

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

Unaudited Condensed Interim Financial Statements
30 September 2018



CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Note	Group		Company	
		30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
ASSETS					
Cash and short-term funds	10	475,358	580,367	327,703	415,781
Deposits and placements with licensed banks and other financial institutions	11	319,148	434,823	311,848	424,573
Financial asset through profit and loss/ Securities held-for-trading	12	243,005	246,079	242,994	246,079
Securities available-for-sale	13	-	3,828,614	-	1,655
Financial investment instruments at fair value through other comprehensive income	13	1,265,318	-	1,655	-
Financial investment instruments at amortised cost	14	2,770,634	-	-	-
Derivative assets	15	27	78	-	-
Loans, advances and financing	16	795,458	783,593	263,192	107,185
Other assets	17	206,580	236,628	14,825	13,511
Statutory deposits with Bank Negara Malaysia		118,301	114,282	-	-
Investment in associate		3,431	3,480	2,560	2,560
Investment in subsidiaries		-	-	600,757	600,756
Investment properties		2,746	2,805	-	-
Property, plant and equipment		3,883	3,784	2,672	2,671
Intangible assets		7,686	6,607	4,245	2,743
Deferred tax assets		5,784	13,419	3,558	4,645
Goodwill		86,713	86,713	-	-
TOTAL ASSETS		6,304,072	6,341,272	1,776,009	1,822,159
LIABILITIES					
Deposits from customers	18	2,596,978	1,937,469	-	-
Deposits and placements of banks and other financial institutions	19	1,463,476	1,881,642	-	-
Other liabilities	20	210,927	275,613	41,908	55,370
Borrowings	21	303,182	458,404	303,182	310,167
Provision for taxation and zakat		806	2,380	323	899
Employee benefits		10,803	11,936	8,180	7,829
TOTAL LIABILITIES		4,586,172	4,567,444	353,593	374,265
SHAREHOLDER'S EQUITY					
Capital and reserves attributable to shareholder of the Company					
Share capital		879,931	829,931	879,931	829,931
Reserves		837,713	943,642	542,485	617,963
		1,717,644	1,773,573	1,422,416	1,447,894
Non-controlling interests		256	255	-	-
TOTAL SHAREHOLDER'S EQUITY		1,717,900	1,773,828	1,422,416	1,447,894
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		6,304,072	6,341,272	1,776,009	1,822,159
COMMITMENTS AND CONTINGENCIES	29	432,378	597,352	29,017	16,893
NET ASSETS PER SHARE (RM)		3.58	3.81	2.96	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 SEPTEMBER 2018**

Group	Note	Individual Quarter Ended		Cumulative 9 Months Ended	
		30 September 2018	30 September 2017	30 September 2018	30 September 2017
		RM'000	RM'000	RM'000	RM'000
Operating revenue	28	97,303	78,331	256,994	252,327
Interest income	22	29,572	31,832	91,969	106,896
Interest expense	23	(24,174)	(28,622)	(72,053)	(80,554)
Net interest income		5,398	3,210	19,916	26,342
Net income from Islamic banking operations	33	18,794	19,352	62,621	58,722
Non-interest income	24	20,127	17,911	49,451	59,074
		44,319	40,473	131,988	144,138
Operating expenses	25	(28,344)	(27,878)	(83,787)	(88,186)
Operating profit		15,975	12,595	48,201	55,952
Expected credit loss allowance/ impairment loss (made)/written back on:					
- loans, advances and financing	26	(27,702)	1,639	(44,211)	3,713
- financial investment instruments	27	(5,276)	(2,397)	(13,010)	(5,701)
- other assets		(1,798)	109	(2,138)	(467)
Profit before share of results in associate		(18,801)	11,946	(11,158)	53,497
Share of results in associate		457	334	1,209	1,043
(Loss)/Profit before taxation and zakat		(18,344)	12,280	(9,949)	54,540
Taxation		(5,616)	(2,126)	(10,782)	(13,112)
Zakat		(158)	(289)	(761)	(911)
(Loss)/Profit for the financial period		(24,118)	9,865	(21,492)	40,517
Attributable to:					
Shareholder of the Company		(24,119)	9,862	(21,493)	40,514
Non-controlling interests		1	3	1	3
(Loss)/Profit for the financial period		(24,118)	9,865	(21,492)	40,517
(Loss)/Earnings per share (sen)					
- Basic and diluted		(5.02)	2.12	(4.47)	8.69

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 SEPTEMBER 2018

Group	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the financial period	(24,118)	9,865	(21,492)	40,517
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 financial investment instruments at fair value through other comprehensive income/ securities available-for-sale	(305)	(1,206)	(2,816)	(4,898)
Fair value changes	6,337	1,778	(22)	25,118
Total other comprehensive (loss)/gain for the financial period, net of tax	6,032	572	(2,838)	20,220
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	(18,086)	10,437	(24,218)	60,722
Total comprehensive (loss)/income for the financial period attributable to:				
Shareholder of the Company	(18,087)	10,437	(24,219)	60,721
Non-controlling interests	1	-	1	1
	(18,086)	10,437	(24,218)	60,722

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 SEPTEMBER 2018**

<u>Company</u>	Note	Individual Quarter Ended		Cumulative 9 Months Ended	
		30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Operating revenue		25,613	23,539	73,264	122,692
Interest income	22	4,275	4,132	12,080	12,558
Interest expense	23	(1,014)	(1,063)	(3,035)	(3,214)
Net interest income		3,261	3,069	9,045	9,344
Net income from Islamic banking operations	33	10,932	10,510	32,927	29,296
Non-interest income	24	11,870	10,291	32,607	85,406
		26,063	23,870	74,579	124,046
Operating expenses	25	(15,518)	(14,776)	(44,883)	(44,414)
Operating profit		10,545	9,094	29,696	79,632
Expected credit loss allowance/ impairment loss written back/(made) on:					
- loans, advances and financing	26	(1,596)	924	(1,520)	1,352
- financial investment instruments	27	3	9	45	(243)
- other assets		-	(4)	-	(202)
Profit before taxation and zakat		8,952	10,023	28,221	80,539
Taxation		(2,324)	(2,354)	(6,199)	(7,273)
Zakat		(77)	(143)	(322)	(395)
Profit for the financial period		6,551	7,526	21,700	72,871
Attributable to:					
Shareholder of the Company		6,551	67,932	21,700	72,871
Non-controlling interests		-	-	-	-
Profit for the financial period		6,551	67,932	21,700	72,871
Earnings per share (sen)					
- Basic and diluted		1.36	14.58	4.52	15.64

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 SEPTEMBER 2018**

<u>Company</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Profit for the financial period	6,551	67,932	21,700	72,871
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 financial investment instruments 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	6,551	67,932	21,700	72,871
Total comprehensive income for the financial period attributable to:				
Shareholder of the Company	6,551	67,932	21,700	72,871
Non-controlling interests	-	-	-	-
	6,551	67,932	21,700	72,871

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 SEPTEMBER 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	Fair Value Through Other Comprehensive Income Reserve [#] RM'000	Regulatory Reserve [^] RM'000	Retained Profits RM'000		Non-controlling interests 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	1,794,700
Other comprehensive income for the period	-	-	-	(2,838)	-	-	-	(2,838)
Profit for the period	-	-	-	-	-	(24,218)	1	(24,217)
Total comprehensive income for the period	-	-	-	(2,838)	-	(24,218)	1	(27,055)
Transactions with owner	-	-	-	-	-	(100,000)	-	(50,000)
Dividends*	50,000	-	-	-	-	(100,000)	-	(50,000)
Transfer to regulatory reserve	-	-	-	-	160	(160)	-	-
At 30 September 2018	879,931	-	-	(2,157)	21,789	818,081	256	1,717,900

[^] 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.

