	32,226	43,357
Expected credit loss allowance/ impairment loss (made)/written back on:					
- loans, advances and financing	25	(15,728)	(3,641)	(16,509)	2,074
- debt instruments	26	(7,605)	(2,233)	(7,734)	(3,304)
- other assets		(223)	(144)	(340)	(576)
Profit before share of results in associate		(6,890)	16,269	7,643	41,551
Share of results in associate		334	349	752	709
(Loss)/Profit before taxation and zakat		(6,556)	16,618	8,395	42,260
Taxation		(1,720)	(5,393)	(5,166)	(10,986)
Zakat		(292)	(245)	(603)	(622)
(Loss)/Profit for the financial period		(8,568)	10,980	2,626	30,652
Attributable to:					
Shareholder of the Company		(8,569)	10,977	2,625	30,649
Non-controlling interests		1	3	1	3
Profit for the financial period		(8,568)	10,980	2,626	30,652
Earnings per share (sen)					
- Basic and diluted		(1.84)	2.36	0.56	6.58

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 30 JUNE 2018

<u>Group</u>	Individual Quarter 3 Months Ended		Cummulative Quarter 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
(Loss)/Profit for the financial period	(8,568)	10,980	2,626	30,652
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Net realised loss transferred to profit or loss on disposal of debt instrument at fair value through other comprehensive income/ securities available-for-sale	(2,511)	(2,609)	(2,511)	(3,692)
Fair value changes	(8,236)	11,977	(6,359)	23,340
Deferred tax on revaluation of securities available	-	-	-	-
Total other comprehensive (loss)/gain for the financial period, net of tax	(10,747)	9,368	(8,870)	19,648
Items that not to be reclassified subsequently to profit or loss:				
Re-measurement gain/(loss) on defined benefit plans	-	-	112	(15)
Total comprehensive (loss)/income for the financial period	(19,315)	20,348	(6,132)	50,285
Total comprehensive (loss)/income for the financial period attributable to:				
Shareholder of the Company	(19,315)	20,348	(6,132)	50,284
Non-controlling interests	-	-	-	1
	(19,315)	20,348	(6,132)	50,285

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 PROFIT & LOSS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

<u>Company</u>	Note	Individual Quarter 3 Months Ended		Cummulative Quarter 6 Months Ended	
		30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Operating revenue		25,046	76,147	48,166	99,153
Interest income	21	121	1,218	7,805	8,426
Interest expense	22	(1,006)	(1,066)	(2,021)	(2,151)
Net interest income		(885)	152	5,784	6,275
Net income from Islamic banking operations	33(b)	11,288	9,319	21,995	18,786
Non-interest income	23	16,035	67,265	21,252	75,115
Operating expenses	24	26,438	76,736	49,031	100,176
Operating profit		(15,615)	(15,949)	(29,880)	(29,638)
Expected credit loss allowance/ impairment loss written back/(made) on:					
- loans, advances and financing	25	420	(381)	76	428
- debt instruments	26	42	-	42	(252)
- other assets		-	-	-	(198)
Profit before taxation and zakat		11,285	60,406	19,269	70,516
Taxation		(2,316)	(2,327)	(3,875)	(4,919)
Zakat		(130)	(93)	(245)	(252)
Profit for the financial period		8,839	57,986	15,149	65,345
Attributable to:					
Shareholder of the Company		8,839	57,986	15,149	65,345
Non-controlling interests		-	-	-	-
Profit for the financial period		8,839	57,986	15,149	65,345
Earnings per share (sen)					
- Basic and diluted		1.90	12.44	3.25	14.02

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 COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED
 30 JUNE 2018**

<u>Company</u>	Individual Quarter 3 Months Ended		Cummulative Quarter 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Profit for the financial period	8,839	57,986	15,149	65,345
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Net realised loss transferred to profit or loss on disposal of debt instrument at fair value through other comprehensive income/ securities available-for-sale	-	-	-	-
Fair value changes	-	-	-	-
Total other comprehensive gain/(loss) for the financial period, net of tax	-	-	-	-
Items that not to be reclassified subsequently to profit or loss:				
Re-measurement loss on defined benefit plans	-	-	-	-
Total comprehensive income for the financial period	8,839	57,986	15,149	65,345
Total comprehensive income for the financial period attributable to:				
Shareholder of the Company	8,839	57,986	15,149	65,345
Non-controlling interests	-	-	-	-
	8,839	57,986	15,149	65,345

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 30 JUNE 2018

Group	Attributable to shareholder of the Company		Fair Value				controlling interests	Non-Total Equity
	Share Capital	Share Premium	Securities Available-For-Sale Reserve [#]	Income Reserve [#]	Regulatory Reserve [^]	Retained Profits		
	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	1,773,828
Effect of MFRS 9 Financial Instrument adoption	-	-	18,576	681	19,056	(17,186)	-	21,127
At 1 January 2018, restated	829,931	-	-	681	21,629	942,459	255	1,794,955
Other comprehensive income for the period	-	-	-	(8,870)	-	-	-	(8,870)
Profit for the period	-	-	-	-	-	(6,132)	-	(6,132)
Total comprehensive income for the period	-	-	-	(8,870)	-	(6,132)	1	(15,002)
Transactions with owner	-	-	-	-	-	(50,000)	-	(50,000)
Dividends	-	-	-	-	-	(50,000)	-	(50,000)
Transfer to regulatory reserve	-	-	-	-	618	(618)	-	-
At 30 June 2018	829,931	-	-	(8,189)	22,247	885,709	256	1,729,953

[^] 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 30 JUNE 2018

Group	Attributable to shareholder of the Company		Distributable				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
At 1 January 2017	466,070	363,861	(42,534)	3,932	131,324	866,877	210	1,789,740
Other comprehensive income for the period	-	-	-	-	-	10,265	-	10,280
Profit for the period	-	-	-	-	-	19,671	1	19,672
Total comprehensive income for the period	-	-	-	-	-	29,936	1	29,952
Transactions with owner	-	-	-	-	-	(90,000)	-	(90,000)
Dividends*	-	-	-	-	-	(90,000)	-	(90,000)
At 30 June 2017	466,070	363,861	(42,534)	3,932	131,324	806,813	211	1,729,692

^ 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.

* Single tier interim of RM19.310 sen on 466,070,000 Ordinary Shares of RM1.00 each, paid on 3 May 2017.

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

<u>Company</u>	Attributable to shareholder of the Company			
	— Non- Distributable —		Distributable	Total Equity RM'000
	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	-	-	15,149	15,149
Comprehensive income for the financial period	-	-	15,149	15,149
Transaction with owner				
Dividends	-	-	(50,000)	(50,000)
At 30 June 2018	829,931	-	585,934	1,415,865

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED

<u>Company</u>	Attributable to shareholder of the Company			
	— Non- Distributable —		Distributable	Total Equity RM'000
	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 30 June 2017	466,070	363,861	540,781	1,370,712

* Single tier interim of RM19.310 sen on 466,070,000 Ordinary Shares of RM1.00 each, paid on 3 May 2017.

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 CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Group		Company	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Profit before taxation and zakat:	8,395	42,260	19,269	70,516
Adjustment on non-cash items	7,755	(6,060)	(448)	1,148
Operating profit before changes in working capital	16,150	36,200	18,821	71,664
Changes in working capital:				
Net changes in operating assets	(298,047)	161,024	(42,360)	195,003
Net changes in operating liabilities	352,962	532,638	(16,686)	4,364
Tax expense and zakat paid	(2,194)	(9,794)	(4,629)	(906)
Retirement benefits paid	(114)	(465)	(114)	(347)
Net cash generated from operating activities	68,757	719,603	(44,968)	269,778
Net cash used in investing activities	(921)	(5,043)	(1,137)	(4,566)
Net cash used in financing activities	(23,466)	(98,209)	(3,493)	(98,313)
Net increase/(decrease) in cash and cash equivalents	44,370	616,351	(49,598)	166,899
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	1,059,560	1,372,534	790,756	854,719

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

	Group		Company	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Cash and short-term funds	747,205	994,443	482,651	491,998
Deposits and placements with banks and other financial institutions	312,355	378,091	308,105	362,721
	1,059,560	1,372,534	790,756	854,719

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 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 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 30 June 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(s).

