

**ALLIANCE INVESTMENT BANK BERHAD****(21605-D)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Statements of Financial Position as at 30 June 2017**

	Note	<b>BANK</b>		<b>GROUP</b>	
		<b>30 June 2017 RM'000</b>	31 March 2017 RM'000	<b>30 June 2017 RM'000</b>	31 March 2017 RM'000
<b>ASSETS</b>					
Cash and short-term funds		<b>33,750</b>	42,993	<b>34,822</b>	44,420
Balances due from clients and brokers	A12	<b>118,650</b>	113,022	<b>118,650</b>	113,022
Financial assets held-for-trading	A13	<b>32,943</b>	34,865	<b>32,943</b>	34,865
Financial investments available-for-sale	A14	<b>1,075,191</b>	1,013,311	<b>1,075,191</b>	1,013,311
Financial investments held-to-maturity	A15	<b>179,096</b>	177,933	<b>179,096</b>	177,933
Loans, advances and financing	A16	<b>427,441</b>	416,606	<b>427,441</b>	416,606
Other assets	A17	<b>7,726</b>	4,310	<b>7,860</b>	4,444
Tax recoverable		<b>6,818</b>	8,266	<b>7,306</b>	8,755
Statutory deposits with Bank Negara Malaysia		<b>36,015</b>	33,690	<b>36,015</b>	33,690
Investments in subsidiaries		<b>10</b>	10	-	-
Investment in an associate		<b>230</b>	230	<b>269</b>	267
Investment in joint venture		<b>394</b>	394	<b>671</b>	650
Property, plant and equipment		<b>1,564</b>	1,713	<b>1,564</b>	1,713
Intangible assets		<b>61,477</b>	61,527	<b>54,798</b>	54,847
<b>TOTAL ASSETS</b>		<b><u>1,981,305</u></b>	<u>1,908,870</u>	<b><u>1,976,626</u></b>	<u>1,904,523</u>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A18	<b>735,999</b>	728,285	<b>735,999</b>	728,285
Deposits and placements of banks and other financial institutions	A19	<b>480,530</b>	431,375	<b>480,530</b>	431,375
Balances due to clients and brokers	A20	<b>85,597</b>	69,066	<b>85,597</b>	69,066
Other liabilities	A21	<b>34,009</b>	37,879	<b>33,450</b>	37,498
Provision for taxation		-	-	-	178
Deferred tax liabilities		<b>12,398</b>	11,143	<b>12,398</b>	11,143
<b>TOTAL LIABILITIES</b>		<b><u>1,348,533</u></b>	<u>1,277,748</u>	<b><u>1,347,974</u></b>	<u>1,277,545</u>
Share capital		<b>365,000</b>	365,000	<b>365,000</b>	365,000
Reserves		<b>267,772</b>	266,122	<b>263,652</b>	261,978
<b>TOTAL EQUITY</b>		<b><u>632,772</u></b>	<u>631,122</u>	<b><u>628,652</u></b>	<u>626,978</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>1,981,305</u></b>	<u>1,908,870</u>	<b><u>1,976,626</u></b>	<u>1,904,523</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	A29	<b>323,796</b>	320,164	<b>323,796</b>	320,164

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

**ALLIANCE INVESTMENT BANK BERHAD**
**(21605-D)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements  
Unaudited Statements of Comprehensive Income  
for the Financial Period Ended 30 June 2017**

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<b><u>BANK</u></b>					
Interest income	A22	16,807	13,387	16,807	13,387
Interest expense	A23	(8,974)	(6,822)	(8,974)	(6,822)
Net interest income		7,833	6,565	7,833	6,565
Net income from Islamic banking business	A33	1,041	888	1,041	888
		8,874	7,453	8,874	7,453
Fee and commission income		12,359	8,619	12,359	8,619
Fee and commission expense		(3,722)	(3,105)	(3,722)	(3,105)
Investment income		1,098	451	1,098	451
Other income		266	943	266	943
Other operating income	A24	10,001	6,908	10,001	6,908
Net income		18,875	14,361	18,875	14,361
Other operating expenses	A25	(10,197)	(9,714)	(10,197)	(9,714)
Operating profit before allowance		8,678	4,647	8,678	4,647
Write-back of losses on loans, advances and financing and other receivables	A26	54	134	54	134
Profit before taxation		8,732	4,781	8,732	4,781
Taxation		(2,058)	(1,090)	(2,058)	(1,090)
Net profit for the financial period		6,674	3,691	6,674	3,691
<b>Other comprehensive income:</b>					
Items that may be classified subsequently to profit or loss					
Revaluation reserve on financial investments available-for-sale					
- Net gain from change in fair value		3,407	2,202	3,407	2,202
- Realised gain transferred to statement of income on disposal and impairment		(718)	(44)	(718)	(44)
- Transfer to deferred tax		(645)	(518)	(645)	(518)
Other comprehensive income, net of tax		2,044	1,640	2,044	1,640
<b>Total comprehensive income for the financial period</b>		<b>8,718</b>	<b>5,331</b>	<b>8,718</b>	<b>5,331</b>
Earnings per share attributable to Equity holder of the Bank:					
- Basic/diluted (sen)	A27	1.8	1.0	1.8	1.0

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**Condensed Interim Financial Statements**  
**Unaudited Consolidated Statements of Comprehensive Income**  
**for the Financial Period Ended 30 June 2017**

<b>GROUP</b>	Note	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
		<b>30 June</b>	30 June	<b>30 June</b>	30 June
		<b>2017</b>	2016	<b>2017</b>	2016
		<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Interest income	A22	<b>16,810</b>	13,390	<b>16,810</b>	13,390
Interest expense	A23	<b>(8,974)</b>	(6,817)	<b>(8,974)</b>	(6,817)
Net interest income		<b>7,836</b>	6,573	<b>7,836</b>	6,573
Net income from Islamic banking business	A33	<b>1,041</b>	888	<b>1,041</b>	888
		<b>8,877</b>	7,461	<b>8,877</b>	7,461
Fee and commission income		<b>12,359</b>	8,619	<b>12,359</b>	8,619
Fee and commission expense		<b>(3,722)</b>	(3,105)	<b>(3,722)</b>	(3,105)
Investment income		<b>1,098</b>	451	<b>1,098</b>	451
Other income		<b>266</b>	943	<b>266</b>	943
Other operating income	A24	<b>10,001</b>	6,908	<b>10,001</b>	6,908
Net income		<b>18,878</b>	14,369	<b>18,878</b>	14,369
Other operating expenses	A25	<b>(10,199)</b>	(9,715)	<b>(10,199)</b>	(9,715)
Operating profit before allowance		<b>8,679</b>	4,654	<b>8,679</b>	4,654
Write-back of losses on loans, advances and financing and other receivables	A26	<b>54</b>	134	<b>54</b>	134
Operating profit after allowance		<b>8,733</b>	4,788	<b>8,733</b>	4,788
Share of results in an associate		<b>2</b>	1	<b>2</b>	1
Share of results of joint venture		<b>21</b>	19	<b>21</b>	19
Profit before taxation		<b>8,756</b>	4,808	<b>8,756</b>	4,808
Taxation		<b>(2,058)</b>	(1,091)	<b>(2,058)</b>	(1,091)
Net profit for the financial period		<b>6,698</b>	3,717	<b>6,698</b>	3,717
<b>Other comprehensive income:</b>					
Items that may be classified subsequently to profit or loss					
Revaluation reserve on financial investments available-for-sale					
- Net gain from change in fair value		<b>3,407</b>	2,202	<b>3,407</b>	2,202
- Realised gain transferred to statement of income on disposal and impairment		<b>(718)</b>	(44)	<b>(718)</b>	(44)
- Transfer to deferred tax		<b>(645)</b>	(518)	<b>(645)</b>	(518)
Other comprehensive income, net of tax		<b>2,044</b>	1,640	<b>2,044</b>	1,640
<b>Total comprehensive income for the financial period</b>		<b>8,742</b>	5,357	<b>8,742</b>	5,357