* A single tier interim and final dividend of 10.7280 sen on 466,070,000 ordinary shares amounting to RM100.0 million which consist of cash of RM50.0 million and issuance of 14,285,714 units new ordinary shares paid on 24 August 2018.

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 SEPTEMBER 2018

Group	Attributable to shareholder of the Company		Distributable					Non-controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Securities Available-For-Sale Reserve # RM'000	Regulatory Reserve ^ RM'000	Statutory Reserve RM'000	Retained Profits RM'000	Total RM'000		
At 1 January 2017	466,070	363,861	(42,534)	3,932	131,324	866,877	1,789,530	210	1,789,740
Other comprehensive income for the period	-	-	20,220	-	-	(15)	10,265	-	10,280
Profit for the period	-	-	-	-	-	(12,981)	19,671	1	19,672
Total comprehensive income for the period	-	-	20,220	-	-	(12,996)	7,224	1	29,952
Transactions with owner	-	-	-	-	-	(90,000)	(90,000)	-	(90,000)
Dividends*	-	-	-	-	(960)	132,284	-	-	-
Transfer to retained profits	-	-	-	-	(131,324)	132,284	-	-	-
At 30 September 2017	466,070	363,861	(22,314)	2,972	-	896,165	1,706,754	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 dividend of 19.310 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
30 SEPTEMBER 2018**

<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	-	-	21,700	21,700
Comprehensive income for the financial period	-	-	21,700	21,700
Transaction with owner				
Dividends*	50,000	-	(100,000)	(50,000)
At 30 September 2018	879,931	-	542,485	1,422,416

* A single tier interim and final dividend of 10.7280 sen on 466,070,000 ordinary shares amounting to RM100.0 million which consist of cash of RM50.0 million and issuance of 14,285,714 units new ordinary shares paid on 24 August 2018.

**CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED
30 SEPTEMBER 2018**

<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	-	-	72,871	72,871
Comprehensive income for the financial period	-	-	72,871	72,871
Transaction with owner				
Dividends*	-	-	(90,000)	(90,000)
At 30 September 2017	466,070	363,861	606,293	1,436,224

* Single tier interim dividend of 19.310 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 SEPTEMBER 2018**

	Group		Company	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Profit before taxation and zakat:	(9,949)	54,540	28,221	80,539
Adjustment on non-cash items	54,855	(9,420)	2,609	(12,439)
Operating profit before changes in working capital	44,906	45,120	30,830	68,100
Changes in working capital:				
Net changes in operating assets	(224,924)	(248,454)	(151,590)	186,963
Net changes in operating liabilities	176,658	773,636	(13,462)	3,897
Tax expense and zakat paid	(9,601)	(14,348)	(7,280)	(7,063)
Retirement benefits paid	(114)	(465)	(114)	(347)
Net cash generated from operating activities	(13,074)	555,489	(141,616)	251,550
Net cash used in investing activities	(2,388)	(5,750)	(2,202)	(4,854)
Issuance of ordinary shares	50,000	-	50,000	-
Dividend paid	(100,000)	(90,000)	(100,000)	(90,000)
Borrowings repayment	(155,222)	(31,638)	(6,985)	(11,805)
Net cash used in financing activities	(205,222)	(121,638)	(56,985)	(101,805)
Net increase/(decrease) in cash and cash equivalents	(220,684)	428,101	(200,803)	144,891
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	794,506	1,184,284	639,551	832,711

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

	Group		Company	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Cash and short-term funds	475,358	830,919	327,703	493,116
Deposits and placements with banks and other financial institutions	319,148	353,365	311,848	339,595
	794,506	1,184,284	639,551	832,711

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

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

1. Basis of preparation

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

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

2. Significant accounting policies

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

2.1 Adoption of Amendments and Annual Improvements to Standards

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

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

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

(a) MFRS 9 Financial Instruments

Classification and measurement of financial instruments

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

Therefore, the comparative information for 2017 is reported under MFRS 139 and is not comparable to the information presented for 30 September 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(o).

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 1 January 2018	
		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 rece	Amortised cost	236,628	236,756
Statutory deposits with Bank NegaraMalaysia		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 financial investment instruments previously recorded under MFRS 139 as AFS is accounted for as follows:

- Financial investment 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.

- Financial investment 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.

- Financial investment 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
- financial investment 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 MFRS 2018)</i>	1 January 2019
Amendments for MFRS 112 - <i>Income Taxes (Annual Improvements to MFRS 2018)</i>	1 January 2019
Amendments to MFRS 123 - <i>Borrowing Costs (Annual Improvements to MFRS 2018)</i>	1 January 2019
Amendments to MFRS 128 - <i>Long-term Interests in Associates and Joint Ventures</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 2018)</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 Deferral 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 September 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 September 2018.

6. Debt and equity securities

During the period under review, a total of 14,285,714 units of new ordinary shares were issued via a Dividend Reinvestment Plan as described in Note 7.

7. Dividend paid

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.

Subsequently on 29 June 2018 and 24 July 2018, the Board and BNM approved a Dividend Reinvestment Plan which entails:

- a. Single tier final dividend in respect of the financial year ended 31 December 2017 of 10.7280 sen on 466,069,913 ordinary shares, amounting RM50,000,000; and
- b. Reinvestment of the entire dividend by the shareholder of 14,285,714 units of new ordinary shares.

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 loss before tax of RM10.0 million for the period ended 30 September 2018, as compared to the previous corresponding period's profit before tax of RM54.5 million. The loss before tax is attributable to higher expected credit loss allowance made on loans, finance and advances and financial investment instruments of RM55.2 million for this quarter.

10. Cash and short-term funds

	Group		Company	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	73,136	123,265	6,773	6,185
Deposits and placements maturing within one month	402,222	457,102	320,930	409,596
	475,358	580,367	327,703	415,781

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group amounted to RM1,038,000 and RM958,000 (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 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	319,148	434,823	311,848	424,573
	319,148	434,823	311,848	424,573

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

	Group		Company	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
At fair value				
Money market instruments:				
Government Investment Issues	14,953	9,940	14,953	9,940
Quoted instruments:				
Shares	-	-	-	-
Unquoted securities in Malaysia:				
Corporate Bond and/or Suck	66,138	65,517	66,127	65,517
Islamic Commercial Papers	152,348	160,614	152,348	160,614
Shares	1	1	1	1
	<u>218,487</u>	<u>226,132</u>	<u>218,476</u>	<u>226,132</u>
Unit Trust	9,565	10,007	9,565	10,007
	<u>243,005</u>	<u>246,079</u>	<u>242,994</u>	<u>246,079</u>

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

	Group		Company	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	288,052	481,359	-	-
Government Investment Issue	362,131	384,266	-	-
Malaysian Treasury Bills	-	-	-	-
Negotiable Instruments of Deposit	447,991	497,021	-	-
	<u>1,098,174</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	243,704	2,512,061	550	595
Shares	-	4,921	-	-
Loan Stocks	73,418	81,008	9,404	9,404
	<u>317,122</u>	<u>2,597,990</u>	<u>9,954</u>	<u>9,999</u>
Unquoted securities in Malaysia:				
Shares	1,057	1,206	300	300
Less: Expected credit loss allowance (a)	(151,035)	(162,834)	(8,599)	(8,644)
	<u>1,265,318</u>	<u>3,828,614</u>	<u>1,655</u>	<u>1,655</u>

13. Financial investment 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
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 2017	162,834	8,644

<u>Group</u>	Stage 1 Collective RM'000	Stage 3 Individual RM'000	Total RM'000
As at 1 January 2018	-	-	-
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	31	14,449	14,480
Amount written-back	-	(45)	(45)
Amount written-off	-	(15,468)	(15,468)
Discount unwind	-	(119)	(119)
At 30 September 2018	31	151,004	151,035

There were no Stage 2 exposures as at 30th September 2018.