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	-	-
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 1 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 - <i>Prepayment Features with Negative Compensation</i>	1 January 2019
MFRS 16 <i>Leases</i>	1 January 2019
IC Int. 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3 - <i>Business Combination (Annual Improvements to</i>	1 January 2019
Amendments for MFRS112 - <i>Income Taxes (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
Amendments to MFRS 2 - <i>Share-based Payment</i>	1 January 2020
Amendments to MFRS 3 - <i>Business Combinations</i>	1 January 2020
Amendments to MFRS 14 - <i>Regulatory Defferal Accounts</i>	1 January 2020
Amendments to MFRS 101 - <i>Presentation of Financial Statements</i>	1 January 2020
Amendments to MFRS 108 - <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
Amendments to MFRS 134 - <i>Interim Financial Reporting</i>	1 January 2020
Amendments to MFRS 137 - <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
Amendments to MFRS 138 - <i>Intangible Assets</i>	1 January 2020
Amendments to IC Int.12 <i>Service Concession Arrangements</i>	1 January 2020
Amendments to IC Int. 19 <i>Extinguishing Financial Liabilities with Equity</i>	1 January 2020
Amendments to IC Int. 22 <i>Foreign Currency Transaction and Advance Consideration</i>	1 January 2020
Amendments to IC Int. 132 <i>Intangible Assets - Website Costs</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
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 2018.

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 2018.

6. Debt and equity securities

There were no changes in debt and equity securities during the quarter ended 30 June 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 profit before tax of RM8.4 million for the period ended 30 June 2018, a decrease of 91% as compared to the previous corresponding period's profit before tax of RM42.3 million. The lower profit before tax is attributable to lower net income by RM16.0 million and higher expected credit loss allowance made on loans, finance and advances and debt instruments of RM22.3 million for this quarter.

10. Cash and short-term funds

	Group		Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Cash and bank balances	59,212	123,265	5,303	6,185
Deposits and placements maturing within one month	687,993	457,102	477,348	409,596
	747,205	580,367	482,651	415,781

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group amounted to RM2,101,000 and RM574,000 (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	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Deposits with licensed banks	312,355	434,823	308,105	424,573
	312,355	434,823	308,105	424,573

12. Financial assets at fair value through profit or loss ("FVTPL")/Securities Held-for-Trading

	Group		Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
At fair value				
Money market instruments:				
Government Investment Issues	24,889	9,940	24,889	9,940
Quoted instruments:				
Shares	16,776	-	-	-
Unquoted securities in Malaysia:				
Corporate Bond and/or Sukuk	60,141	65,517	60,130	65,517
Islamic Commercial Papers	171,383	160,614	171,383	160,614
Shares	1	1	1	1
	<u>231,525</u>	<u>226,132</u>	<u>231,514</u>	<u>226,132</u>
Unit Trust	8,849	10,007	8,849	10,007
	<u>282,039</u>	<u>246,079</u>	<u>265,252</u>	<u>246,079</u>

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

	Group		Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	283,207	481,359	-	-
Government Investment Issue	309,455	384,266	-	-
Malaysian Treasury Bills	-	-	-	-
Negotiable Instruments of Deposit	548,235	497,021	-	-
	<u>1,140,897</u>	<u>1,362,646</u>	<u>-</u>	<u>-</u>
Quoted securities in Malaysia:				
Shares and Warrants	-	29,606	-	-
Unquoted securities in Malaysia:				
Corporate Bond/Sukuk	283,847	2,512,061	553	595
Shares	4,921	4,921	-	-
Loan Stocks	73,418	81,008	9,404	9,404
	<u>362,186</u>	<u>2,597,990</u>	<u>9,957</u>	<u>9,999</u>
Unquoted securities in Malaysia:				
Shares	1,057	1,206	300	300
Less: Expected credit loss allowance (a)	(159,860)	(162,834)	(8,602)	(8,644)
	<u>1,344,280</u>	<u>3,828,614</u>	<u>1,655</u>	<u>1,655</u>

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

(a) Movements in expected credit loss allowance/impairment allowance

Individual impairment allowance

	Group RM'000	Company RM'000
31 December 2017		
At 1 January	253,120	8,670
Amount made	28,431	-
Amount written-back	(26)	(26)
Discount unwind	(5,031)	-
Amount written off	(113,660)	-
At 31 December	162,834	8,644

<u>Group</u>	Stage 1 Collective RM'000	Stage 3 Individual RM'000	Total RM'000
As at 1 January	-	-	-
Effects of MFRS 9 Financial Instruments adoption	-	152,187	152,187
As at 1 January, restated	-	152,187	152,187
Impairment made during the financial period	28	7,806	7,834
Amount written-back	-	(42)	(42)
Discount unwind	-	(119)	(119)
At 30 June	28	159,832	159,860

<u>Company</u>	Stage 3 Individual RM'000	Total RM'000
As at 1 January	-	-
Effects of MFRS 9 Financial Instruments adoption	8,644	8,644
As at 1 January, restated	8,644	8,644
Impairment made during the financial period	-	-
Amount written-back	(42)	(42)
At 30 June	8,602	8,602

14. Debt instruments at amortised cost

	Group	
	30 June 2018 RM'000	31 December 2017 RM'000
At amortised cost		
Money market instruments:		
Malaysian Government Securities	194,515	-
Government Investment Issue	190,659	-
	385,174	-

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

	Group	
	30 June 2018 RM'000	31 December 2017 RM'000
Unquoted securities in Malaysia:		
Corporate Bonds/Sukuk	2,241,856	-
Loan Stocks	8,791	-
	2,250,647	-
Less: Expected credit loss allowance	(a) (999)	-
	2,634,822	-

(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	428	629	1,057
As at 1 January, restated	428	629	1,057
Impairment written-back during the financial period	(58)	-	(58)
	370	629	999

15. Derivative assets

Group

30 June 2018

Interest rate related derivatives:
 - Interest rate swaps

Contract or underlying principal amount RM'000	Derivative assets RM'000
-	-

31 December 2017

Interest rate related derivatives:
 - Interest rate swaps

100,000	78
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16. Loans, advances and financing

	Group		Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Term loans				
Syndicated term loans/financing	289,294	238,832	-	-
Hire purchase receivables	9,956	10,205	1,094	1,339
Real estate financing	28,113	27,735	-	-
Murabahah financing	115,000	180,205	-	-
Lease receivables	1,568	1,568	-	-
Other term loans/financing	250,568	141,577	181,918	160,026
	694,499	600,122	183,012	161,365
Margin accounts	361,742	317,038	-	-
Staff loans	1,483	1,441	1,022	948
	1,057,724	918,601	184,034	162,313
Less: Unearned interest / income	(8,448)	(9,160)	(8,448)	(9,160)
Gross loans, advances and financing	1,049,276	909,441	175,586	153,153
Less: Impairment allowance				
- Collective impairment allowance	-	(8,881)	-	(5,366)
- Individual impairment allowance	-	(116,967)	-	(40,602)
- Expected credit loss allowance	(137,671)	-	(40,763)	-
Total net loans, advances and financing	911,605	783,593	134,823	107,185

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 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Domestic business enterprises				
- Small medium enterprises	580,771	444,848	123,399	101,091
- Others	194,278	193,811	51,165	51,114
Individuals	274,227	270,782	1,022	948
Gross loans, advances and financing	1,049,276	909,441	175,586	153,153

b. By interest/profit rate sensitivity

	Group		Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Fixed rate:				
- Staff loans	1,483	1,441	1,022	948
- Hire purchase receivables	9,956	10,205	1,094	1,339
- Margin accounts	361,742	317,038	-	-
- Other fixed rate loan/financing	157,996	128,776	90,332	92,262
Variable rate:				
- BLR plus	26,227	27,523	26,227	27,523
- Cost plus	491,872	424,458	56,911	31,081
Gross loans, advances and financing	1,049,276	909,441	175,586	153,153