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**Condensed Interim Financial Statements**  
**Unaudited Consolidated Statements of Comprehensive Income**  
**for the Financial Period Ended 30 June 2017 (Contd.)**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b><u>GROUP</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial period attributable to: Equity holder of the Bank	<b><u>6,698</u></b>	<u>3,717</u>	<b><u>6,698</u></b>	<u>3,717</u>
Total comprehensive income for the financial period attributable to: Equity holder of the Bank	<b><u>8,742</u></b>	<u>5,357</u>	<b><u>8,742</u></b>	<u>5,357</u>
Earnings per share attributable to Equity holder of the Bank: - Basic/Diluted (sen)	<b><u>1.8</u></b>	<u>1.0</u>	<b><u>1.8</u></b>	<u>1.0</u>
	A27			

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2017*

**ALLIANCE INVESTMENT BANK BERHAD**  
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**Condensed Interim Financial Statements**

**Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2017**

	← Non-distributable reserves →					Distributable reserves		Total equity RM'000
	Ordinary shares RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Revaluation reserves RM'000	Equity contribution from ultimate holding company RM'000	Retained profits RM'000	
<b>BANK</b>								
At 1 April 2017	365,000	962	201,383	3,660	37,949	264	21,904	631,122
Net profit after taxation	-	-	-	-	-	-	6,674	6,674
Other comprehensive income	-	-	-	-	2,044	-	-	2,044
Total comprehensive income for the financial period	-	-	-	-	2,044	-	6,674	8,718
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	(10)	-	(10)
Payment for ESS recharged from parent	-	-	-	-	-	(159)	-	(159)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(44)	44	-
Transfer to regulatory reserve	-	-	-	202	-	-	(202)	-
Transfer to retained profits	-	-	(201,383)	-	-	-	201,383	-
Dividends paid	-	-	-	-	-	-	(6,899)	(6,899)
<b>At 30 June 2017</b>	<b>365,000</b>	<b>962</b>	<b>-</b>	<b>3,862</b>	<b>39,993</b>	<b>51</b>	<b>222,904</b>	<b>632,772</b>
At 1 April 2016	365,000	962	196,736	1,830	38,841	256	27,362	630,987
Net profit after taxation	-	-	-	-	-	-	3,691	3,691
Other comprehensive income	-	-	-	-	1,640	-	-	1,640
Total comprehensive income for the financial period	-	-	-	-	1,640	-	3,691	5,331
Share-based payment under ESS	-	-	-	-	-	53	-	53
Payment for ESS recharged from parent	-	-	-	-	-	(105)	-	(105)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(20)	20	-
Transfer to regulatory reserve	-	-	-	548	-	-	(548)	-
Dividends paid	-	-	-	-	-	-	(10,549)	(10,549)
<b>At 30 June 2016</b>	<b>365,000</b>	<b>962</b>	<b>196,736</b>	<b>2,378</b>	<b>40,481</b>	<b>184</b>	<b>19,976</b>	<b>625,717</b>

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

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**Condensed Interim Financial Statements**

**Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2017 (contd.)**

	← Attributable to Equity holder of the Bank →							
	Ordinary shares RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Revaluation reserves RM'000	Equity contribution from ultimate holding company RM'000	Retained profits RM'000	Total equity RM'000
<b>GROUP</b>								
At 1 April 2017	365,000	962	201,383	3,660	37,949	298	17,726	626,978
Net profit after taxation	-	-	-	-	-	-	6,698	6,698
Other comprehensive income	-	-	-	-	2,044	-	-	2,044
Total comprehensive income for the financial period	-	-	-	-	2,044	-	6,698	8,742
Share-based payment under ESS	-	-	-	-	-	(10)	-	(10)
Payment for ESS recharged from ultimate holding company	-	-	-	-	-	(159)	-	(159)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(44)	44	-
Transfer to regulatory reserve	-	-	-	202	-	-	(202)	-
Transfer to retained profits	-	-	(201,383)	-	-	-	201,383	-
Dividends paid	-	-	-	-	-	-	(6,899)	(6,899)
<b>At 30 June 2017</b>	<b>365,000</b>	<b>962</b>	<b>-</b>	<b>3,862</b>	<b>39,993</b>	<b>85</b>	<b>218,750</b>	<b>628,652</b>
At 1 April 2016	365,000	962	196,736	1,830	38,841	303	23,033	626,705
Net profit after taxation	-	-	-	-	-	-	3,717	3,717
Other comprehensive income	-	-	-	-	1,640	-	-	1,640
Total comprehensive income for the financial period	-	-	-	-	1,640	-	3,717	5,357
Share-based payment under ESS	-	-	-	-	-	53	-	53
Payment for ESS recharged from ultimate holding company	-	-	-	-	-	(105)	-	(105)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(20)	20	-
Transfer to regulatory reserve	-	-	-	548	-	-	(548)	-
Dividends paid	-	-	-	-	-	-	(10,549)	(10,549)
<b>At 30 June 2016</b>	<b>365,000</b>	<b>962</b>	<b>196,736</b>	<b>2,378</b>	<b>40,481</b>	<b>231</b>	<b>15,673</b>	<b>621,461</b>

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

**ALLIANCE INVESTMENT BANK BERHAD****(21605-D)**

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**Condensed Interim Financial Statements****Unaudited Condensed Statements of Cash Flow for the Financial Period Ended 30 June 2017**