<u>Company</u>	Stage 3 Individual RM'000	Total RM'000
As at 1 January 2018	-	-
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	(45)	(45)
Amount written-off	-	-
Discount unwind	-	-
At 30 September 2018	8,599	8,599

There were no Stage 2 exposures as at 30th September 2018.

14. Financial investment instruments at amortised cost

	Group	
	30 September 2018 RM'000	31 December 2017 RM'000
At amortised cost		
Money market instruments:		
Malaysian Government Securities	194,396	-
Government Investment Issue	380,711	-
	575,107	-
Unquoted securities in Malaysia:		
Corporate Bonds/Sukuk	2,187,070	-
Loan Stocks	9,462	-
	2,196,532	-
Less: Expected credit loss allowance	(a) (1,005)	-
	2,770,634	-

(a) Movements in expected credit loss allowance

	Stage 1 Collective RM'000	Group Stage 3 Individual RM'000	Off Balance Sheet RM'000	Total RM'000
As at 1 January 2018	-	-	-	-
Effects of MFRS 9 Financial Instruments adoption	428	629	-	1,057
As at 1 January, restated	428	629	-	1,057
Impairment (written-back)/made during the financial period	(61)	-	9	(52)
At 30 September 2018	367	629	9	1,005

There were no Stage 2 exposures as at 30th September 2018.

15. Derivative assets

<u>Group</u>	Contract or underlying principal amount RM'000	Derivative assets RM'000
30 September 2018		
Interest rate related derivatives:		
- Interest rate swaps	100,000	27
	100,000	27
31 December 2017		
Interest rate related derivatives:		
- Interest rate swaps	100,000	78
	100,000	78

16. Loans, advances and financing

	Group		Company	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
Term loans				
Syndicated term loans/financing	247,539	238,832	-	-
Hire purchase receivables	9,950	10,205	1,088	1,339
Real estate financing	22,713	27,735	-	-
Murabahah financing	180,548	180,205	-	-
Lease receivables	1,568	1,568	-	-
Other term loans/financing	135,276	141,577	311,316	160,026
	597,594	600,122	312,404	161,365
Margin accounts	369,912	317,038	-	-
Staff loans	1,644	1,441	1,153	948
	969,150	918,601	313,557	162,313
Less: Unearned interest / income	(8,031)	(9,160)	(8,031)	(9,160)
Gross loans, advances and financing	961,119	909,441	305,526	153,153
Less: Impairment allowance				
- Collective impairment allowance	-	(8,881)	-	(5,366)
- Individual impairment allowance	-	(116,967)	-	(40,602)
- Expected credit loss allowance	(165,661)	-	(42,334)	-
Total net loans, advances and financing	795,458	783,593	263,192	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 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
Domestic business enterprises				
- Small medium enterprises	482,102	444,848	253,229	101,091
- Others	189,093	193,811	51,144	51,114
Individuals	289,924	270,782	1,153	948
Gross loans, advances and financing	961,119	909,441	305,526	153,153

b. By interest/profit rate sensitivity

	Group		Company	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
- Staff loans	1,644	1,441	1,153	948
- Hire purchase receivables	9,950	10,205	1,088	1,339
- Margin accounts	361,742	317,038	-	-
- Other fixed rate loan/financing	164,253	128,776	88,419	92,262
Variable rate:				
- BLR plus	26,193	27,523	26,193	27,523
- Cost plus	397,337	424,458	188,673	31,081
Gross loans, advances and financing	961,119	909,441	305,526	153,153

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

c. By economic sector

	Group		Company	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Mining and quarrying	98,048	98,048	-	-
Manufacturing	111,977	115,382	49,162	52,829
Construction	30,079	117	-	-
Wholesale & retail trade and restaurants & hotels	70,644	72,582	44,482	44,790
Transport, storage and communications	2,525	2,864	1,857	2,196
Finance, insurance, and business services	165,739	160,547	204,923	48,273
Purchase of transport vehicles	7,558	7,581	-	-
Others	474,549	452,320	5,102	5,065
Gross loans, advances and financing	961,119	909,441	305,526	153,153

d. By residual contractual maturity

	Group		Company	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Within one year	497,124	556,270	75,938	72,464
One year to five years	438,517	334,857	215,478	73,843
After five years	25,478	18,314	14,110	6,846
Gross loans, advances and financing	961,119	909,441	305,526	153,153

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

(i) Movements in ILs

	Group		Company	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 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	5,279	33,365	5,106	-
Amount recovered	(5,287)	(151,347)	(396)	(711)
Amount written off	(2,345)	(788)	(2,345)	(788)
At 30 September /31 December	447,347	449,700	66,108	63,743
Less: Allowances				
- Individual impairment allowances	-	(116,967)	-	(40,602)
- Expected credit loss allowances	(161,522)	-	(39,962)	-
Net ILs	285,825	332,733	26,146	23,141
Net ILs as % of gross loans, advances and financing less expected credit loss allowances (stage 3) / individual impairment allowance	35.93%	41.99%	9.93%	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 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
Mining and quarrying	98,048	98,048	-	-
Manufacturing	105,050	107,328	46,536	48,814
Construction	117	117	-	-
Wholesale & retail trade and restaurants & hotels	28,719	23,917	17,526	12,687
Transport, storage and communication	731	948	63	280
Finance, insurance, and business services	1,540	1,543	1,540	1,543
Purchase of transport vehicles	7,558	7,581	-	-
Others	205,584	210,218	443	419
	447,347	449,700	66,108	63,743

(iii) Movements in impairment provision

	Group		Company	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	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 September / 31 December	-	116,967	-	40,602

	Group		Company	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	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 September / 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 2018	-	-	-	-	-
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	1,847	-	-	(1,847)	-
Impairment made during the financial period	328	432	47,793	13	48,566
Amount written-back	(2,972)	(373)	(308)	-	(3,653)
Amount written off	-	-	(2,345)	-	(2,345)
Discount unwind	-	-	(584)	-	(584)
At 30 September 2018	1,729	1,692	161,522	718	165,661
	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 2018	-	-	-	-	-
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	328	432	2,349	13	3,122
Amount written-back	(572)	(373)	(268)	-	(1,213)
Amount written off	-	-	(2,345)	-	(2,345)
Discount unwind	-	-	(376)	-	(376)
At 30 September 2018	564	1,692	39,962	116	42,334

17. Other assets

	Note	Group		Company	
		30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Interest/profit receivables		44,686	31,777	5,030	4,870
Amount due from brokers and clients	(b)	120,985	165,308	-	-
Deposits, prepayments and other receivables		23,246	15,516	3,030	3,011
Less: Expected credit loss allowance/ Impairment allowance	(c)	(9,645)	(4,350)	-	-
		13,601	11,166	3,030	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)	-	-	4,487	4,620
Tax recoverable		27,308	28,377	2,278	1,010
		<u>206,580</u>	<u>236,628</u>	<u>14,825</u>	<u>13,511</u>

(a) Amount due from subsidiaries

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

(b) Clients' accounts

<u>Group</u>	Note	30 September 2018 RM'000	31 December 2017 RM'000
Brokers		-	52,399
Amount due from clients		120,985	112,909
		<u>120,985</u>	<u>165,308</u>

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 September 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 September/ 31 December	<u>-</u>	<u>4,350</u>

17. Other assets (cont'd.)

(ii) Movements in expected credit loss allowances

	30 September 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	435	-
Amount written back	(642)	-
Amount written off	(481)	-
Adjustment	6,192	-
At 30 September/ 31 December	9,645	-