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

c. By economic sector

	Group		Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Mining and quarrying	98,048	98,048	-	-
Manufacturing	112,226	115,382	50,117	52,829
Construction	2,130	117	-	-
Wholesale & retail trade and restaurants & hotels	71,489	72,582	45,148	44,790
Transport, storage and communications	114,833	2,864	1,904	2,196
Finance, insurance, and business services	173,949	160,547	73,406	48,273
Purchase of transport vehicles	8,862	7,581	-	-
Others	467,739	452,320	5,011	5,065
Gross loans, advances and financing	1,049,276	909,441	175,586	153,153

d. By residual contractual maturity

	Group		Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Within one year	728,749	556,270	71,387	72,464
One year to five years	298,786	334,857	93,835	73,843
After five years	21,741	18,314	10,364	6,846
Gross loans, advances and financing	1,049,276	909,441	175,586	153,153

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

(i) Movements in ILs

	Group		Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 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	522	33,365	-	-
Reclassified as unimpaired during the period/ year	-	-	-	-
Amount recovered	(354)	(151,347)	(318)	(711)
Amount written off	(2,345)	(788)	(2,345)	(788)
At 30 June/31 December	447,523	449,700	61,080	63,743
Less: Allowances				
- Individual impairment allowances	-	(116,967)	-	(40,602)
- Expected credit loss allowances	(132,828)	-	(38,348)	-
Net ILs	314,695	332,733	22,732	23,141
Net ILs as % of gross loans, advances and financing less expected credit loss allowances (stage 3) / individual impairment allowance	34.52%	41.99%	16.86%	20.56%

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

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

(ii) ILs by economic sector

	Group		Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Mining and quarrying	98,048	98,048	-	-
Manufacturing	105,060	107,328	46,546	48,814
Construction	117	117	-	-
Wholesale & retail trade and restaurants & hotels	23,734	23,917	12,541	12,687
Transport, storage and communication	731	948	63	280
Finance, insurance, and business services	1,512	1,543	1,512	1,543
Purchase of transport vehicles	7,554	7,581	-	-
Others	210,767	210,218	418	419
	447,523	449,700	61,080	63,743

(iii) Movements in impairment provision

	Group		Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Individual impairment allowance				
At 1 January	116,967	126,184	40,602	42,906
Effects of MFRS 9 Financial Instruments adoptions	(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 30 June / 31 December	-	116,967	-	40,602

	Group		Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Collective impairment allowance				
At 1 January	8,881	7,602	5,366	4,755
Effects of MFRS 9 Financial Instruments adoptions	(8,881)	-	(5,366)	-
Impairment made/(written back) during the financial period	-	1,279	-	611
At 30 June / 31 December	-	8,881	-	5,366

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

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

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

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	116,966	2,552	123,677
As at 1 January, restated	2,526	1,633	116,966	2,552	123,677
Transfer	78	-	-	(78)	-
Impairment made during the financial period	213	-	18,907	13	19,133
Amount written-back	(323)	(355)	(268)	(1,416)	(2,362)
Amount written off	-	-	(2,345)	-	(2,345)
Discount unwind	-	-	(432)	-	(432)
At 30 June	2,494	1,278	132,828	1,071	137,671
	Stage 1 Collective RM'000	Stage 2 Collective RM'000	Stage 3 Individual RM'000	Off-Balance Sheet RM'000	Total RM'000
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	808	1,633	40,602	103	43,146
Impairment made during the financial period	213	-	546	13	772
Amount written-back	-	(355)	(231)	-	(586)
Amount written off	-	-	(2,345)	-	(2,345)
Discount unwind	-	-	(224)	-	(224)
At 30 June	1,021	1,278	38,348	116	40,763

17. Other assets

	Note	Group		Company	
		30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Interest/profit receivables		33,725	31,777	4,456	4,870
Amount due from brokers and clients	(b)	128,241	165,308	-	-
Deposits, prepayments and other receivables		24,908	15,516	3,702	3,011
Less: Expected credit loss allowance/ Impairment allowance		(10,463)	(4,350)	-	-
		14,445	11,166	3,702	3,011
Amount receivables from Danaharta		96,973	96,973	-	-
Less: Expected credit loss allowance/ Impairment allowance		(96,973)	(96,973)	-	-
		-	-	-	-
Amount due from subsidiaries	(a)	-	-	4,116	4,620
Tax recoverable		27,471	28,377	2,142	1,010
		203,882	236,628	14,416	13,511

(a) Amount due from subsidiaries

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

(b) Clients' accounts

<u>Group</u>	Note	30 June 2018 RM'000	31 December 2017 RM'000
Brokers		82,062	52,399
Amount due from clients		46,179	112,909
		128,241	165,308

Clients' and brokers' debit balances arose from trading of securities through the Group which are not yet due for settlement as at reporting date under the Rules of Bursa Malaysia Securities Berhad.

(c) Deposit, prepayments and other receivables

<u>Group</u>	30 June 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)
Effects of MFRS 9 Financial Instruments adoption	4,350	-
Impairment made during the financial period/year	-	(842)
Amount written off	-	1,152
Adjustment	-	(145)
At 30 June / 31 December	-	(4,350)

17. Other assets (cont'd.)

(ii) Movements in expected credit loss allowances

	30 June 2018 RM'000	31 December 2017 RM'000
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/year	(433)	-
Written back	303	-
Adjustment	(6,192)	-
At 30 June/31 December	(10,463)	-

18. Deposits from customers

	Group	
	30 June 2018 RM'000	31 December 2017 RM'000
(i) By type of deposit		
- Call deposits	16,263	10,192
- Fixed deposits	2,607,380	1,927,277
	<u>2,623,643</u>	<u>1,937,469</u>
(ii) By type of customer		
- Business enterprises	1,919,479	1,465,036
- Government and statutory bodies	701,531	469,857
- Individuals	2,633	2,576
	<u>2,623,643</u>	<u>1,937,469</u>
(iii) The maturity structure of term deposits are as follows:		
- Due within six months	2,386,210	1,805,695
- Six months to one year	237,433	116,101
- One year to two years	-	15,673
	<u>2,623,643</u>	<u>1,937,469</u>

19. Deposits and placements of banks and other financial institutions

	Group	
	30 June 2018 RM'000	31 December 2017 RM'000
(i) Call deposits		
- Other financial institutions	5,538	3,860
(ii) Fixed deposits		
- Licensed banks	-	68,700
- Other financial institutions	1,597,340	1,809,082
	<u>1,597,340</u>	<u>1,877,782</u>
	<u>1,602,878</u>	<u>1,881,642</u>

20. Borrowings

	Group		Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
(a) Short Term:				
Loan from JBIC - FSMI	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:				
Loan from JBIC - FSMI	139,690	143,183	139,690	143,183
Loan From MITI	160,000	160,000	160,000	160,000
Commodity Financing-i	128,264	148,237	-	-
	<u>427,954</u>	<u>451,420</u>	<u>299,690</u>	<u>303,183</u>
Total borrowings	<u>434,938</u>	<u>458,404</u>	<u>306,674</u>	<u>310,167</u>

21. Interest income

<u>Group</u>	Individual Quarter 3 Months Ended		Cummulative Quarter 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Loans, advances and financing				
- Interest income on non-impaired loans	9,147	5,670	16,950	12,354
- Interest income on impaired loans ("ILs")	(36)	7,617	1,028	11,099
Money at call and deposit placements with financial institutions	761	4,933	8,046	8,470
Financial assets at fair value through profit or loss/ securities held-for-trading	8	11	8	11
Debt instruments at fair value through other comprehensive income				
- Interest income on non-impaired debt instruments/ securities available-for-sale	4,062	21,239	7,999	41,723
- Interest income on impaired debt instruments securities available-for-sale	(571)	1,046	144	1,677
Debt instruments at amortised cost				
- Interest income on non-impaired debt instruments	13,929	-	27,103	-
- Interest income on impaired debt instruments	1,116	-	1,116	-
Accretion of discount less amortisation of premium	(99)	(91)	(106)	(376)
Derivative instruments	47	49	109	106
	<u>28,364</u>	<u>40,474</u>	<u>62,397</u>	<u>75,064</u>