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit before taxation	<b>8,732</b>	4,781	<b>8,756</b>	4,808
Adjustments for non-cash items	<b>(11,132)</b>	(9,847)	<b>(11,155)</b>	(9,868)
Operating loss before changes in working capital	<b>(2,400)</b>	(5,066)	<b>(2,399)</b>	(5,060)
Changes in working capital	<b>49,614</b>	(14,516)	<b>49,437</b>	(14,508)
Taxes paid	<b>-</b>	(1,010)	<b>(179)</b>	(1,013)
Net cash generated/(used in) operating activities	<b>47,214</b>	(20,592)	<b>46,859</b>	(20,581)
Net cash (used in)/generated from investing activities	<b>(49,400)</b>	32,034	<b>(49,400)</b>	32,034
Net cash used in financing activities	<b>(7,057)</b>	(10,485)	<b>(7,057)</b>	(10,485)
Net change in cash and cash equivalents	<b>(9,243)</b>	957	<b>(9,598)</b>	968
Cash and cash equivalents at beginning of the financial year	<b>42,993</b>	22,179	<b>44,420</b>	23,201
Cash and cash equivalents at end of the financial period	<b>33,750</b>	23,136	<b>34,822</b>	24,169
Cash and cash equivalent comprise the following:				
Cash and short-term funds	<b>33,750</b>	23,136	<b>34,822</b>	24,169

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2017*

## **ALLIANCE INVESTMENT BANK BERHAD**

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### **Explanatory Notes**

#### **PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") and Guidelines on Financial Reporting Issued by Bank Negara Malaysia ("BNM")**

##### **A1 Basis of Preparation**

The unaudited condensed interim financial statements for the first financial quarter ended 30 June 2017 have been prepared under the historical cost convention, as modified by the financial available-for-sale and financial assets/liabilities (including derivative instruments) at fair value through profit and loss.

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") and IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of Alliance Investment Bank Berhad ("the Bank") and the Group for the financial year ended 31 March 2017. The explanatory notes attached to the 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 Bank and the Group since the financial year ended 31 March 2017.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2017, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2017:

- Amendments to MFRS 107 "Statement of Cash Flows - Disclosure Initiative"
- Amendments to MFRS 112 "Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses"

The adoption of the above standards, amendments to published standards and interpretation to existing standards are not anticipated to have any significant impact on the financial statements of the Bank and the Group.

The following MFRS have been issued by the MASB and are effective for annual periods commencing on or after 1 April 2018, and have yet to be adopted by the Bank and the Group:

- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration' (effective from 1 January 2018)
- MFRS 9 "Financial Instruments" (effective from 1 January 2018)
- MFRS 15 "Revenue from Contracts with Customers" (effective from 1 January 2018)
- MFRS 16 "Leases" (effective from 1 January 2019)

The preparation of unaudited condensed interim financial statements in conformity with the Malaysian Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Bank and Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.



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**A2 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the annual financial statements for the financial year ended 31 March 2017 was not subject to any qualification.

**A3 Seasonality or Cyclicity of Operations**

The operations of the Bank and the Group were not materially affected by any seasonal or cyclical fluctuations in the first financial quarter ended 30 June 2017.

**A4 Unusual Items Due to Their Nature, Size or Incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank and the Group in the first financial quarter ended 30 June 2017.

**A5 Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the first financial quarter ended 30 June 2017.

**A6 Issuance and Repayment of Debt and Equity Securities**

There were no issuance nor repayment of debt and equity securities during the first financial quarter ended 30 June 2017.

**A7 Dividend Paid**

A second interim dividend of 1.89 sen, tax exempt under the single tier tax system, on 365,000,000 ordinary shares amounting to approximately RM6,899,000 in respect of the financial year ended 31 March 2017, was paid on 20 June 2017.

**A8 Significant Event**

There was no significant event for the first financial quarter and three months ended 30 June 17.

**A9 Material Event Subsequent to the End of the Financial Reporting Period**

There was no material event subsequent to the end of the financial reporting period that require disclosure or adjustment to the unaudited condensed interim financial statements.

**A10 Related Party Transactions**

All related party transactions within the Group have been entered into in the normal course of business and were carried out on normal commercial terms.

**A11 Proposed Dividend**

No dividend has been proposed or declared for the first financial quarter ended 30 June 2017.

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**A12 Balances Due From Clients and Brokers**

	<b><u>BANK/GROUP</u></b>	
	<b>30 June</b>	31 March
	<b>2017</b>	2017
	<b>RM'000</b>	RM'000
Due from clients	119,485	96,499
Due from brokers	-	17,358
	<u>119,485</u>	<u>113,857</u>
Less: Allowance for other losses	<b>(835)</b>	<b>(835)</b>
	<u><b>118,650</b></u>	<u>113,022</u>

These represent amounts receivable from non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn Bhd has yet to be made.

The Group's normal trade credit terms for non-margin clients is three (3) market days in accordance with Bursa Malaysia Securities Berhad's ("Bursa") Fixed Delivery and Settlement System ("FDSS") trading rules.

Included in the balances due from clients and brokers are impaired accounts for contra losses, as follows:

	<b><u>BANK/GROUP</u></b>	
	<b>30 June</b>	31 March
	<b>2017</b>	2017
	<b>RM'000</b>	RM'000
Classified as doubtful	33	101
Classified as bad	847	846
	<u>880</u>	<u>947</u>

Other balances are neither past due nor impaired.

The movements in allowance for other losses are as follows:

	<b><u>BANK/GROUP</u></b>	
	<b>30 June</b>	31 March
	<b>2017</b>	2017
	<b>RM'000</b>	RM'000
At beginning of financial year	835	837
Write-back during the financial period/year	-	(2)
At end of financial period/year	<u>835</u>	<u>835</u>

**A13 Financial Assets Held-for-Trading**

	<b><u>BANK/GROUP</u></b>	
	<b>30 June</b>	31 March
	<b>2017</b>	2017
	<b>RM'000</b>	RM'000
<b>At fair value</b>		
<u>Money market instruments:</u>		
Commercial papers	32,943	34,865
Total financial assets held-for-trading	<u>32,943</u>	<u>34,865</u>

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**A14 Financial Investments Available-for-Sale**

	<b><u>BANK/GROUP</u></b>	
	<b>30 June</b>	31 March
	<b>2017</b>	2017
	<b>RM'000</b>	RM'000
<b>At fair value</b>		
<u>Money market instruments:</u>		
Malaysian Government securities	112,316	161,194
Malaysian Government investment certificates	162,218	161,870
Negotiable instruments of deposits	1,646	506
Commercial papers	49,191	-
	<u>325,371</u>	<u>323,570</u>
<u>Unquoted securities:</u>		
Shares	55,342	55,342
Less: Accumulated impairment	(1,440)	(1,440)
	<u>53,902</u>	<u>53,902</u>
Unit Trust Fund	-	4,960
Corporate bonds and sukuk	792,149	727,110
Less: Accumulated impairment	(96,231)	(96,231)
	<u>695,918</u>	<u>630,879</u>
Total financial investments available-for-sale	<u>1,075,191</u>	<u>1,013,311</u>