18. Deposits from customers

	Group	
	30 September 2018 RM'000	31 December 2017 RM'000

(i) By type of deposit

- Call deposits	25,782	10,192
- Fixed deposits	2,571,196	1,927,277
	2,596,978	1,937,469

(ii) By type of customer

- Business enterprises	1,854,171	1,465,036
- Government and statutory bodies	740,174	469,857
- Individuals	2,633	2,576
	2,596,978	1,937,469

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

- Due within six months	2,527,135	1,805,695
- Six months to one year	69,843	116,101
- One year to two years	-	15,673
	2,596,978	1,937,469

19. Deposits and placements of banks and other financial institutions

	Group	
	30 September 2018 RM'000	31 December 2017 RM'000

(i) Call deposits

- Other financial institutions	5,330	3,860
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(ii) Fixed deposits

- Licensed banks	29,300	68,700
- Other financial institutions	1,428,846	1,809,082
	1,458,146	1,877,782
	1,463,476	1,881,642

20. Other liabilities

	Group		Company	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
Amount due to clients	125,792	171,633	-	-
Accrued interest and othe payables	43,776	54,873	22,946	21,027
Other creditors and accruals	37,726	46,099	14,709	30,004
Amount due to subsidiaries	-	-	620	1,331
Amount due to Government Scheme Fund (GSF)	3,634	3,008	3,634	3,008
	<u>210,927</u>	<u>275,613</u>	<u>41,908</u>	<u>55,370</u>

21. Borrowings

	Group		Company	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	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	136,198	143,183	136,198	143,183
Loan From MITI	160,000	160,000	160,000	160,000
Commodity Financing-i	-	148,237	-	-
	<u>296,198</u>	<u>451,420</u>	<u>296,198</u>	<u>303,183</u>
Total borrowings	<u>303,182</u>	<u>458,404</u>	<u>303,182</u>	<u>310,167</u>

22. Interest income

<u>Group</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income on non-impaired loans	8,038	3,236	24,988	15,590
- Interest income on impaired loans ("ILs")	(69)	284	959	11,383
Money at call and deposit placements with financial institutions	4,004	6,812	12,050	15,282
Financial assets at fair value through profit or loss/ securities held-for-trading	28	(8)	36	3
Financial investment instruments at fair value through other comprehensive income				
- Interest income on non-impaired instruments/ securities available-for-sale	4,092	19,468	12,091	61,191
- Interest income on impaired instruments securities available-for-sale	646	1,245	790	2,922
Financial investment instruments at amortised cost				
- Interest income on non-impaired instruments	12,959	-	40,062	-
- Interest income on impaired instruments	-	-	1,116	-
Accretion of discount less amortisation of premium	(126)	749	(232)	373
Derivative instruments	-	46	109	152
	<u>29,572</u>	<u>31,832</u>	<u>91,969</u>	<u>106,896</u>

22. Interest income (cont'd.)

<u>Company</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Loans, advances and financing				
- Interest income on non-impaired loans	1,956	1,003	3,395	3,722
- Interest income on impaired loans ("ILs")	108	122	332	395
Money at call and deposit placements with financial institutions	2,209	3,006	8,343	8,429
Financial assets at fair value through profit or loss/ securities held-for-trading	2	1	10	12
	4,275	4,132	12,080	12,558

23. Interest expense

<u>Group</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Deposits and placements of banks and other financial institutions	14,507	11,194	41,341	33,226
Deposits from customers	6,332	14,398	21,434	38,291
Borrowings	3,331	3,030	9,274	9,037
Derivative instruments	4	-	4	-
	24,174	28,622	72,053	80,554
<u>Company</u>				
Borrowings	1,014	1,063	3,035	3,214
	1,014	1,063	3,035	3,214

24. Non-interest income

<u>Group</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Underwriting fees	350	504	350	662
Management fees	1,791	2,919	4,101	7,042
Corporate advisory fees	345	588	3,107	1,572
Brokerage fees	3,917	3,781	13,618	15,093
Income from Government Scheme Funds	1,878	2,766	6,197	10,267
Other fees	3,021	2,386	5,183	6,707
	<u>11,302</u>	<u>12,944</u>	<u>32,556</u>	<u>41,343</u>
Investment income:				
Net gain/(loss) on sale of debt instrument at fair value through other profit and loss/ held-for-trading	1,912	13	1,912	13
Net gain/(loss) on sale of debt instrument at fair value through other comprehensive income/ securities available-for-sale	361	13	744	2
Net unrealised gain on revaluation of financial assets at fair value through profit on loss/ securities held-for-trading	4,185	4,279	9,561	13,732
Net unrealised loss on revaluation of derivative instruments	27	(105)	(51)	(358)
	<u>6,485</u>	<u>4,200</u>	<u>12,166</u>	<u>13,389</u>
Gross dividend income:				
Financial assets at fair value through profit or loss	407	-	1,394	-
Financial assets at fair value through other comprehensive income/ securities available-for-sale	-	-	300	300
Financial investment instruments at fair value through other comprehensive income/securities available-for-sale	-	123	-	1,603
	<u>407</u>	<u>123</u>	<u>1,694</u>	<u>1,903</u>
Other income:				
Rental from:				
- Office premises	454	190	889	1,000
- Others	40	26	80	70
Others	1,439	428	2,066	1,369
	<u>1,933</u>	<u>644</u>	<u>3,035</u>	<u>2,439</u>
Total non-interest income	<u>20,127</u>	<u>17,911</u>	<u>49,451</u>	<u>59,074</u>

<u>Company</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Management fees	2,264	2,053	7,081	6,304
Income from Government Scheme Funds	1,878	2,766	6,197	10,267
	<u>4,142</u>	<u>4,819</u>	<u>13,278</u>	<u>16,571</u>
Investment income:				
Net unrealised gain on revaluation of financial assets at fair value through profit on loss/ securities held-for-trading	6,660	4,279	14,482	13,732
	<u>6,660</u>	<u>4,279</u>	<u>14,482</u>	<u>13,732</u>

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

<u>Company</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Gross dividend income:				
Subsidiaries	-	-	-	50,000
Associates	-	-	1,155	1,017
Financial assets at fair value through other comprehensive income/ securities available-for-sale	-	-	300	300
	-	-	1,455	51,317
Other income:				
Rental from:				
- Office premises	941	1,024	2,846	3,116
Others	127	169	546	670
	1,068	1,193	3,392	3,786
Total non-interest income	11,870	10,291	32,607	85,406

25. Operating expenses

<u>Group</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Staff costs				
Wages, salaries and bonuses	16,010	15,655	46,465	49,467
Employee benefits:				
Current period	148	164	654	691
Social security costs	97	185	295	364
Defined contribution plan	2,601	2,578	7,113	8,188
Other staff related expenses	1,946	2,283	5,107	5,263
	20,802	20,865	59,634	63,973
Establishment costs				
Depreciation	819	974	2,466	1,966
Office rental	2,008	1,998	5,914	5,923
Equipment rental	22	25	61	70
Others	2,269	1,243	6,455	6,016
	5,118	4,240	14,896	13,975
Promotion and marketing-related expenses				
Business promotion and advertisement	380	1,019	2,742	2,841
Entertainment	93	103	311	340
	473	1,122	3,053	3,181
General and administrative expenses				
Auditors' remuneration				
- Audit fees	190	115	463	371
Directors' fees and meeting allowances	640	559	1,987	1,371
Communication expenses	106	143	359	331
Professional fees	129	526	459	1,702
Securities Commission's levy	260	246	1,062	1,024
Others	626	62	1,874	2,258
	1,951	1,651	6,204	7,057
	28,344	27,878	83,787	88,186