21. Interest income (cont'd.)

<u>Company</u>	Individual Quarter 3 Months Ended		Cummulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income on non-impaired loans	741	1,081	1,439	2,719
- Interest income on impaired loans ("ILs")	108	122	224	273
Money at call and deposit placements with financial institutions	137	188	6,134	5,423
Financial assets at fair value through profit or loss/ securities held-for-trading	8	11	8	11
	<u>994</u>	<u>1,402</u>	<u>7,805</u>	<u>8,426</u>

22. Interest expense

<u>Group</u>	Individual Quarter 3 Months Ended		Cummulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	7,280	12,901	15,102	22,032
Deposits from customers	14,114	10,744	26,834	23,893
Borrowings	2,985	2,602	5,943	6,007
	<u>24,379</u>	<u>26,247</u>	<u>47,879</u>	<u>51,932</u>
<u>Company</u>				
Borrowings	1,006	1,066	2,021	2,151
	<u>1,006</u>	<u>1,066</u>	<u>2,021</u>	<u>2,151</u>

23. Non-interest income

<u>Group</u>	Individual Quarter 3 Months Ended		Cummulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Underwriting fees	-	-	-	158
Management fees	869	3,445	2,310	4,123
Corporate advisory fees	449	842	2,762	984
Brokerage fees	4,867	5,105	9,701	11,312
Income from Government Scheme Funds	2,098	4,876	4,319	7,501
Other fees	1,660	2,813	2,162	4,321
	<u>9,943</u>	<u>17,081</u>	<u>21,254</u>	<u>28,399</u>

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Investment income:				
Net gain/(loss) on sale of debt instrument at fair value through other comprehensive income/ securities available-for-sale	1,189	(31)	383	(11)
Net unrealised gain on revaluation of financial assets at fair value through profit on loss/ securities held-for-trading	6,193	4,667	5,376	9,453
Net unrealised loss on revaluation of derivative instruments	(44)	(149)	(78)	(253)
	<u>7,338</u>	<u>4,487</u>	<u>5,681</u>	<u>9,189</u>
Gross dividend income:				
Financial assets at fair value through profit or loss	493	-	987	-
Financial assets at fair value through other comprehensive income/ securities available-for-sale	300	300	300	300
Debt instruments at fair value through other comprehensive income/securities available-for-sale	-	493	-	1,480
	<u>793</u>	<u>793</u>	<u>1,287</u>	<u>1,780</u>
Other income:				
Rental from:				
- Office premises	417	(308)	435	733
- Others	40	70	40	121
Others	333	392	627	941
	<u>790</u>	<u>154</u>	<u>1,102</u>	<u>1,795</u>
Total non-interest income	<u>18,864</u>	<u>22,515</u>	<u>29,324</u>	<u>41,163</u>

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Company				
Fee income:				
Management fees	2,462	1,977	4,817	4,251
Income from Government Scheme Funds	2,098	4,876	4,319	7,501
	<u>4,560</u>	<u>6,853</u>	<u>9,136</u>	<u>11,752</u>
Investment income:				
Net unrealised gain on revaluation of financial assets at fair value through profit on loss/ securities held-for-trading	7,947	7,809	8,337	9,453
	<u>7,947</u>	<u>7,809</u>	<u>8,337</u>	<u>9,453</u>
Gross dividend income:				
Subsidiaries	-	50,000	-	50,000
Associates	1,155	1,017	1,155	1,017
Financial assets at fair value through other comprehensive income/ securities available-for-sale	300	300	300	300
	<u>1,455</u>	<u>51,317</u>	<u>1,455</u>	<u>51,317</u>

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

<u>Company</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Other income:				
Rental from:				
- Office premises	958	1,051	1,905	2,092
Others	242	235	419	501
	<u>1,200</u>	<u>1,286</u>	<u>2,324</u>	<u>2,593</u>
Total non-interest income	<u>15,162</u>	<u>67,265</u>	<u>21,252</u>	<u>75,115</u>

24. Operating expenses

<u>Group</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Staff costs				
Wages, salaries and bonuses	15,293	18,350	30,455	33,812
Employee benefits:				
Current period	294	270	506	527
Social security costs	99	91	198	179
Defined contribution plan	2,051	3,160	4,512	5,610
Other staff related expenses	1,498	2,016	3,161	2,980
	<u>19,235</u>	<u>23,887</u>	<u>38,832</u>	<u>43,108</u>
Establishment costs				
Depreciation	795	501	1,647	992
Office rental	1,954	1,959	3,906	3,925
Equipment rental	23	34	39	45
Others	2,238	2,780	4,186	4,773
	<u>5,010</u>	<u>5,274</u>	<u>9,778</u>	<u>9,735</u>
Promotion and marketing-related expenses				
Business promotion and advertisement	1,544	1,440	2,362	1,822
Entertainment	102	123	218	237
	<u>1,646</u>	<u>1,563</u>	<u>2,580</u>	<u>2,059</u>
General and administrative expenses				
Auditors' remuneration				
- Audit fees	143	133	273	256
Directors' fees and meeting allowances	681	397	1,347	812
Communication expenses	144	91	253	188
Professional fees	(8)	675	330	1,176
Securities Commission's levy	406	310	802	778
Others	201	1,467	1,248	2,196
	<u>1,567</u>	<u>3,073</u>	<u>4,253</u>	<u>5,406</u>
	<u>27,458</u>	<u>33,797</u>	<u>55,443</u>	<u>60,308</u>

24. Operating expenses (cont'd.)

<u>Company</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Wages, salaries and bonuses	7,991	8,876	15,635	16,411
Employee benefits:				
Current period	204	198	407	402
Social security costs	58	53	115	103
Defined contribution plan	1,111	1,719	2,364	2,957
Other staff related expenses	1,106	986	2,095	1,820
	<u>10,470</u>	<u>11,832</u>	<u>20,616</u>	<u>21,693</u>
Establishment costs				
Depreciation	256	213	550	421
Office rental	1,975	1,974	3,918	3,931
Equipment rental	9	15	17	17
Others	1,035	572	1,570	1,169
	<u>3,275</u>	<u>2,774</u>	<u>6,055</u>	<u>5,538</u>
Promotion and marketing-related expenses				
Business promotion and advertisement	563	536	1,166	659
Entertainment	8	9	11	13
	<u>571</u>	<u>545</u>	<u>1,177</u>	<u>672</u>
General and administrative expenses				
Auditors' remuneration				
- Audit fees	49	49	97	97
Directors' fees and meeting allowances	303	192	621	434
Communication expenses	85	46	151	108
Professional fees	138	270	211	588
GST expense	45	90	45	90
Others	679	151	907	418
	<u>1,299</u>	<u>798</u>	<u>2,032</u>	<u>1,735</u>
	<u>15,615</u>	<u>15,949</u>	<u>29,880</u>	<u>29,638</u>

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

<u>Group</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
(a) Individual impairment allowances				
- made in the financial period	-	(6,461)	-	(6,640)
- written-back	-	1,031	-	2,037
(b) Collective impairment allowances				
- made in the financial period	-	(1,331)	-	(1,913)
- written-back	-	258	-	420
(c) Expected credit loss allowance				
- made in the financial period	(18,100)	-	(19,133)	-
- written-back	2,188	-	2,362	-
(d) Recoveries from impaired loans	184	2,861	262	8,170
	<u>(15,728)</u>	<u>(3,641)</u>	<u>(16,509)</u>	<u>2,074</u>