**A15 Financial Investments Held-to-Maturity**

	<b><u>BANK/GROUP</u></b>	
	<b>30 June</b>	31 March
	<b>2017</b>	2017
	<b>RM'000</b>	RM'000
<b>At amortised cost</b>		
<u>Money market instruments:</u>		
Malaysian Government securities	121,998	121,310
Khazanah bonds	52,691	52,216
	<u>174,689</u>	<u>173,526</u>
<b>At cost</b>		
<u>Unquoted securities:</u>		
Corporate bonds	17,306	17,306
Less: Accumulated impairment	(12,899)	(12,899)
	<u>4,407</u>	<u>4,407</u>
Total financial investments held-to-maturity	<u>179,096</u>	<u>177,933</u>

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**A16 Loans, Advances and Financing**

	<b><u>BANK/GROUP</u></b>	
	<b>30 June</b>	31 March
	<b>2017</b>	2017
	<b>RM'000</b>	RM'000
Term loans/financing	<b>200,974</b>	211,769
- Syndicated term loans/financing	<b>145,392</b>	146,284
- Other term loans/financing	<b>55,582</b>	65,485
Staff loans (Directors loan: Nil)	411	425
Revolving credits	<b>5,009</b>	5,010
Share margin financing	<b>222,330</b>	200,758
Gross loans, advances and financing	<b>428,724</b>	417,962
Less: Allowance for impairment on loans, advances and financing		
- Individual assessment allowance	-	-
- Collective assessment allowance	<b>(1,283)</b>	<b>(1,356)</b>
Total net loans, advances and financing	<b>427,441</b>	416,606

(a) By type of customer:

	<b><u>BANK/GROUP</u></b>	
	<b>30 June</b>	31 March
	<b>2017</b>	2017
	<b>RM'000</b>	RM'000
Domestic business enterprises		
- Small and medium enterprises	<b>76,620</b>	83,346
- Others	<b>174,107</b>	173,276
Individuals	<b>175,190</b>	158,129
Other domestic entities	<b>2,705</b>	2,980
Foreign entities	<b>102</b>	231
Gross loans, advances and financing	<b>428,724</b>	417,962

(b) By interest/profit rate sensitivity:

	<b><u>BANK/GROUP</u></b>	
	<b>30 June</b>	31 March
	<b>2017</b>	2017
	<b>RM'000</b>	RM'000
Fixed rate loans/financing	<b>34,645</b>	35,245
Variable rate		
- Base lending rate plus	<b>213,782</b>	191,623
- Cost plus	<b>180,297</b>	191,094
Gross loans, advances and financing	<b>428,724</b>	417,962

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**A16 Loans, Advances and Financing (Contd.)**(c) By economic purposes:

	<b><u>BANK/GROUP</u></b>	
	<b>30 June</b>	<b>31 March</b>
	<b>2017</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	<b>222,330</b>	200,758
Purchase of transport vehicles	<b>27</b>	27
Purchase of landed property	<b>48,252</b>	48,631
of which: - Residential	<b>2,715</b>	2,684
- Non-residential	<b>45,537</b>	45,947
Personal use	<b>134</b>	131
Working capital	<b>130,150</b>	130,628
Others	<b>27,831</b>	37,787
Gross loans, advances and financing	<b>428,724</b>	417,962

(d) By geographical distribution:

	<b><u>BANK/GROUP</u></b>	
	<b>30 June</b>	<b>31 March</b>
	<b>2017</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Northern region	<b>44,228</b>	32,834
Central region	<b>366,161</b>	371,156
Southern region	<b>18,335</b>	13,972
Gross loans, advances and financing	<b>428,724</b>	417,962

(e) By maturity structure:

	<b><u>BANK/GROUP</u></b>	
	<b>30 June</b>	<b>31 March</b>
	<b>2017</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	<b>228,919</b>	207,315
One year to three years	<b>30,223</b>	40,181
Three years to five years	<b>10,254</b>	10,250
Over five years	<b>159,328</b>	160,216
Gross loans, advances and financing	<b>428,724</b>	417,962

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**A16 Loans, Advances and Financing (Contd.)**

- (f)
- Movements in impaired loans, advances and financing ("impaired loans"):

	<b><u>BANK/GROUP</u></b>	
	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>
At beginning of financial year	2,380	5,955
Impaired during the financial period/year	54	225
Amount written-off	-	(3,800)
At end of financial period/year	<u>2,434</u>	<u>2,380</u>
Individual allowance for impairment	-	-
Collective allowance for impairment (impaired portion)	<u>(314)</u>	<u>(321)</u>
Net impaired loans, advances and financing	<u><u>2,120</u></u>	<u><u>2,059</u></u>
Gross impaired loans as % of gross loans, advances and financing	<u><u>0.6%</u></u>	<u><u>0.6%</u></u>

- (g)
- Impaired loans analysed by economic purposes are as follows:

	<b><u>BANK/GROUP</u></b>	
	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>
Purchase of transport vehicle	27	27
Purchase of landed properties	2,130	2,079
<i>of which: - Residential</i>	<u>2,130</u>	<u>2,079</u>
Personal use	134	131
Others	<u>143</u>	<u>143</u>
Gross impaired loans	<u><u>2,434</u></u>	<u><u>2,380</u></u>

- (h)
- Impaired loans by geographical distribution:

	<b><u>BANK/GROUP</u></b>	
	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>
Central region	<u>2,434</u>	<u>2,380</u>
Gross impaired loans	<u><u>2,434</u></u>	<u><u>2,380</u></u>

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**A16 Loans, Advances and Financing (Contd.)**

- (i)
- Movements in the allowance for impairment on loans, advances and financing are as follows:

	<b>BANK/GROUP</b>	
	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>
<b>Individual Assessment Allowance</b>		
At beginning of financial year	-	3,800
Amount written-off	-	(3,800)
At end of financial period/year	<u>-</u>	<u>-</u>
<b>Collective Assessment Allowance</b>		
At beginning of financial year	1,356	567
Net (write-back)/allowances during the financial period/year	(73)	789
At end of financial period/year	<u>1,283</u>	<u>1,356</u>

**A17 Other Assets**

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>
Other receivables, deposits and prepayments	9,448	7,639	9,582	7,773
Amount due from subsidiaries/ related companies	53	-	53	-
Amount due from ultimate holding company	8	-	8	-
	<u>9,509</u>	<u>7,639</u>	<u>9,643</u>	<u>7,773</u>
Less: Allowance for other receivables, net	(1,783)	(3,329)	(1,783)	(3,329)
	<u>7,726</u>	<u>4,310</u>	<u>7,860</u>	<u>4,444</u>

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**A18 Deposits from Customers**

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>
Fixed/investment deposits	<b>456,717</b>	460,581	<b>456,717</b>	460,581
Money market deposits	<b>179,257</b>	67,670	<b>179,257</b>	67,670
Negotiable instruments of deposits	<b>100,025</b>	200,034	<b>100,025</b>	200,034
	<b>735,999</b>	<b>728,285</b>	<b>735,999</b>	<b>728,285</b>