25. Operating expenses (cont'd.)

<u>Company</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Wages, salaries and bonuses	8,601	7,823	24,236	24,234
Employee benefits:				
Current period	58	199	465	601
Social security costs	59	51	174	154
Defined contribution plan	1,441	1,338	3,805	4,295
Other staff related expenses	1,445	1,039	3,540	2,859
	<u>11,604</u>	<u>10,450</u>	<u>32,220</u>	<u>32,143</u>
Establishment costs				
Depreciation	255	243	805	664
Office rental	1,954	1,952	5,872	5,883
Equipment rental	11	12	28	29
Others	917	624	2,487	1,793
	<u>3,137</u>	<u>2,831</u>	<u>9,192</u>	<u>8,369</u>
Promotion and marketing-related expenses				
Business promotion and advertisement	189	569	1,355	1,228
Entertainment	5	11	16	24
	<u>194</u>	<u>580</u>	<u>1,371</u>	<u>1,252</u>
General and administrative expenses				
Auditors' remuneration				
- Audit fees	71	48	168	145
Directors' fees and meeting allowances	300	262	921	696
Communication expenses	62	73	213	181
Professional fees	135	284	346	872
GST expense	3	26	48	116
Others	12	222	404	640
	<u>583</u>	<u>915</u>	<u>2,100</u>	<u>2,650</u>
	<u>15,518</u>	<u>14,776</u>	<u>44,883</u>	<u>44,414</u>

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

<u>Group</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
(a) Individual impairment allowances				
- made in the financial period	-	3,181	-	(3,459)
- written-back	-	(2,037)	-	-
(b) Collective impairment allowances				
- made in the financial period	-	66	-	(1,847)
- written-back	-	(420)	-	-
(c) Expected credit loss allowance				
- made in the financial period	(29,433)	-	(48,566)	-
- written-back	1,291	-	3,653	-
(d) Recoveries from impaired loans	440	849	702	9,019
	<u>(27,702)</u>	<u>1,639</u>	<u>(44,211)</u>	<u>3,713</u>

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

<u>Company</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
(a) Individual impairment allowances				
- made in the financial period	-	10	-	
- written-back	-	239	-	814
(b) Collective impairment allowances				
- made in the financial period	-	706	-	(999)
- written-back	-	(357)	-	-
(c) Expected credit loss allowance				
- made in the financial period	(2,350)	-	(3,122)	-
- written-back	627	-	1,213	-
(c) Recoveries from impaired loans	127	326	389	1,537
	(1,596)	924	(1,520)	1,352

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

<u>Group</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Financial investment instruments at fair value through other comprehensive income/securities available-for-sale	(6,643)	(2,397)	(14,435)	(5,701)
Financial investment instruments at amortised cost	(6)	-	52	-
Interest on impaired financial investment instruments recovered	1,373	-	1,373	-
	(5,276)	(2,397)	(13,010)	(5,701)

<u>Company</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Financial investment instruments at fair value through other comprehensive income/securities available-for-sale	3	9	45	(243)
	3	9	45	(243)

28. 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 Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Investment banking	72,990	60,094	187,065	175,862
Development finance	17,856	11,049	47,304	43,204
Asset management	1,349	1,290	3,851	3,729
Investment holding	12,715	6,722	36,135	79,795
Others	(2,855)	1,592	(1,792)	14,973
	102,055	80,747	272,563	317,563
Inter-segment elimination	(4,752)	(2,416)	(15,569)	(65,236)
	97,303	78,331	256,994	252,327

	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Segment Results				
Investment banking	6,524	684	19,864	22,707
Development finance	7,643	9,568	25,365	28,505
Asset management	301	(44)	123	(148)
Investment holding	1,279	439	2,709	52,093
Others	(34,492)	1,299	(58,008)	1,159
Inter-segment elimination	(56)	-	(1,211)	(50,819)
	(18,801)	11,946	(11,158)	53,497
Share of results in associate	457	334	1,209	1,043
	(18,344)	12,280	(9,949)	54,540

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.

29. Commitments and contingencies

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

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

Group	As at 30 September 2018			As at 31 December 2017		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Obligations under underwriting agreement	-	-	-	-	-	-
Interest rate related contracts with an original maturity	-	-	-	-	-	-
- Not exceeding one year	100,000	2,023	405	100,000	194	39
- Exceeding one year	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	108,191	21,638	21,638	283,014	56,603	56,603
- Maturity exceeding one year	224,187	112,093	112,093	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	2,689	2,589
Total	432,378	135,754	134,136	597,352	154,232	153,977
Company						
Guarantee facilities						
Irrevocable commitments to extend credit:						
- Maturity exceeding one year	29,017	14,508	14,508	16,893	8,446	8,446
Total	29,017	14,508	14,508	16,893	8,446	8,446

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

30. 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 September 2018 RM'000	As at 30 September 2017 RM'000	As at 30 September 2018 RM'000	As at 30 September 2017 RM'000
Penultimate holding company				
Income:				
Interest income on securities	989	-	-	-
Brokerage fees earned	4,739	4,204	-	-
Fee income	-	-	-	-
Expenditures:				
Rental expense	6,390	3,721	6,390	3,721
Subsidiaries				
Income:				
Interest on loans	-	-	2,584	2,095
Rental of premises	-	-	1,971	1,342
Interest on short term deposits	-	-	-	4,277
Management fees	-	-	6,882	-
Dividend from subsidiaries	-	-	-	50,000
Expenditures:				
Other expenses	-	-	15	-
Associate				
Income:				
Rental received	326	217	326	217
Dividend from associate	1,155	1,017	1,155	1,017
Expenditures:				
Interest expense on deposits	-	-	-	-
Other related companies				
Income:				
Interest income on securities	699	3,993	-	-
Fee income	-	-	-	-
Management fees	-	4	-	4
Brokerage fees earned	2,917	1,664	-	-
Expenditures:				
Interest expense on deposits	4,397	2,025	-	-

30. 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 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
Penultimate holding company				
Amount due from:				
Fee receivable	-	138	-	-
Securities	65,072	35,000	-	-
Sundry deposit received	1,861	1,861	1,861	1,861
	<u>1,861</u>	<u>1,861</u>	<u>1,861</u>	<u>1,861</u>
Amount due to:				
Other payables	620	-	620	-
	<u>620</u>	<u>-</u>	<u>620</u>	<u>-</u>
Subsidiaries				
Amount due from:				
Loans, advances and financing	-	-	188,673	31,081
Trade receivables	-	-	4,487	4,619
	<u>-</u>	<u>-</u>	<u>193,160</u>	<u>35,700</u>
Amount due to:				
Rental deposit received	-	-	649	649
Other payables	-	-	42	1,331
	<u>-</u>	<u>-</u>	<u>691</u>	<u>1,980</u>
Associate				
Amount due to:				
Rental deposit received	109	109	109	109
	<u>109</u>	<u>109</u>	<u>109</u>	<u>109</u>
Other related companies				
Amount due from:				
Fee receivables	-	71	-	-
Sundry deposits	553	553	-	-
Securities	65,072	179,244	-	-
	<u>65,625</u>	<u>180,068</u>	<u>-</u>	<u>-</u>
Amount due to:				
Deposits from placements of banks and other financial institutions	143,360	126,099	-	-
Other payables	241	185	-	-
	<u>143,601</u>	<u>126,284</u>	<u>-</u>	<u>-</u>

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

31. Credit exposures arising from credit transactions with connected parties

	Group	
	As at 30 September 2018	As at 31 December 2017
(i) Total credit exposures with connected parties	<u>169,566</u>	<u>152,500</u>
(ii) Percentage of total credit exposures to connected parties as proportion of total credit exposures	<u>4.89%</u>	<u>4.15%</u>
(iii) Percentage of total credit exposures to connected parties which is impaired or in default	<u>Nil</u>	<u>Nil</u>