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

<u>Company</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
(a) Individual impairment allowances				
- made in the financial period	-	-	-	(10)
- written-back	-	258	-	575
(b) Collective impairment allowances				
- made in the financial period	-	(1,804)	-	(1,705)
- written-back	-	357	-	357
(c) Expected credit loss allowance				
- made in the financial period	(176)	-	(772)	-
- written-back	412	-	586	-
(c) Recoveries from impaired loans	184	648	262	1,211
	<u>420</u>	<u>(541)</u>	<u>76</u>	<u>428</u>

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

<u>Group</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Debt instruments at fair value through other comprehensive income/securities available-for-sale	(7,668)	(2,233)	(7,792)	(3,304)
Debt instruments at amortised cost	63	-	58	-
	<u>(7,605)</u>	<u>(2,233)</u>	<u>(7,734)</u>	<u>(3,304)</u>

<u>Company</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Debt instruments at fair value through other comprehensive income/securities available-for-sale	42	-	42	(252)
	<u>42</u>	<u>-</u>	<u>42</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:

	Individual Quarter 3 Months Ended		Cummulative Quarter 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Segment Revenue				
Investment banking	53,325	59,271	114,075	115,768
Development finance	13,925	17,214	29,448	32,155
Asset management	1,332	1,229	2,502	2,439
Investment holding	13,883	61,919	23,420	73,073
Others	137	8,657	1,063	13,381
	82,602	148,290	170,508	236,816
Inter-segment elimination	(5,987)	(57,070)	(10,817)	(62,820)
	76,615	91,220	159,691	173,996

	Individual Quarter 3 Months Ended		Cummulative Quarter 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Segment Results				
Investment banking	4,373	7,757	13,340	22,023
Development finance	9,344	9,691	17,722	18,937
Asset management	(21)	58	(178)	(104)
Investment holding	1,878	50,702	1,430	51,654
Others	(21,309)	(941)	(23,516)	(140)
Inter-segment elimination	(1,155)	(50,998)	(1,155)	(50,819)
	(6,890)	16,269	7,643	41,551
Share of results in associate	334	349	752	709
	(6,556)	16,618	8,395	42,260

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:

<u>Group</u>	As at 30 June 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	10,000	5,000	5,000	-	-	-
Interest rate related contracts with an original maturity	-	-	-	-	-	-
- Not exceeding one year	-	-	-	100,000	194	39
- Exceeding one year	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	102,110	20,422	20,422	283,014	56,603	56,603
- Maturity exceeding one year	235,407	117,703	117,703	181,893	90,946	90,946
Loan facility commitments approved that have yet been drawdown:						
- Real estate financing	-	-	-	19,000	3,800	3,800
- Mezzanine/Short term financing	13,445	6,723	6,723	13,445	2,689	2,589
Total	360,962	149,848	149,848	597,352	154,232	153,977
Company						
Guarantee facilities						
Irrevocable commitments to extend credit:						
- Maturity exceeding one year	22,517	11,258	11,258	16,893	8,446	8,446
Total	22,517	11,258	11,258	16,893	8,446	8,446

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

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 30 June 2018 RM'000	As at 30 June 2017 RM'000	As at 30 June 2018 RM'000	As at 30 June 2017 RM'000
Penultimate holding company				
Income:				
Interest income on securities	989	-	-	-
Brokerage fees earned	3,331	4,204	-	-
Fee income	75	-	-	-
<hr/>				
Expenditures:				
Rental expense	4,260	3,721	4,260	3,721
<hr/>				
Subsidiaries				
Income:				
Interest on loans	-	-	911	2,095
Rental of premises	-	-	1,309	1,342
Interest on short term deposits	-	-	-	4,277
Management fees	-	-	4,380	-
Dividend from subsidiaries	-	-	-	50,000
<hr/>				
Expenditures:				
Other expenses	-	-	15	-
<hr/>				
Associate				
Income:				
Rental received	217	217	217	217
Dividend from associate	1,155	1,017	1,155	1,017
<hr/>				
Expenditures:				
Interest expense on deposits	-	-	-	-
<hr/>				
Other related companies				
Income:				
Interest income on securities	699	3,993	-	-
Fee income	1,232	-	-	-
Management fees	-	4	-	4
Brokerage fees earned	2,034	1,664	-	-
<hr/>				
Expenditures:				
Interest expense on deposits	3,526	2,025	-	-
<hr/>				

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 30 June 2018 RM'000	As at 31 December 2017 RM'000	As at 30 June 2018 RM'000	As at 31 December 2017 RM'000
Penultimate holding company				
Amount due from:				
Fee receivable	100	138	-	-
Securities	65,072	35,000	-	-
Sundry deposit received	1,861	1,861	1,861	1,861
Amount due to:				
Other payables	620	-	620	-
Subsidiaries				
Amount due from:				
Loans, advances and financing	-	-	56,911	31,081
Trade receivables	-	-	4,116	4,619
Amount due to:				
Rental deposit received	-	-	649	649
Other payables	-	-	757	1,331
Associate				
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	64,072	179,244	-	-
Amount due to:				
Deposits from placements of banks and other financial institutions	148,083	126,099	-	-
Other payables	197	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 30 June 2018	As at 31 December 2017
(i) Total credit exposures with connected parties	155,079	152,500
(ii) Percentage of total credit exposures to connected parties as proportion of total credit exposures	4.20%	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		Company	
	As at 30 June 2018 RM'000	As at 31 December 2017 RM'000	As at 30 June 2018 RM'000	As at 31 December 2017 RM'000
Tier 1 Capital				
Common Equity Tier 1 ("CET1") Capital				
Share capital	829,931	829,931	829,931	829,931
Securities available-for-sale reserve	-	(18,576)	-	-
Financial instruments at fair value through other comprehensive income reserve	(8,189)	-	-	-
Regulatory reserve	22,247	2,573	-	-
Retained profits	891,841	909,645	611,945	617,963
	<u>1,735,830</u>	<u>1,723,573</u>	<u>1,441,876</u>	<u>1,447,894</u>
Less: Regulatory adjustments	(121,884)	(120,835)	(617,823)	(620,385)
Total CET1 Capital / Tier 1 Capital	<u>1,613,946</u>	<u>1,602,738</u>	<u>824,053</u>	<u>827,509</u>
Tier 2 Capital				
Collective impairment allowance and regulatory reserve	27,089	3,802	2,519	537
Total Tier 2 capital	<u>27,089</u>	<u>3,802</u>	<u>2,519</u>	<u>537</u>
Total Capital	<u>1,641,035</u>	<u>1,606,540</u>	<u>826,572</u>	<u>828,046</u>
CET 1 Capital	58.633%	61.192%	139.701%	146.751%
Tier 1 Capital	58.633%	61.192%	139.701%	146.751%
Total Capital	59.617%	61.337%	140.128%	146.847%

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

	Group		Company	
	As at 30 June 2018 RM'000	As at 31 December 2017 RM'000	As at 30 June 2018 RM'000	As at 31 December 2017 RM'000
Total risk weighted assets for credit risk	2,246,018	2,153,437	323,735	307,154
Total risk weighted assets for market risk	110,679	80,666	77,108	75,916
Total risk weighted assets for operational risk	395,920	385,086	189,028	180,815
	<u>2,752,617</u>	<u>2,619,189</u>	<u>589,871</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).