- (i) The maturity structure of fixed/investment deposits, money market deposits and negotiable instruments of deposits are as follows:

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>
Due within six months	<b>735,999</b>	728,285	<b>735,999</b>	728,285
	<b>735,999</b>	<b>728,285</b>	<b>735,999</b>	<b>728,285</b>

- (ii) The deposits are sourced from the following types of customers:

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>
Business enterprises	<b>457,597</b>	471,364	<b>457,597</b>	471,364
Domestic financial institutions	<b>100,025</b>	200,034	<b>100,025</b>	200,034
Domestic non-bank financial institutions	<b>178,377</b>	56,887	<b>178,377</b>	56,887
	<b>735,999</b>	<b>728,285</b>	<b>735,999</b>	<b>728,285</b>

**A19 Deposits and Placements of Banks and Other Financial Institutions**

	<b>BANK/GROUP</b>	
	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>
Licensed banks	<b>370,520</b>	431,375
Licensed investment banks	<b>80,007</b>	-
Other financial institutions	<b>30,003</b>	-
	<b>480,530</b>	<b>431,375</b>



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**A20 Balances Due To Clients And Brokers**

	<u>BANK/GROUP</u>	
	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>
Due to clients	<b>44,086</b>	69,066
Due to brokers	<b>41,511</b>	-
	<b><u>85,597</u></b>	<u>69,066</u>

These mainly relate to amounts payable to non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn. Bhd. has yet to be made.

The Group's normal trade credit terms for trade payable for non-margin client is three (3) market days according to Bursa's FDSS trading rules.

Following the issuance of FRSIC Consensus 18, the Bank and the Group no longer recognises trust monies balances in the statement of financial position, as the Bank and the Group do not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Bank and the Group amounting to RM70,095,000 (31 March 2017: RM75,447,000) have been excluded accordingly.

**A21 Other Liabilities**

	<u>BANK</u>		<u>GROUP</u>	
	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>
Other payables	<b>23,207</b>	22,778	<b>22,622</b>	22,193
Provision and accruals	<b>2,023</b>	4,924	<b>2,049</b>	4,949
Remisier's accounts	<b>6,588</b>	8,279	<b>6,588</b>	8,279
Amount due to joint venture	<b>211</b>	260	<b>211</b>	260
Amount due to immediate holding company	<b>1,980</b>	1,570	<b>1,980</b>	1,748
Amount due to ultimate holding company	-	68	-	69
	<b><u>34,009</u></b>	<u>37,879</u>	<b><u>33,450</u></b>	<u>37,498</u>

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**A22 Interest Income**

	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<b><u>BANK</u></b>				
Loans, advances and financing	6,475	3,371	6,475	3,371
Money at call and deposit placements with financial institutions	16	4	16	4
Financial investments available-for-sale	8,444	8,683	8,444	8,683
Financial investments held-to-maturity	1,263	1,258	1,263	1,258
	<b>16,198</b>	<b>13,316</b>	<b>16,198</b>	<b>13,316</b>
Accretion of discount less amortisation of premium of securities	609	71	609	71
	<b>16,807</b>	<b>13,387</b>	<b>16,807</b>	<b>13,387</b>
<b><u>GROUP</u></b>				
Loans, advances and financing	6,475	3,371	6,475	3,371
Money at call and deposit placement with financial institutions	19	7	19	7
Financial investments available-for-sale	8,444	8,683	8,444	8,683
Financial investments held-to-maturity	1,263	1,258	1,263	1,258
	<b>16,201</b>	<b>13,319</b>	<b>16,201</b>	<b>13,319</b>
Accretion of discount less amortisation of premium of securities	609	71	609	71
	<b>16,810</b>	<b>13,390</b>	<b>16,810</b>	<b>13,390</b>

**A23 Interest Expense**

	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<b><u>BANK</u></b>				
Deposits and placements of banks and other financial institutions	3,865	2,535	3,865	2,535
Deposits from customers	5,109	4,287	5,109	4,287
	<b>8,974</b>	<b>6,822</b>	<b>8,974</b>	<b>6,822</b>
<b><u>GROUP</u></b>				
Deposits and placements of banks and other financial institutions	3,865	2,535	3,865	2,535
Deposits from customers	5,109	4,282	5,109	4,282
	<b>8,974</b>	<b>6,817</b>	<b>8,974</b>	<b>6,817</b>

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**A24 Other Operating Income**

	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<b><u>BANK</u></b>				
(a) <u>Fee and commission income:</u>				
Brokerage fees	10,785	7,076	10,785	7,076
Corporate advisory fees	726	560	726	560
Guarantee fees	-	132	-	132
Processing fees	197	89	197	89
Arrangement and related fees	302	609	302	609
Commitment fees	6	8	6	8
Service charges	175	60	175	60
Underwriting commissions	168	85	168	85
	<u>12,359</u>	<u>8,619</u>	<u>12,359</u>	<u>8,619</u>
(b) <u>Fee and commission expense:</u>				
Brokerage fees expense	(3,722)	(3,105)	(3,722)	(3,105)
(c) <u>Investment income:</u>				
Gain arising from sale/redemption of securities:				
- Financial investments available-for-sale	688	44	688	44
Unrealised gain from revaluation of financial assets held-for-trading	(20)	-	(20)	-
Gross dividend income from:				
- Financial investments available-for-sale	430	407	430	407
	<u>1,098</u>	<u>451</u>	<u>1,098</u>	<u>451</u>
(d) <u>Other income:</u>				
Foreign exchange gain	64	80	64	80
Rental income	4	10	4	10
Other non-operating income	198	853	198	853
	<u>266</u>	<u>943</u>	<u>266</u>	<u>943</u>
Total other operating income	<u>10,001</u>	<u>6,908</u>	<u>10,001</u>	<u>6,908</u>

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**A24 Other Operating Income (Contd.)**

	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<b>GROUP</b>				
(a) <u>Fee and commission income:</u>				
Brokerage fees	10,785	7,076	10,785	7,076
Corporate advisory fees	726	560	726	560
Guarantee fees	-	132	-	132
Processing fees	197	89	197	89
Arrangement and related fees	302	609	302	609
Commitment fees	6	8	6	8
Service charges	175	60	175	60
Underwriting commissions	168	85	168	85
	<u>12,359</u>	<u>8,619</u>	<u>12,359</u>	<u>8,619</u>
(b) <u>Fee and commission expense:</u>				
Brokerage fees expense	(3,722)	(3,105)	(3,722)	(3,105)
(c) <u>Investment income:</u>				
Gain arising from sale/redemption of securities:				
- Financial investments available-for-sale	688	44	688	44
Unrealised loss from revaluation of financial assets held-for-trading	(20)	-	(20)	-
Gross dividend income from:				
Financial investments available-for-sale	430	407	430	407
	<u>1,098</u>	<u>451</u>	<u>1,098</u>	<u>451</u>
(d) <u>Other income:</u>				
Foreign exchange gain	64	80	64	80
Rental income	4	10	4	10
Other non-operating income	198	853	198	853
	<u>266</u>	<u>943</u>	<u>266</u>	<u>943</u>
Total other operating income	<u>10,001</u>	<u>6,908</u>	<u>10,001</u>	<u>6,908</u>