32. Capital adequacy

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

	Group		Company	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
Tier 1 Capital				
Common Equity Tier 1 ("CET1")				
Capital				
Share capital	879,931	829,931	879,931	829,931
Securities available-for-sale reserve	-	(18,576)	-	-
Financial instruments at fair value through other comprehensive income reserve	(2,157)	-	-	-
Regulatory reserve	21,789	2,573	-	-
Retained profits	842,299	909,645	567,963	617,963
	<u>1,741,862</u>	<u>1,723,573</u>	<u>1,447,894</u>	<u>1,447,894</u>
Less: Regulatory adjustments	(121,884)	(120,835)	(616,442)	(620,385)
Total CET1 Capital / Tier 1 Capital	1,619,978	1,602,738	831,452	827,509
Tier 2 Capital				
Collective impairment allowance and regulatory reserve	25,927	3,802	2,372	537
Total Tier 2 capital	25,927	3,802	2,372	537
Total Capital	1,645,905	1,606,540	833,824	828,046
CET 1 Capital	61.096%	61.192%	121.416%	146.751%
Tier 1 Capital	61.096%	61.192%	121.416%	146.751%
Total Capital	62.074%	61.337%	121.763%	146.847%

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

	Group		Company	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
Total risk weighted assets for credit risk	2,162,870	2,153,437	421,153	307,154
Total risk weighted assets for market risk	96,551	80,666	74,225	75,916
Total risk weighted assets for operational risk	392,117	385,086	189,416	180,815
	<u>2,651,538</u>	<u>2,619,189</u>	<u>684,794</u>	<u>563,885</u>

33. 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 September 2018				
Financial assets				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Quoted securities	-	-	-	-
Unquoted securities	-	243,004	1	243,005
<hr/>				
Debt instruments at fair value through other comprehensive income				
Money market instruments	-	1,098,174	-	1,098,174
Quoted securities	-	-	1,355	1,355
Unquoted securities	-	160,302	4,430	164,732
<hr/>				
Assets for which fair value are disclosed:				
Loans, advances and financing				
- staff loans	-	1,342	-	1,342
<hr/>				
Investment properties				
Residential properties	-	-	6,983	6,983
Office property	-	-	1,575	1,575
<hr/>				
Liability for which fair values are disclosed:				
Borrowings	-	303,182	-	303,182
<hr/>				

33. 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	-	1,174	-	1,174
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 September 2018				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Unquoted securities	-	242,993	1	242,994
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	-	891	-	891
Liability for which fair values are disclosed:				
Borrowings	-	303,182	-	303,182

33. 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 September 2018			
At 1 January 2018		1	138,047
Total gains/(losses) recognised in profit or loss:			
Included within interest income	-	790	790
Included within impairment written back on securities	-	-	-
Included within impairment loss on debt instrument	-	(14,435)	(14,435)
	-	(13,645)	(13,645)
Settlements	-	(118,617)	(118,617)
At 30 September 2018	1	5,785	5,786
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

33. 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 September 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	-	45	45
	-	45	45
Total gains/(losses) recognised in other comprehensive income			
Settlements	-	(45)	(45)
At 30 September 2018	1	1,355	1,356
	1	1,355	1,356
	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
	1	1,355	1,356
	1	1,355	1,356

34. Operations of Islamic Banking Business

CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

ASSETS	Note	Group		Company	
		30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Cash and short-term funds	a	171,346	156,922	110,709	118,070
Deposits and placements with licensed banks and other financial institutions	b	47,200	59,600	47,200	59,600
Securities available-for-sale	c	-	1,995,191	-	-
Securities held-to-maturity					
Financial investment instruments at fair value through other comprehensive income	c	850,308	-	-	-
Financial investment instruments at amortised cost	d	1,541,023	-	-	-
Financing and advances	e	214,418	205,615	37,338	38,100
Other assets		41,487	31,165	16,819	18,018
Intangible asset		583	860	-	-
Deferred tax assets		382	2,701	301	448
Amount due from Head Office		827	-	827	-
TOTAL ASSETS		2,867,574	2,452,054	213,194	234,236
LIABILITIES					
Deposits from customers	f	1,169,991	727,464	-	-
Deposits and placements of banks and other financial institutions	g	821,123	852,676	-	-
Borrowings	h	160,000	160,000	160,000	160,000
Other liabilities	i	78,159	80,983	19,876	32,772
Provision for taxation and zakat		5,598	11,858	322	899
Deferred tax liabilities					
Amount due to Head Office		-	196	-	196
TOTAL LIABILITIES		2,234,871	1,833,177	180,198	193,867
ISLAMIC BANKING CAPITAL FUNDS					
Funds allocated from Head Office		416,600	416,600	20,000	20,000
Reserves		216,103	202,277	12,996	20,369
TOTAL ISLAMIC BANKING CAPITAL FUNDS		632,703	618,877	32,996	40,369
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		2,867,574	2,452,054	213,194	234,236

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

CONDENSED STATEMENT OF PROFIT & LOSS FOR THE FINANCIAL PERIOD ENDED 30TH SEPTEMBER 2018

<u>Group</u>	Note	Individual Quarter Ended		Cumulative 9 Months Ended	
		30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Income derived from investment of depositors funds and others		27,286	23,335	85,723	68,005
Income derived from Government Scheme Funds		9,556	9,483	28,852	25,755
Total attributable income	j	36,842	32,818	114,575	93,760
Income attributable to depositors	k	(18,048)	(13,466)	(51,954)	(35,038)
Net income attributable to the reporting institution		18,794	19,352	62,621	58,722
Other operating expenses		(5,954)	(4,679)	(17,737)	(14,064)
Operating profit		12,840	14,673	44,884	44,658
Expected credit loss (allowance)/ written back					
- financing and advances	l	(1,292)	79	894	3,828
- debt instruments	m	(2,935)	(614)	(7,236)	(2,400)
- other assets		377	-	356	(410)
Profit before taxation and zakat		8,990	14,138	38,898	45,676
Taxation		(2,843)	(2,919)	(9,387)	(10,326)
Zakat		(158)	(289)	(761)	(911)
Profit for the financial period		5,989	10,930	28,750	34,439
Company					
Income derived from investment of depositors funds and others		1,376	1,027	4,075	3,541
Income derived from Government Scheme Funds		9,556	9,483	28,852	25,755
Income attributable to the reporting institution	j	10,932	10,510	32,927	29,296
Other operating expenses		(5,041)	(3,622)	(14,616)	(11,140)
Operating profit		5,891	6,888	18,311	18,156
Expected credit loss allowance (made)/ written back on financing and advances	l	(1,258)	111	(1,428)	1,530
Profit before taxation and zakat		4,633	6,999	16,883	19,686
Taxation		(1,657)	(1,368)	(4,400)	(4,343)
Zakat		(77)	(145)	(322)	(395)
Profit for the financial period		2,899	5,486	12,161	14,948

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED
30 SEPTEMBER 2018

	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Group				
Profit for the financial period	5,989	10,930	28,750	34,439
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	(297)	(1,193)	(2,072)	(4,896)
Fair value changes	2,437	39	2,028	10,195
Other comprehensive (loss)/gain for the year, net of tax	2,140	(1,154)	(44)	5,299
Other comprehensive (loss)/gain for the year, net of tax	2,140	(1,154)	(44)	5,299
Total comprehensive income for the period	8,129	9,776	28,706	39,738
Company				
Profit for the financial period	2,899	5,486	12,161	14,948
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	2,899	5,486	12,161	14,948