<u>Group</u>	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 30 June 2018				
Financial assets				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Quoted securities	16,776	-	-	16,776
Unquoted securities	-	265,262	1	265,263
	<u>-</u>	<u>265,262</u>	<u>1</u>	<u>265,263</u>
Debt instruments at fair value through other comprehensive income				
Money market instruments	-	1,140,897	-	1,140,897
Quoted securities	-	4,921	1,355	6,276
Unquoted securities	-	144,641	51,409	196,050
	<u>-</u>	<u>144,641</u>	<u>51,409</u>	<u>196,050</u>
Assets for which fair value are disclosed:				
Loans, advances and financing				
- staff loans	-	1,181	-	1,181
	<u>-</u>	<u>1,181</u>	<u>-</u>	<u>1,181</u>
Investment properties				
Residential properties	-	-	6,983	6,983
Office property	-	-	1,575	1,575
	<u>-</u>	<u>-</u>	<u>1,575</u>	<u>1,575</u>
Liability for which fair values are disclosed:				
Borrowings				
	-	454,965	-	454,965
	<u>-</u>	<u>454,965</u>	<u>-</u>	<u>454,965</u>

32. Fair value hierarchy (cont'd.)

<u>Group</u>	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				
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	-	-	1,575	1,575
Liability for which fair values are disclosed:				
Borrowings	-	458,404	-	458,404
Company				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 30 June 2018				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Unquoted securities	-	265,251	1	265,252
Debt instruments at fair value through other comprehensive income				
Quoted securities	-	-	1,355	1,355
Assets for which fair value are disclosed:				
Loans, advances and financing				
- staff loans	-	790	-	790
Liability for which fair values are disclosed:				
Borrowings	-	306,674	-	306,674

32. Fair value hierarchy (cont'd.)

<u>Company</u>	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2017				
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:

<u>Group</u>	Financial assets at FVTPL RM'000	Debt instrument at FVOCI RM'000	Total RM'000
At 30 June 2018			
At 1 January 2018		138,047	138,048
Total gains/(losses) recognised in profit or loss:			
Included within interest income	-	144	144
Included within impairment written back on securities	-	42	42
Included within impairment loss on debt instrument	-	(7,792)	(7,792)
	-	(7,606)	(7,606)
Settlements	-	(77,635)	(77,635)
At 30 June 2018	1	52,806	52,807
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.)

<u>Company</u>	Financial assets at FVTPL RM'000	Debt instrument at FVOCI RM'000	Total RM'000
At 30 June 2018			
At 1 January 2018	1	1,355	1,356
Total gains/(losses) recognised in profit or loss: Included within impairment written back on securities	-	42	42
	-	42	42
Total gains/(losses) recognised in other comprehensive income			
Settlements	-	(42)	(42)
At 30 June 2018	1	1,355	1,356
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 30 JUNE 2018

	Note	Group		Company	
		30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
ASSETS					
Cash and short-term funds	33 (f)	109,879	156,922	109,477	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	-	-
Debt instruments at fair value through other comprehensive income	33 (h)	909,316	-	-	-
Debt instruments at amortised cost	33 (i)	1,305,795	-	-	-
Financing and advances	33 (j)	192,889	205,615	39,332	38,100
Other assets		34,338	31,165	17,489	18,018
Intangible asset		675	860	-	-
Deferred tax assets		1,785	2,701	803	448
Amount due from Head Office		842	-	842	-
TOTAL ASSETS		2,602,719	2,452,054	215,143	234,236
LIABILITIES					
Deposits from customers	33 (k)	890,094	727,464	-	-
Deposits and placements of banks and other financial institutions	33 (l)	843,213	852,676	-	-
Borrowings	33 (m)	160,000	160,000	160,000	160,000
Other liabilities		95,556	80,983	24,584	32,772
Provision for taxation and zakat		4,695	11,858	462	899
Deferred tax liabilities		-	-	-	-
Amount due to Head Office		-	196	-	196
TOTAL LIABILITIES		1,993,558	1,833,177	185,046	193,867
ISLAMIC BANKING CAPITAL FUNDS					
Funds allocated from Head Office		416,600	416,600	20,000	20,000
Reserves		192,561	202,277	10,097	20,369
TOTAL ISLAMIC BANKING CAPITAL FUNDS		609,161	618,877	30,097	40,369
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		2,602,719	2,452,054	215,143	234,236

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

(b) CONDENSED STATEMENT OF PROFIT & LOSS FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2018

<u>Group</u>	Note	Individual Quarter		Cumulative Quarter	
		30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Income derived from investment of depositors funds and others		28,684	23,178	58,437	44,670
Income derived from Government Scheme Funds		9,927	8,019	19,296	16,272
Total attributable income	33 (n)	38,611	31,197	77,733	60,942
Income attributable to depositors	33 (o)	(17,336)	(12,039)	(33,906)	(21,572)
Net income attributable to the reporting institution		21,275	19,158	43,827	39,370
Other operating expenses		(5,978)	(4,962)	(11,783)	(9,385)
Operating profit		15,297	14,196	32,044	29,985
Expected credit loss (allowance)/ written back					
- financing and advances	33 (p)	2,202	4,317	2,186	3,749
- debt instruments	33 (q)	(4,259)	(5,579)	(4,301)	(1,786)
- other assets		(14)	4	(21)	(410)
Profit before taxation and zakat		13,226	12,938	29,908	31,538
Taxation		(1,579)	(3,404)	(6,544)	(7,407)
Zakat		(291)	(245)	(603)	(622)
Profit for the financial period		11,356	9,289	22,761	23,509
<u>Company</u>					
Income derived from investment of depositors funds and others		1,361	1,300	2,699	2,514
Income derived from Government Scheme Funds		9,927	8,019	19,296	16,272
Income attributable to the reporting institution		11,288	9,319	21,995	18,786
Other operating expenses		(4,895)	(3,938)	(9,575)	(7,518)
Operating profit		6,393	5,381	12,420	11,268
Expected credit loss allowance (made)/ written back on financing and advances		(109)	(326)	(170)	1,419
Profit before taxation and zakat		6,284	5,055	12,250	12,687
Taxation		(840)	(1,509)	(2,743)	(2,975)
Zakat		(129)	(91)	(245)	(250)
Profit for the financial period		5,315	3,455	9,262	9,462

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

(c) CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

<u>Group</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Profit for the financial period	11,356	9,289	22,761	23,509
Other comprehensive income:				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Net realised loss transferred to profit or loss on disposal of debt instrument at fair value through other comprehensive income/ securities available-for-sale	(375)	(2,640)	(1,755)	(3,703)
Fair value changes	(2,721)	3,283	(409)	10,156
Other comprehensive (loss)/gain for the year, net of tax	(3,096)	643	(2,164)	6,453
Other comprehensive (loss)/gain for the year, net of tax	(3,096)	643	(2,164)	6,453
Total comprehensive income for the period	8,260	9,932	20,597	29,962
<u>Company</u>				
Profit for the financial period	5,315	3,455	9,262	9,462
Other comprehensive income/(loss):				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Net realised loss transferred to profit or loss on disposal of debt instrument at fair value through other comprehensive income/ securities available-for-sale	-	-	-	-
Fair value changes	-	-	-	-
Other comprehensive gain for the year, net of tax	-	-	-	-
Total comprehensive income for the period	5,315	3,455	9,262	9,462

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

(d) CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	----- 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		
Group							
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 Allocation to Head Office	-	-	-	-	(50,000) (13,550)		(50,000) (13,550)
At 30 June 2017	416,600	-	(1,802)	-	181,397		596,195
At 1 January 2018	416,600	-	(5,507)	-	207,784		618,877
Effects of MFRS 9 Financial Instruments adoption	-	8,327	5,507	938	(9,252)		5,520
At 1 January 2018, restated	416,600	8,327	-	938	198,532		624,397
Profit for the financial year	-	-	-	(3,096)	8,260		8,260
Other comprehensive income	-	-	-	(3,096)	-		(3,096)
Total comprehensive income for the period	-	-	-	(3,096)	8,260		5,164
Transfer to regulatory reserve Allocation to Head Office	-	2,703	-	-	(2,703) (20,400)		- (20,400)
At 30 June 2018	416,600	11,030	-	(2,158)	183,689		609,161

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

(d) CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL
 PERIOD ENDED 30 JUNE 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	-	9,462	9,462
Allocation to Head Office	-	(13,550)	(13,550)
At 30 June 2017	20,000	9,464	29,464
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	-	9,262	9,262
Allocation to Head Office	-	(20,400)	(20,400)
At 30 June 2018	20,000	10,097	30,097