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**A25 Other Operating Expenses**

	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<b><u>BANK</u></b>				
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	5,321	4,609	5,321	4,609
- Contribution to EPF	729	752	729	752
- Shares options/grants under ESS	(10)	53	(10)	53
- Others	405	430	405	430
	<b>6,445</b>	<b>5,844</b>	<b>6,445</b>	<b>5,844</b>
<b><u>Establishment costs</u></b>				
- Depreciation of property, plant and equipment	157	123	157	123
- Amortisation of computer software	99	64	99	64
- Rental	389	398	389	398
- Water and electricity	279	168	279	168
- Repairs & maintenance	121	86	121	86
- Information technology expenses	707	769	707	769
- Others	328	418	328	418
	<b>2,080</b>	<b>2,026</b>	<b>2,080</b>	<b>2,026</b>
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	83	7	83	7
- Research cost	516	629	516	629
- Others	83	81	83	81
	<b>682</b>	<b>717</b>	<b>682</b>	<b>717</b>
<b><u>Administration and general expenses</u></b>				
- Communication expenses	199	161	199	161
- Printing and stationeries	18	25	18	25
- Professional fees	241	347	241	347
- Others	532	594	532	594
	<b>990</b>	<b>1,127</b>	<b>990</b>	<b>1,127</b>
Total other operating expenses	<b>10,197</b>	<b>9,714</b>	<b>10,197</b>	<b>9,714</b>

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**A25 Other Operating Expenses (Contd.)**

	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<b>GROUP</b>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	5,321	4,609	5,321	4,609
- Contribution to EPF	729	752	729	752
- Shares options/grants under ESS	(10)	53	(10)	53
- Others	405	430	405	430
	<b>6,445</b>	<b>5,844</b>	<b>6,445</b>	<b>5,844</b>
<u>Establishment costs</u>				
- Depreciation of property, plant and equipment	157	123	157	123
- Amortisation of computer software	99	64	99	64
- Rental	389	398	389	398
- Water and electricity	279	168	279	168
- Repairs & maintenance	121	86	121	86
- Information technology expenses	707	769	707	769
- Others	328	418	328	418
	<b>2,080</b>	<b>2,026</b>	<b>2,080</b>	<b>2,026</b>
<u>Marketing expenses</u>				
- Advertisement and publicity	83	7	83	7
- Research cost	516	629	516	629
- Others	83	81	83	81
	<b>682</b>	<b>717</b>	<b>682</b>	<b>717</b>
<u>Administration and general expenses</u>				
- Communication expenses	199	161	199	161
- Printing and stationeries	18	25	18	25
- Professional fees	243	348	243	348
- Others	532	594	532	594
	<b>992</b>	<b>1,128</b>	<b>992</b>	<b>1,128</b>
Total other operating expenses	<b>10,199</b>	<b>9,715</b>	<b>10,199</b>	<b>9,715</b>

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**A26 Write-back of Losses on Loans, Advances and Financing and Other Receivables**

	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<b><u>BANK</u></b>				
Write-back of advances and financing:				
(a) Collective assessment allowance				
- Write-back during the financial period	(73)	(44)	(73)	(44)
(b) Bad debts on loans and financing				
- Recovered	-	(102)	-	(102)
	<u>(73)</u>	<u>(146)</u>	<u>(73)</u>	<u>(146)</u>
Allowance for other receivables, net	19	14	19	14
Write-back on other losses for balances due from clients	-	(2)	-	(2)
	<u>(54)</u>	<u>(134)</u>	<u>(54)</u>	<u>(134)</u>

**GROUP**

Write-back of advances and financing:

(a) Collective assessment allowance

- Write-back during the financial period

(73) (44) (73) (44)

(b) Bad debts on loans and financing

- Recovered

- (102) - (102)

(73) (146) (73) (146)

Allowance for other receivables, net

19 14 19 14

Write-back on other losses for balances due from clients

- (2) - (2)

(54) (134) (54) (134)**A27 EARNING PER SHARE****Basic/Diluted**

Basic/diluted earnings per share amounts are calculated by dividing profit for the financial period attributable to Equity holder of the Bank and the Group by the weighted average number of ordinary shares in issue during the financial period.

**BANK**

	1st Quarter Ended		Three Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Net profit attributable to Equity holder of the Bank (RM'000)	<u>6,674</u>	<u>3,691</u>	<u>6,674</u>	<u>3,691</u>
Weighted average numbers of ordinary shares in issued ('000)	<u>365,000</u>	<u>365,000</u>	<u>365,000</u>	<u>365,000</u>
Basic/diluted earnings per share (sen)	<u>1.8</u>	<u>1.0</u>	<u>1.8</u>	<u>1.0</u>

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**A27 EARNING PER SHARE (Contd.)**

**GROUP**

	1st Quarter Ended		Three Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Net profit attributable to Equity holder of the Bank (RM'000)	<u>6,698</u>	<u>3,717</u>	<u>6,698</u>	<u>3,717</u>
Weighted average numbers of ordinary shares in issued ('000)	<u>365,000</u>	<u>365,000</u>	<u>365,000</u>	<u>365,000</u>
Basic/diluted earnings per share (sen)	<u>1.8</u>	<u>1.0</u>	<u>1.8</u>	<u>1.0</u>

**A28 MATERIAL LITIGATIONS**

Previously, the Bank had commenced recovery action against a third party and its guarantors pursuant to their breach under a Repayment Agreement and joint and several guarantees entered between the parties and the Bank respectively. The Repayment Agreement was entered as a result of a Novation Agreement entered between our corporate borrower, the third party and the Bank whereby the third party had agreed to assume all the obligations and liabilities of our corporate borrower under a credit facility granted by the Bank to the corporate borrower.

The third party and its guarantors then counter-claimed against the Bank seeking amongst others that the third party and its guarantors be discharged from all their liabilities and sought general damages. It was further alleged that the Bank had breached a collateral contract which purportedly existed between the third party and the Bank. There was a further claim by another corporate entity related to one of the guarantors seeking for general damages as a result of the said breach.

On 5 April 2012, the High Court allowed the Bank's claim and dismissed the counter claim by the third party and its guarantors together with the claim by the corporate entity with costs of RM60,000. However, on 24 September 2014, the Court of Appeal set aside the High Court judgment given in favour of the Bank and allowed the counter claim brought by the third party, its guarantors and the claim by the corporate entity with costs of RM10,000 awarded to each of the claimants. The Bank then filed an application for leave to appeal against the said Court of Appeal's decision at the Federal Court.