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

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	34,439	34,439
Other comprehensive income	-	-	5,299	-	-	5,299
Total comprehensive income for the period	-	-	5,299	-	34,439	39,738
Dividends Allocation to Head Office	-	-	-	-	(50,000) (13,552)	(50,000) (13,552)
At 30 September 2017	416,600	-	(2,956)	-	192,325	605,969
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	-	-	-	(44)	28,750	28,750
Other comprehensive income for the period	-	-	-	(44)	28,750	28,706
Transfer to regulatory reserve Allocation to Head Office	-	3,002	-	-	(3,002) (20,400)	- (20,400)
At 30 September 2018	416,600	11,329	-	894	203,880	632,703

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

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL
 PERIOD ENDED 30 SEPTEMBER 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	-	14,948	14,948
Allocation to Head Office		(13,552)	(13,552)
At 30 September 2017	20,000	14,948	34,948
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	-	12,161	12,161
Allocation to Head Office	-	(20,400)	(20,400)
At 30 September 2018	20,000	12,996	32,996

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

CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED
30 SEPTEMBER 2018

	Group		Company	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	38,898	45,676	16,883	19,686
Adjustments for non-cash items	(11,781)	(15,948)	1,428	(1,532)
Operating profit before changes in working capital	27,117	29,728	18,311	18,154
Changes in working capital:				
Net changes in operating assets	(407,992)	(421,960)	(1,393)	(1,199)
Net changes in operating liabilities	403,299	482,562	(16,279)	218
Net cash generated from operating activities	22,424	90,330	639	17,173
Net cash used in investing activities	-	(1,105)	-	-
Net cash used in financing activities	(20,400)	(63,552)	(20,400)	(13,552)
Net (decrease)/increase in cash and cash equivalents	2,024	25,673	(19,761)	3,621
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	218,546	189,340	157,909	166,712

Cash and cash equivalents comprise:

	Group		Company	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	171,346	129,740	110,709	107,112
Deposits and placements	47,200	59,600	47,200	59,600
	218,546	189,340	157,909	166,712

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

(a) Cash and short-term funds

	Group		Company	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Cash and bank balances	3,846	14,992	3,209	2,070
Deposits and placements maturing within one month	167,500	142,000	107,500	116,000
	<u>171,346</u>	<u>156,992</u>	<u>110,709</u>	<u>118,070</u>

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

	Group and Company	
	30 September 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>

(c) Financial investment instruments at fair value through other comprehensive income/ securities available-for-sale

	Group	
	30 September 2018 RM'000	31 December 2017 RM'000
At fair value		
Money market instruments:		
Government Investment Issue	362,131	378,327
Islamic Negotiable Instruments	397,989	447,008
	<u>760,120</u>	<u>825,335</u>
Unquoted securities in Malaysia:		
Islamic Private Debt Securities	98,327	1,178,695
Less: Expected credit loss allowance/individual impairment allowance	(8,139)	(8,839)
	<u>850,308</u>	<u>1,995,191</u>

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

	Group	
	30 September 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>

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

(c) Financial investment 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	27	8,112	8,139
Amount written off	-	(8,839)	(8,839)
At 30 September 2018	27	8,112	8,139

(d) Financial investment instruments at amortised cost

	Group	
	30 September 2018 RM'000	31 December 2017 RM'000
At amortised cost		
Money market instruments:		
Government Investment Issue	374,782	-
Unquoted securities in Malaysia:		
Corporate bond/sukuk	1,166,516	-
Less: Expected credit loss allowance/ individual impairment allowance	(275)	-
	1,541,023	-

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

Individual impairment allowance

	Group	
	30 September 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
At 1 January	-
Effects of MFRS 9 Financial Instruments adoption	290
At 1 January, restated	290
Impairment made during the financial period	(15)
At 30 September	275

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

(e) Financing and advances

	Group		Company	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
Term financing				
Syndicated term financing	178,847	170,104	-	-
Islamic hire purchase/leasing	291	542	291	542
Other term financing	48,246	49,580	48,246	49,580
	<u>227,384</u>	<u>220,226</u>	<u>48,537</u>	<u>50,122</u>
Less: Unearned income	(8,014)	(9,141)	(8,014)	(9,141)
Gross financing and advances	219,370	211,085	40,523	40,981
Less: Impairment allowances				
Collective impairment provision	-	(4,456)	-	(1,867)
Individual impairment provision	-	(1,014)	-	(1,014)
Expected credit losses	(4,952)	-	(3,185)	-
Total net financing and advances	214,418	205,615	37,338	38,100

(i) By contract

Group

	Sale-based contract		Lease-based contract	Total financing and advances
	Commodity Murabahah	Bai Bithaman Ajil	Al-Ijarah Thumma Al-Bai	
	RM'000	RM'000	RM'000	RM'000
30 September 2018				
Syndicated term financing	178,847	-	-	178,847
Deferred payment sales	-	40,232	-	40,232
Finance lease	-	-	291	291
	<u>178,847</u>	<u>40,232</u>	<u>291</u>	<u>219,370</u>
31 December 2017				
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>

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

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

(i) By contract (cont'd.)

Company

30 September 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	40,232	-	40,232
Finance lease	-	291	291
	<u>40,232</u>	<u>291</u>	<u>40,523</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>219,370</u>	<u>211,085</u>	<u>40,523</u>	<u>40,981</u>
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(iii) By profit rate sensitivity

Variable rate				
Cost-plus	178,847	170,104	-	-
Fixed rate				
Hire purchase receivables	291	542	291	542
Other fixed rate financing	40,232	40,439	40,232	40,439
	<u>219,370</u>	<u>211,085</u>	<u>40,523</u>	<u>40,981</u>

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

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

(iv) By economic sector

	Group		Company	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Mining and quarrying	86,200	86,200	-	-
Manufacturing	695	804	695	804
Wholesale & retail trade and restaurants & hotels	51,603	20,717	21,641	20,717
Transport, storage and communications	218	492	218	492
Finance, insurance and business services	52,531	66,200	14,021	14,852
Education, health and other	24,175	32,556	-	-
Others	3,948	4,116	3,948	4,116
	219,370	211,085	40,523	40,981

(vi) By residual contractual maturity

	Group		Company	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Within one year	12,663	7,570	12,333	7,304
One year to five years	195,689	198,036	17,172	28,198
After five years	11,018	5,479	11,018	5,479
	219,370	211,085	40,523	40,981

(vii) Impaired financing and advances by economic sector

	Group and Company	
	30 September 2018 RM'000	31 December 2017 RM'000
Manufacturing	291	324
Wholesale & retail trade and restaurants & hotels	6,991	1,954
Transport, storage and communications	63	280
Finance, insurance and business services	416	373
Others	443	418
	8,204	3,349

(viii) Movements in impaired financing and advances

	Group and Company	
	30 September 2018 RM'000	31 December 2017 RM'000
At 1 January	3,349	3,334
Impaired during the financial period/year	5,106	-
Amount written off	(218)	-
Amount recovered	(33)	15
At 30 September / 31 December	8,204	3,349
Less: Individual impairment allowances	-	(1,014)
Expected credit loss allowances	(3,185)	-
Net impaired financing and advances	5,019	2,335
Net ILs as % of gross loans, advances, and financing less expected credit loss allowances Stage 3/individual allowances	13.44%	1.11%

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

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

(ix) Movements in impairment allowance

	Group and Company	
	30 September 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 September / 31 December	-	1,014

	Group		Company	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 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 Impairment (written back)/made during the financial period/year	(4,456)	-	(1,867)	-
	-	(90)	-	105
At 30 September / 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 RM'000
	Collective RM'000	Collective RM'000	Collective RM'000	Individual 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	2,275	342	1,014	2,474	6,105
Transfer	1,769	-	-	(1,769)	-
Impairment made during the financial period	231	410	1,201	13	1,855
Amount written back	(2,675)	(50)	(22)	-	(2,747)
Amount written off	-	-	(218)	-	(218)
Discount unwind	-	-	(43)	-	(43)
At 30 September 2018	1,600	702	1,932	718	4,952

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

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

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

Expected credit loss allowance (cont'd.)