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

(e) CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2018

	Group		Company	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Profit before taxation and zakat	29,908	31,538	12,250	12,687
Adjustments for non-cash items	(11,034)	(10,907)	170	(1,418)
Operating profit before changes in working capital	18,874	20,631	12,420	11,269
Changes in working capital:				
Net changes in operating assets	(210,715)	(48,335)	(7,726)	(523)
Net changes in operating liabilities	152,798	189,720	(5,287)	(2,660)
Net cash (used in)/ generated from operating activities	(39,043)	162,016	(593)	8,086
Net cash used in financing activities	(20,400)	(63,552)	(20,400)	(13,552)
Net (decrease)/increase in cash and cash equivalents	(59,443)	98,464	(20,993)	(5,466)
Cash and cash equivalents at beginning of the period	216,522	163,667	177,670	163,091
Cash and cash equivalents at end of the period	157,079	262,131	156,677	157,625

Cash and cash equivalents comprise:

	Group		Company	
	Cumulative Quarter 30 June 2018 RM'000	Cumulative Quarter 30 June 2017 RM'000	Cumulative Quarter 30 June 2018 RM'000	Cumulative Quarter 30 June 2017 RM'000
Cash and short-term funds	109,879	202,531	109,477	98,025
Deposits and placements	47,200	59,600	47,200	59,600
	157,079	262,131	156,677	157,625

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

(f) Cash and short-term funds

	Group		Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Cash and bank balances	679	14,992	277	2,070
Deposits and placements maturing within one month	109,200	142,000	109,200	116,000
	<u>109,879</u>	<u>156,992</u>	<u>109,477</u>	<u>118,070</u>

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

	Group and Company	
	30 June 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	
	30 June 2018 RM'000	31 December 2017 RM'000
At fair value		
Money market instruments:		
Government Investment Issue	309,455	378,327
Islamic Negotiable Instruments	498,223	447,008
	<u>807,678</u>	<u>825,335</u>
Unquoted securities in Malaysia:		
Islamic Private Debt Securities	114,822	1,178,695
Less: Expected credit loss allowance/individual impairment allowance	(13,184)	(8,839)
	<u>909,316</u>	<u>1,995,191</u>

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

	Group	
	30 June 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>-</u>	<u>8,839</u>

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

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

(i) Movement of impairment allowance/ expected credit loss allowance (cont'd.)

Expected credit loss allowance	Stage 1 Collective RM'000	Stage 3 Individual RM'000	Total RM'000
At 1 January 2018	-	-	-
Effects of MFRS 9 Financial Instruments adoption	-	8,839	8,839
At 1 January 2018, restated	-	8,839	8,839
Impairment made during the financial period	24	4,321	4,345
At 30 June 2018	24	13,160	13,184

(i) Debt instruments at amortised cost

	Group	
	30 June 2018 RM'000	31 December 2017 RM'000
At amortised cost		
Money market instruments:		
Government Investment Issue	184,730	-
Unquoted securities in Malaysia:		
Corporate bond/sukuk	1,121,311	-
Less: Expected credit loss allowance/ individual impairment allowance	(246)	-
	1,305,795	-

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

Individual impairment allowance

	Group	
	30 June 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	-	-

Expected credit loss allowance

	Stage 1 Collective RM'000	Stage 3 Individual RM'000	Total 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	(44)	-	(44)
At 30 June 2018	(44)	290	246

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

(j) Financing and advances

	Group		Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Term financing				
Syndicated term financing	155,290	170,104	-	-
Islamic hire purchase/leasing	297	542	297	542
Other term financing	49,435	49,580	49,435	49,580
	<u>205,022</u>	<u>220,226</u>	<u>49,732</u>	<u>50,122</u>
Less: Unearned income	(8,430)	(9,141)	(8,430)	(9,141)
Gross financing and advances	196,592	211,085	41,302	40,981
Less: Impairment allowances				
Collective impairment provision	-	(4,456)	-	(1,867)
Individual impairment provision	-	(1,014)	-	(1,014)
Expected credit losses	(3,703)	-	(1,970)	-
Total net financing and advances	192,889	205,615	39,332	38,100

(i) By contract

Group

	Sale-based contract		Lease-based contract	Total financing and advances RM'000
	Commodity Murabahah RM'000	Bai Bithaman Ajil RM'000	Al-Ijarah Thumma Al-Bai RM'000	
30 June 2018				
Syndicated term financing	155,290	-	-	155,290
Deferred payment sales	-	41,005	-	41,005
Finance lease	-	-	297	297
	<u>155,290</u>	<u>41,005</u>	<u>297</u>	<u>196,592</u>

31 December 2017

	Sale-based contract		Lease-based contract	Total financing and advances RM'000
	Commodity Murabahah RM'000	Bai Bithaman Ajil RM'000	Al-Ijarah Thumma Al-Bai RM'000	
Syndicated term financing	170,104	-	-	170,104
Deferred payment sales	-	40,439	-	40,439
Finance lease	-	-	542	542
	<u>170,104</u>	<u>40,439</u>	<u>542</u>	<u>211,085</u>

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

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

(i) By contract (cont'd.)

Company

30 June 2018

	Sale-based contract	Lease-based contract	Total financing and advances
	Bai Bithaman Ajil	Al-Ijarah Thumma Al-Bai	
	RM'000	RM'000	RM'000
Deferred payment sales	41,005	-	41,005
Finance lease	-	297	297
	<u>41,005</u>	<u>297</u>	<u>41,302</u>

31 December 2017

	Sale-based contract	Lease-based contract	Total financing and advances
	Bai Bithaman Ajil	Al-Ijarah Thumma Al-Bai	
	RM'000	RM'000	RM'000
Deferred payment sales	40,439	-	40,439
Finance lease	-	542	542
	<u>40,439</u>	<u>542</u>	<u>40,981</u>

	Group		Company	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000

(ii) By types of customer

Domestic business enterprises	<u>196,592</u>	<u>211,085</u>	<u>41,302</u>	<u>40,981</u>
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(iii) By profit rate sensitivity

Variable rate				
Cost-plus	155,290	170,104	-	-
Fixed rate				
Hire purchase receivables	297	542	297	542
Other fixed rate financing	41,005	40,439	41,005	40,439
	<u>196,592</u>	<u>211,085</u>	<u>41,302</u>	<u>40,981</u>

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

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

(iv) By economic sector

	Group		Company	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Mining and quarrying	86,200	86,200	-	-
Manufacturing	727	804	727	804
Wholesale & retail trade and restaurants & hotels	24,239	20,717	22,109	20,717
Transport, storage and communications	237	492	237	492
Finance, insurance and business services	57,031	66,200	14,241	14,852
Education, health and other	24,170	32,556	-	-
Others	3,988	4,116	3,988	4,116
	196,592	211,085	41,302	40,981

(vi) By residual contractual maturity

	Group		Company	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Within one year	8,702	7,570	8,478	7,304
One year to five years	180,847	198,036	25,781	28,198
After five years	7,043	5,479	7,043	5,479
	196,592	211,085	41,302	40,981

(vii) Impaired financing and advances by economic sector

	Group and Company	
	30 June	31 December
	2018	2017
	RM'000	RM'000
Manufacturing	298	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
	3,106	3,349

(viii) Movements in impaired financing and advances

	Group and Company	
	30 June	31 December
	2018	2017
	RM'000	RM'000
At 1 January	3,349	3,334
Amount written off	(218)	-
Amount recovered	(25)	15
At 30 June / 31 December	3,106	3,349
Less: Individual impairment provision	-	(1,014)
Expected credit loss	(774)	-
Net impaired financing and advances	2,332	2,335
As % of gross financing and advances less individual impairment allowance/ expected credit loss Stage 3	1.21%	1.11%

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

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

(ix) Movements in impairment allowance

	Group and Company	
	43,281 2018 RM'000	31 December 2017 RM'000
Individual impairment allowance		
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 30 June / 31 December	-	1,014

	Group		Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Collective impairment allowance				
At 1 January	4,456	4,546	1,867	1,762
Effects of MFRS 9 Financial Instruments adoption	(4,456)	-	(1,867)	-
Impairment (written back)/made during the financial period/year	-	(90)	-	105
At 30 June / 31 December	-	4,456	-	1,867
As % of gross financing and advances less individual impairment allowance	0.00%	2.12%	0.00%	4.67%

Expected credit loss allowance

	Stage 1	Stage 2	Stage 3	Off Balance Sheet	Total
	Collective RM'000	Collective RM'000	Collective RM'000	Individual RM'000	RM'000
Group					
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 impairment made during the financial period	231	-	-	13	244
Amount written back	(940)	(50)	(22)	(1,416)	(2,428)
Amount written off	-	-	(218)	-	(218)
Discount unwind	-	-	-	-	-
At 30 June 2018	1,566	292	774	1,071	3,703

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 (cont'd.)