On 6 July 2015, the Federal Court dismissed the Bank's application for leave to appeal against the said decision of the Court of Appeal with costs of RM10,000 to each set of solicitors and remitted the matter back to the High Court for assessment of damages.

The third party, its guarantors and the corporate entity filed its respective notice for directions for assessment of damages.

On 19 November 2015, the High Court dismissed the notice for directions for assessment of damages filed by two of the guarantors.

The third party, one of its guarantors and corporate entity filed their respective notice of appointment of assessment of damages.

On 24 November 2016 the Bank filed an application at the High Court to interpret the effect and scope of the Order dated 24 September 2014 by the Court of Appeal and to set the parameters of the scope of damages prior to the hearing of the assessment of damages ("the Bank's Application").

The Court gave directions to the parties to file their respective written submissions and fixed the matter for case management on 22 May 2017 for parties to receive any further directions (if any) in respect to the Bank's Application.



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**A28 MATERIAL LITIGATIONS (Contd.)**

On 22 May 2017, the Court fixed the Bank's Application for case management on 10 July 2017 and hearing on 18 July 2017.

At this stage of proceedings, the Bank is unable to ascertain the quantum of damages that it would be liable for as this would be decided by the Court based on the evidence to be adduced during the hearing of the assessment of damages proper.

**A29 Commitments And Contingencies**

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

The off-balance sheet exposures and their related counterparty credit risk of the Bank and the Group are as follows:

	<b><u>BANK/GROUP</u></b>	
	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>
<b><u>BANK/GROUP</u></b>		
<u>Credit-related exposures</u>		
Transaction-related contingent items	<b>10,500</b>	10,500
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	<b>287,203</b>	283,572
- maturity exceeding one year	<b>26,093</b>	26,092
<b>Total</b>	<b><u>323,796</u></b>	<b><u>320,164</u></b>

**A30 Capital Adequacy**

The capital adequacy ratios of the Bank and the Group are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework. The Framework sets out the approach for computing regulatory capital adequacy ratios, as well as the levels of those ratios at which banking institutions are required to operate. The framework is to strengthen capital adequacy standards, in line with the requirements set forth under Basel III. The risk-weighted assets of the Bank and the Group are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

The capital adequacy ratios of the Bank and the Group are as follows:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June 2017</b>	<b>31 March 2017</b>	<b>30 June 2017</b>	<b>31 March 2017</b>
<u>Before deducting proposed dividends</u>				
CET 1 capital ratio	<b>81.310%</b>	84.804%	<b>81.634%</b>	85.140%
Tier 1 capital ratio	<b>81.310%</b>	84.804%	<b>81.634%</b>	85.140%
Total capital ratio	<b>82.021%</b>	85.516%	<b>82.335%</b>	85.843%
<u>After deducting proposed dividends</u>				
CET 1 capital ratio	<b>81.310%</b>	83.729%	<b>81.634%</b>	84.066%
Tier 1 capital ratio	<b>81.310%</b>	83.729%	<b>81.634%</b>	84.066%
Total capital ratio	<b>82.021%</b>	84.441%	<b>82.335%</b>	84.768%

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**A30 Capital Adequacy (Contd.)**

(a) Components of Common Equity Tier I ("CET I"), Tier I and Tier II capital are as follows:

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>
<b><u>CET I Capital</u></b>				
Paid-up share capital	<b>365,000</b>	365,000	<b>365,000</b>	365,000
Share premium	<b>962</b>	962	<b>962</b>	962
Retained profits	<b>216,186</b>	21,904	<b>212,008</b>	17,726
Statutory reserves	-	201,383	-	201,383
Revaluation reserves	<b>39,993</b>	37,949	<b>39,993</b>	37,949
	<b>622,141</b>	627,198	<b>617,963</b>	623,020
Less: Regulatory adjustment				
- Goodwill and other intangibles	<b>(61,477)</b>	(61,527)	<b>(54,798)</b>	(54,847)
- 55% of revaluation reserve	<b>(21,995)</b>	(20,872)	<b>(21,995)</b>	(20,872)
- Investment in subsidiaries, associates and joint venture	<b>(507)</b>	(507)	<b>(760)</b>	(742)
<b>Total CET I Capital /</b>				
<b>Total Tier I Capital</b>	<b>538,162</b>	544,292	<b>540,410</b>	546,559
<b><u>Tier II Capital</u></b>				
Collective assessment allowance and regulatory reserves	<b>4,831</b>	4,695	<b>4,831</b>	4,695
Less: Regulatory adjustment				
- Investment in subsidiaries, associates and joint venture	<b>(127)</b>	(127)	<b>(190)</b>	(185)
<b>Total Tier II Capital</b>	<b>4,704</b>	4,568	<b>4,641</b>	4,510
<b>Total Capital</b>	<b>542,866</b>	548,860	<b>545,051</b>	551,069

(b) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows:

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>31 March 2017 RM'000</b>
Credit risk	<b>550,836</b>	531,682	<b>550,962</b>	531,808
Market risk	<b>1,029</b>	1,961	<b>1,029</b>	1,961
Operational risk	<b>109,997</b>	108,181	<b>109,997</b>	108,181
<b>Total RWA and capital requirements</b>	<b>661,862</b>	641,824	<b>661,988</b>	641,950

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### **A31 Fair Value Measurements**

#### **(a) Determination of fair value and fair value hierarchy**

MFRS 13 Fair Value Measurement requires disclosure of financial instruments measured at fair value to be categorised according to a hierarchy of valuation techniques, whether the inputs used are observable or unobservable. The following level of hierarchy are used for determining and disclosing the fair value of the financial instruments:

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); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Bank and the Group recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

##### **(i) Financial instruments in Level 1**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. This includes listed equities and corporate debt securities which are actively traded.

##### **(ii) Financial instruments in Level 2**

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Bank and the Group then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include government securities, corporate private debt securities and corporate notes.

##### **(iii) Financial instruments in Level 3**

The Bank and the Group classifies financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include net tangible asset, net asset value, discounted cash flows, and other appropriate valuation models. These includes private equity investments.

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**A31 Fair Value Measurements (Contd.)**

**(b) Financial instruments measured at fair value and the fair value hierarchy**

The following tables show the Group's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>BANK/GROUP</u>				
30 June 2017				
<b>Financial Assets</b>				
Financial assets held-for-trading				
- Money market instrument:	-	<b>32,943</b>	-	<b>32,943</b>
Financial investments available-for-sale				
- Money market instruments:	-	<b>325,371</b>	-	<b>325,371</b>
- Unquoted securities	-	<b>695,918</b>	<b>53,902</b>	<b>749,820</b>

<u>BANK/GROUP</u>				
31 March 2017				
<b>Financial Assets</b>				
Financial assets held-for-trading				
- Money market instrument:	-	34,865	-	34,865
Financial investments available-for-sale				
- Money market instrument:	-	323,570	-	323,570
- Unquoted securities	-	630,879	58,862	689,741

There were no transfers between levels 1 and 2 of the fair value hierarchy for the Bank and the Group during the financial year ended 30 June 2017 and 31 March 2017.