	Stage 1	Stage 2	Stage 3	Off Balance Sheet	Total RM'000
	Collective RM'000	Collective RM'000	Collective RM'000	Individual RM'000	
Company					
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	410	1,201	13	1,855
Amount written back	(353)	(50)	(22)	-	(425)
Amount written off	-	-	(218)	-	(218)
Discount unwind	-	-	(43)	-	(43)
At 30 September 2018	435	702	1,932	116	3,185

(f) Deposits from customers

	Group	
	30 September 2018 RM'000	31 December 2017 RM'000
(i) Commodity Murabahah		
Term deposits	1,169,991	727,464
(ii) By type of customers		
Business enterprises	725,010	421,717
Government and statutory bodies	444,981	305,747
	1,169,991	727,464
(iii) The maturity structure of term deposits is as follows:		
Due within six months	1,169,991	627,417
Six months to one year	-	100,047
	1,169,991	727,464

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

	Group	
	30 September 2018 RM'000	31 December 2017 RM'000
(i) By type of deposits		
Commodity Murabahah Fund		
Term deposits	821,123	852,676
(ii) By type of customers		
Commodity Murabahah Fund		
Other financial institutions	821,123	852,676

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

(h) Borrowings

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

(i) Other liabilities

	Group		Company	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
Profit payable	34,385	29,582	22,838	19,874
Sundry creditors and accruals	4,600	14,680	522	9,051
Amount due to MIDF DFD Conventional	39,174	36,721	(3,484)	3,847
	<u>78,159</u>	<u>80,983</u>	<u>19,876</u>	<u>32,772</u>

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

Income derived from investment of general investment deposits:

<u>Group</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	25,068	20,331	76,106	57,133
(ii) Other deposits	11,774	12,487	38,469	36,627
	<u>36,842</u>	<u>32,818</u>	<u>114,575</u>	<u>93,760</u>

<u>Company</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	-	-	-	-
(ii) Other deposits	10,932	10,510	32,927	29,296
	<u>10,932</u>	<u>10,510</u>	<u>32,927</u>	<u>29,296</u>

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

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

(i) General investment deposits

<u>Group</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Money at call placements				
with financial and deposit institutions	1,201	1,475	3,484	2,880
Financial investment instruments at fair value through other comprehensive income/securities available-for-sale				
- Profit on non-impaired	4,505	12,466	9,421	37,119
- Profit on impaired	-	663	-	2,052
Debt instruments at amortised cost	14,673	-	45,157	-
	<u>20,379</u>	<u>14,604</u>	<u>58,062</u>	<u>42,051</u>
Accretion of discounts less amortisation of premiums	4,392	4,534	13,740	10,186
Total finance income and hibah	<u>24,771</u>	<u>19,138</u>	<u>71,802</u>	<u>52,237</u>

<u>Group</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 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	297	1,193	2,072	4,896
Net unrealised gain on revaluation of financial assets at fair value through profit or loss	-	-	2,232	-
	<u>297</u>	<u>1,193</u>	<u>4,304</u>	<u>4,896</u>
	<u>25,068</u>	<u>20,331</u>	<u>76,106</u>	<u>57,133</u>

(ii) Other deposits

<u>Group</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	2,053	2,258	5,900	6,920
Money at call and deposit placements with financial institutions	232	236	867	877
	<u>2,285</u>	<u>2,494</u>	<u>6,767</u>	<u>7,797</u>
Other operating income				
Management fee from Government Scheme Funds	9,556	9,483	28,852	25,755
Fee income	(464)	307	1,771	2,288
Other income	397	203	1,079	787
	<u>9,489</u>	<u>9,993</u>	<u>31,702</u>	<u>28,830</u>
	<u>11,774</u>	<u>12,487</u>	<u>38,469</u>	<u>36,627</u>

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

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

(ii) Other deposits

Company

	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	325	374	1,109	1,102
Money at call and deposit placements with financial institutions	232	236	867	877
	<u>557</u>	<u>610</u>	<u>1,976</u>	<u>1,979</u>
Other operating income				
Management fee from Government Scheme Funds	9,556	9,483	28,852	25,755
Fee income	423	216	1,141	780
Other income	396	201	958	782
	<u>10,375</u>	<u>9,900</u>	<u>30,951</u>	<u>27,317</u>
	<u>10,932</u>	<u>10,510</u>	<u>32,927</u>	<u>29,296</u>

(k) Income attributable to depositors

	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Commodity Fund				
Deposits from customers	(8,443)	(6,732)	(25,176)	(17,318)
Deposits and placements of banks and financial institutions	(9,605)	(6,734)	(26,778)	(17,720)
	<u>(18,048)</u>	<u>(13,466)</u>	<u>(51,954)</u>	<u>(35,038)</u>

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

	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Group				
Collective impairment allowance - net made during the period	(57)	66	(252)	(158)
Expected credit loss - net written back during the period	(1,235)	16	1,143	1,706
Profit on impaired financing recovered	-	(3)	3	2,280
	<u>(1,292)</u>	<u>79</u>	<u>894</u>	<u>3,828</u>

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

(l) Expected credit loss allowance/impairment loss written-back on financing and advances (cont'd.)

<u>Company</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Collective impairment allowance - net made during the period	(57)	98	(252)	(174)
Expected credit loss - net written back during the period	(1,201)	16	(1,179)	1,706
Profit on impaired financing recovered	-	(3)	3	(2)
	<u>(1,258)</u>	<u>111</u>	<u>(1,428)</u>	<u>1,530</u>

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

<u>Group</u>	Individual Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Financial investment instruments at fair value through other comprehensive income/securities available-for-sale (net)	(3,794)	(614)	(8,139)	(2,400)
Financial investment instruments at amortised cost	(29)	-	15	-
Profit on impaired debt instruments recovered	888	-	888	-
	<u>(2,935)</u>	<u>(614)</u>	<u>(7,236)</u>	<u>(2,400)</u>

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

(n) Capital adequacy

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

	Group		Company	
	30 September 2018	31 December 2017	30 September 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	11,329	-	-	-
Securities available-for-sale reserve	-	(5,506)	-	-
Debt instruments at fair value through other comprehensive income	894	-	-	-
Retained profits	174,594	207,248	835	20,369
	<u>603,417</u>	<u>618,342</u>	<u>20,835</u>	<u>40,369</u>
Less:				
Regulatory adjustments of CET1	(12,786)	(3,561)	(301)	(448)
Capital allocation	(588)	(3,783)	(588)	(3,783)
Total Tier-I capital	<u>590,043</u>	<u>610,998</u>	<u>19,946</u>	<u>36,138</u>
Collective impairment allowance	10,305	966	1,253	274
	<u>10,305</u>	<u>966</u>	<u>1,253</u>	<u>274</u>
Total capital	<u>600,348</u>	<u>611,964</u>	<u>21,199</u>	<u>36,412</u>
CET1 Capital	60.39%	62.02%	11.59%	23.05%
Tier 1 Capital	60.39%	62.02%	11.59%	23.05%
Total Capital	61.44%	62.12%	12.32%	23.22%

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

	Group		Company	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
Total risk weighted assets for credit risk	824,004	837,708	99,818	90,992
Total risk weighted assets for operational risk	153,081	147,396	72,257	65,821
	<u>977,085</u>	<u>985,104</u>	<u>172,075</u>	<u>156,813</u>

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

(o) 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

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

(o) 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 nine months ended 30 September 2018, as set out on pages 1 to 60, 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 September 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**

30 October 2018