Company	Stage 1	Stage 2	Stage 3	Off Balance Sheet Individual	Total
	Collective RM'000	Collective RM'000	Collective RM'000	RM'000	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	231	-	-	13	244
Amount written back	-	(50)	(22)	-	(72)
Amount written off	-	-	(218)	-	(218)
Discount unwind	-	-	-	-	-
At 30 June 2018	788	292	774	116	1,970

(k) Deposits from customers

	Group	
	30 June 2018 RM'000	31 December 2017 RM'000
(i) Commodity Murabahah Term deposits	890,094	727,464
(ii) By type of customers Business enterprises	541,734	421,717
Government and statutory bodies	348,360	305,747
	890,094	727,464
(iii) The maturity structure of term deposits is as follows:		
Due within six months	840,594	627,417
Six months to one year	49,500	100,047
	890,094	727,464

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

	Group	
	30 June 2018 RM'000	31 December 2017 RM'000
(i) By type of deposits Commodity Murabahah Fund Term deposits	843,213	852,676
(ii) By type of customers Commodity Murabahah Fund Other financial institutions	843,213	852,676

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

(m) Borrowings

	Group and Company	
	30 June 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:

<u>Group</u>	Individual Quarter 3 Months Ended		Cummulative Quarter 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Income derived from investment of:				
(i) General investment deposits	24,457	19,784	51,038	36,802
(ii) Other deposits	14,154	11,413	26,695	24,140
	<u>38,611</u>	<u>31,197</u>	<u>77,733</u>	<u>60,942</u>

<u>Company</u>	Individual Quarter 3 Months Ended		Cummulative Quarter 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Income derived from investment of:				
(i) General investment deposits	-	-	-	-
(ii) Other deposits	11,288	9,319	21,995	18,786
	<u>11,288</u>	<u>9,319</u>	<u>21,995</u>	<u>18,786</u>

(i) General investment deposits

<u>Group</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Finance income and hibah				
Money at call placements				
with financial and deposit institutions	841	969	2,283	1,405
Debt instruments at fair value through other comprehensive income/ securities available-for-sale				
- Profit on non-impaired	3,139	12,184	4,916	24,653
- Profit on impaired	-	699	-	1,389
Debt instruments at amortised cost	15,482	-	30,484	-
	<u>19,462</u>	<u>13,852</u>	<u>37,683</u>	<u>27,447</u>
Accretion of discounts less amortisation of premiums	4,600	3,292	9,348	5,652
Total finance income and hibah	<u>24,062</u>	<u>17,144</u>	<u>47,031</u>	<u>33,099</u>

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

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

(i) General investment deposits (cont'd.)

<u>Group</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Other operating income				
Net gain on sale of debt instruments at fair value through other comprehensive income/ securities available-for-sale	395	2,640	1,775	3,703
Net unrealised gain on revaluation of financial assets at fair value through profit or loss	-	-	2,232	-
	<u>395</u>	<u>2,640</u>	<u>4,007</u>	<u>3,703</u>
	<u>24,457</u>	<u>19,784</u>	<u>51,038</u>	<u>36,802</u>

(ii) Other deposits

<u>Group</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	1,919	2,316	3,847	4,662
Money at call and deposit placements with financial institutions	271	327	635	641
	<u>2,190</u>	<u>2,643</u>	<u>4,482</u>	<u>5,303</u>
Other operating income				
Management fee from Government Scheme Funds	9,927	8,019	19,296	16,272
Fee income	1,711	381	2,235	1,981
Other income	326	370	682	584
	<u>11,964</u>	<u>8,770</u>	<u>22,213</u>	<u>18,837</u>
	<u>14,154</u>	<u>11,413</u>	<u>26,695</u>	<u>24,140</u>

Company

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	393	374	784	728
Money at call and deposit placements with financial institutions	271	327	635	641
	<u>664</u>	<u>701</u>	<u>1,419</u>	<u>1,369</u>
Other operating income				
Management fee from Government Scheme Funds	9,927	8,019	19,296	16,272
Fee income	372	230	718	564
Other income	325	369	562	581
	<u>10,624</u>	<u>8,618</u>	<u>20,576</u>	<u>17,417</u>
	<u>11,288</u>	<u>9,319</u>	<u>21,995</u>	<u>18,786</u>

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

(o) Income attributable to depositors

<u>Group</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Commodity Fund				
Deposits from customers	(8,851)	(4,773)	(16,733)	(10,586)
Deposits and placements of banks and financial institutions	(8,485)	(7,266)	(17,173)	(10,986)
	<u>(17,336)</u>	<u>(12,039)</u>	<u>(33,906)</u>	<u>(21,572)</u>

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

<u>Group</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Collective impairment allowance - net made during the period	(21)	(353)	(195)	(224)
Expected credit loss - net written back during the period	2,455	-	2,378	1,690
Profit on impaired financing recovered	3	309	3	2,283
	<u>2,437</u>	<u>(44)</u>	<u>2,186</u>	<u>3,749</u>

<u>Company</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Collective impairment allowance - net made during the period	(21)	(326)	(195)	(272)
Expected credit loss - net written back during the period	83	-	22	1,690
Profit on impaired financing recovered	3	-	3	1
	<u>65</u>	<u>(326)</u>	<u>(170)</u>	<u>1,419</u>

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

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

<u>Group</u>	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Debt instruments at fair value through other comprehensive income/securities available-for-sale (net)	(4,308)	(1,786)	(4,345)	(1,786)
Debt instruments at amortised cost	49	-	44	-
Profit on impaired debt instruments recovered	-	-	-	-
	(4,259)	(1,786)	(4,301)	(1,786)

(r) Capital adequacy

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

	Group		Company	
	30 June 2018	31 December 2017	30 June 2018	31 December 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
Regulatory reserve	11,030	-	-	-
Securities available-for-sale reserve	-	(5,506)	-	-
Debt instruments at fair value through other comprehensive income	(1,246)	-	-	-
Retained profits	194,427	207,248	20,369	20,369
	620,811	618,342	40,369	40,369
Less:				
Regulatory adjustments of CET1	(13,490)	(3,561)	(803)	(448)
Capital allocation	(2,603)	(3,783)	(2,603)	(3,783)
Total Tier-I capital	604,718	610,998	36,963	36,138
Collective impairment allowance	10,558	966	1,196	274
	10,558	966	1,196	274
Total capital	615,276	611,964	38,159	36,412
CET1 Capital	61.16%	62.02%	23.41%	23.05%
Tier 1 Capital	61.16%	62.02%	23.41%	23.05%
Total Capital	62.23%	62.12%	24.16%	23.22%

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

	Group		Company	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
Total risk weighted assets for credit risk	836,745	837,708	87,762	90,992
Total risk weighted assets for operational risk	152,008	147,396	70,159	65,821
	988,753	985,104	157,921	156,813

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

(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 financial institutions		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 (cont'd.)

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

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 30 June 2018, as set out on pages 1 to 58, 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 30 June 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

31 July 2018