Reconciliation of movements in Level 3 financial instruments:

	<u>BANK/GROUP</u>	
	30 June 2017 RM'000	31 March 2017 RM'000
At beginning of financial year	<b>58,862</b>	54,676
Disposal	<b>(4,970)</b>	-
Total gain recognised in:		
- Other comprehensive income		
(i) Revaluation reserves	<b>40</b>	4,186
- Statement of comprehensive income		
(i) Loss arising from sales of financial investments available-for-sale	<b>(30)</b>	-
At end of financial period/year	<b>53,902</b>	<b>58,862</b>

The Bank's and the Group's exposure to financial instruments measured using unobservable inputs (level 3) constitutes a small component of the Bank's and the Group's portfolio of financial instruments. Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets and liabilities of level 3 of the fair value hierarchy.

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**A32 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

In accordance with MFRS 132 Financial Instruments: Presentation, the Group reports financial assets and financial liabilities on a net basis on the balance sheet, only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- (i) all financial assets and liabilities that are reported net on the balance sheet; and
- (ii) all financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for balance sheet netting.

**(a) Financial assets**

	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the balance sheet RM'000	Net amount RM'000
<u>BANK/GROUP</u>			
June 2017			
Balances due from clients and brokers	185,799	(67,149)	118,650
Total	<u>185,799</u>	<u>(67,149)</u>	<u>118,650</u>
<u>BANK/GROUP</u>			
March 2017			
Balances due from clients and brokers	213,368	(100,346)	113,022
Total	<u>213,368</u>	<u>(100,346)</u>	<u>113,022</u>

**(b) Financial liabilities**

	Gross amounts of recognised financial liabilities RM'000	Gross amounts of recognised financial assets set off in the balance sheet RM'000	Net amount RM'000
<u>BANK/GROUP</u>			
June 2017			
Balances due to clients and brokers	152,746	(67,149)	85,597
Total	<u>152,746</u>	<u>(67,149)</u>	<u>85,597</u>
<u>BANK/GROUP</u>			
March 2017			
Balances due to clients and brokers	169,412	(100,346)	69,066
Total	<u>169,412</u>	<u>(100,346)</u>	<u>69,066</u>

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**A33 Islamic Banking Business****A33a Unaudited Statements of Financial Position as at 30 June 2017**

	<b><u>BANK/GROUP</u></b>	
	<b>30 June</b>	<b>31 March</b>
	<b>2017</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Cash and short-term funds	<b>29</b>	26
Financial investments available-for-sale	<b>102,045</b>	100,773
Other assets	<b>16,996</b>	16,997
Deferred tax	<b>105</b>	161
<b>Total Assets</b>	<b><u>119,175</u></b>	<b><u>117,957</u></b>
 <b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>		
Provision for taxation	<b><u>10,754</u></b>	<u>10,506</u>
<b>Total Liabilities</b>	<b><u>10,754</u></b>	<b><u>10,506</u></b>
Islamic Banking Funds	<b>56,000</b>	56,000
Reserves	<b>52,421</b>	51,451
<b>Total Islamic Banking Funds</b>	<b><u>108,421</u></b>	<b><u>107,451</u></b>
 <b>TOTAL LIABILITES AND ISLAMIC BANKING FUNDS</b>	 <b><u>119,175</u></b>	 <b><u>117,957</u></b>

**ALLIANCE INVESTMENT BANK BERHAD****(21605-D)**

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**A33 Islamic Banking Business (Contd.)****A33b Unaudited Consolidated Statements of Comprehensive Income for the Financial Period Ended 30 June 2017**

	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<b><u>BANK/GROUP</u></b>				
Income derived from investment of depositors' funds and financial institutions	-	89	-	89
Income derived from investment of Islamic banking funds	<u>1,041</u>	<u>799</u>	<u>1,041</u>	<u>799</u>
<b>Total net income/Profit before taxation</b>	<b>1,041</b>	<b>888</b>	<b>1,041</b>	<b>888</b>
Taxation	<u>(250)</u>	<u>(213)</u>	<u>(250)</u>	<u>(213)</u>
<b>Net profit after taxation</b>	<b>791</b>	<b>675</b>	<b>791</b>	<b>675</b>
<b>Total comprehensive income for the financial period</b>	<b>791</b>	<b>675</b>	<b>791</b>	<b>675</b>
<b>Other comprehensive income:</b>				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve on financial investments available-for-sale				
- Net gain from change in fair value	<u>233</u>	<u>323</u>	<u>233</u>	<u>323</u>
- Transfer to deferred tax	<u>(55)</u>	<u>(77)</u>	<u>(55)</u>	<u>(77)</u>
Other comprehensive income, net of tax	<u>178</u>	<u>246</u>	<u>178</u>	<u>246</u>
<b>Total comprehensive income for the financial year</b>	<b>969</b>	<b>921</b>	<b>969</b>	<b>921</b>

Net income from Islamic banking business stated in the consolidated statement of comprehensive income is derived from :

Income derived from investment of depositors' funds and financial institutions	-	89	-	89
Income derived from investment of Islamic Banking funds	<u>1,041</u>	<u>799</u>	<u>1,041</u>	<u>799</u>
	<b>1,041</b>	<b>888</b>	<b>1,041</b>	<b>888</b>

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**PART B - Review of Performance & Current Year Prospect**

**B1 Review of Performance**

The Group recorded a net profit after taxation of RM6.7 million for the 3 months ended 30 June 2017, which is RM3.0 million or 80.2% higher compared to the last corresponding period, mainly due to higher net income by RM4.5 million.

Net interest income including Islamic banking income increased by RM1.4 million or 19.0% as year on year gross loan has increased by RM183.2 million or 74.6%.

Other operating income increased by RM3.1 million or 44.8% mainly from brokerage fees, treasury income and corporate advisory fees.

Operating Expenses increased by RM0.5 million or 5.0% mainly due to higher personnel cost.

Both Total Capital and Common Equity Tier 1 ratios remained strong at 82.3% and 81.6% respectively as at 30 June 2017.

**B2 Current Year Prospect**

We expect the competition in the industry to be strong in 2017. The Group's focus this financial year will be:

- (a) to continue to build on the growth of its corporate advisory business achieved largely from the successful collaboration between the Investment Bank and Group Corporate and Commercial ("GCC") department of Alliance Bank Malaysia Berhad;
- (b) to implement the new Retail Broking strategy to drive higher brokerage fee income, and
- (c) to grow the loan book prudently with risk-adjusted returns that commensurate with the Group's risk appetite.

Against the backdrop of these business initiatives, the Group's financial performance is expected to be satisfactory.