

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

(Incorporated in Malaysia)

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

	Note	BANK		GROUP	
		30 September 2017	31 March 2017	30 September 2017	31 March 2017
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		22,348	42,993	23,416	44,420
Balances due from clients and brokers	A12	103,590	113,022	103,590	113,022
Financial assets held-for-trading	A13	-	34,865	-	34,865
Financial investments available-for-sale	A14	1,122,648	1,013,311	1,122,648	1,013,311
Financial investments held-to-maturity	A15	148,585	177,933	148,585	177,933
Loans, advances and financing	A16	422,128	416,606	422,128	416,606
Other assets	A17	8,028	4,310	8,159	4,444
Tax recoverable		4,374	8,266	4,863	8,755
Statutory deposits with Bank Negara Malaysia		39,892	33,690	39,892	33,690
Investments in subsidiaries		10	10	-	-
Investment in an associate		230	230	270	267
Investment in joint venture		394	394	649	650
Property, plant and equipment		1,470	1,713	1,470	1,713
Intangible assets		61,544	61,527	54,866	54,847
TOTAL ASSETS		1,935,241	1,908,870	1,930,536	1,904,523
LIABILITIES AND EQUITY					
Deposits from customers	A18	656,767	728,285	656,767	728,285
Deposits and placements of banks and other financial institutions	A19	523,886	431,375	523,886	431,375
Balances due to clients and brokers	A20	68,174	69,066	68,174	69,066
Other liabilities	A21	33,694	37,879	33,152	37,498
Provision for taxation		-	-	-	178
Deferred tax liabilities		13,064	11,143	13,064	11,143
TOTAL LIABILITIES		1,295,585	1,277,748	1,295,043	1,277,545
Share capital		365,962	365,000	365,962	365,000
Reserves		273,694	266,122	269,531	261,978
TOTAL EQUITY		639,656	631,122	635,493	626,978
TOTAL LIABILITIES AND EQUITY		1,935,241	1,908,870	1,930,536	1,904,523
COMMITMENTS AND CONTINGENCIES	A29	342,932	320,164	342,932	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 September 2017

		2nd Quarter Ended		Six Months Ended	
		30 September 2017	30 September 2016	30 September 2017	30 September 2016
<u>BANK</u>	Note	RM'000	RM'000	RM'000	RM'000
Interest income	A22	17,681	12,132	34,488	25,519
Interest expense	A23	(9,608)	(5,817)	(18,582)	(12,639)
Net interest income		8,073	6,315	15,906	12,880
Net income from Islamic banking business	A34	1,219	994	2,260	1,882
		9,292	7,309	18,166	14,762
Fee and commission income		9,433	10,321	21,792	18,940
Fee and commission expense		(2,570)	(2,432)	(6,292)	(5,537)
Investment income		(28)	2,208	1,070	2,659
Other income		209	256	475	1,199
Other operating income	A24	7,044	10,353	17,045	17,261
Net income		16,336	17,662	35,211	32,023
Other operating expenses	A25	(10,507)	(9,439)	(20,704)	(19,153)
Operating profit before allowance		5,829	8,223	14,507	12,870
Write-back of/(allowance for) losses on loans, advances and financing and other receivables	A26	328	(690)	382	(556)
Profit before taxation		6,157	7,533	14,889	12,314
Taxation		(2,187)	(1,812)	(4,245)	(2,902)
Net profit for the financial period		3,970	5,721	10,644	9,412
Other comprehensive income:					
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		3,868	9,458	7,275	11,660
- Realised gain transferred to statement of income on disposal and impairment		(24)	(2,041)	(742)	(2,085)
- Transfer to deferred tax		(923)	(1,780)	(1,568)	(2,298)
Other comprehensive income, net of tax		2,921	5,637	4,965	7,277
Total comprehensive income for the financial period					
		6,891	11,358	15,609	16,689
Earnings per share attributable to Equity holder of the Bank:					
- Basic/diluted (sen)	A27	1.1	1.6	2.9	2.6

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 Consolidated Statements of Comprehensive Income
for the Financial Period Ended 30 September 2017

GROUP	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2017	30 September 2016	30 September 2017	30 September 2016
		RM'000	RM'000	RM'000	RM'000
Interest income	A22	17,683	14,106	34,493	27,496
Interest expense	A23	(9,608)	(5,788)	(18,582)	(12,605)
Net interest income		8,075	8,318	15,911	14,891
Net income from Islamic banking business	A34	1,219	994	2,260	1,882
		9,294	9,312	18,171	16,773
Fee and commission income		9,433	10,321	21,792	18,940
Fee and commission expense		(2,570)	(2,432)	(6,292)	(5,537)
Investment income		(28)	2,208	1,070	2,659
Other income		209	2,056	475	2,999
Other operating income	A24	7,044	12,153	17,045	19,061
Net income		16,338	21,465	35,216	35,834
Other operating expenses	A25	(10,530)	(9,440)	(20,729)	(19,155)
Operating profit before allowance		5,808	12,025	14,487	16,679
Write-back of/(allowance for) losses on loans, advances and financing and other receivables	A26	328	(690)	382	(556)
Operating profit after allowance		6,136	11,335	14,869	16,123
Share of results in an associate		1	1	3	2
Share of results of joint venture		(22)	20	(1)	39
Profit before taxation		6,115	11,356	14,871	16,164
Taxation		(2,188)	(2,293)	(4,246)	(3,384)
Net profit for the financial period		3,927	9,063	10,625	12,780
Other comprehensive income:					
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		3,868	9,458	7,275	11,660
- Realised gain transferred to statement of income on disposal and impairment		(24)	(2,041)	(742)	(2,085)
- Transfer to deferred tax		(923)	(1,780)	(1,568)	(2,298)
Other comprehensive income, net of tax		2,921	5,637	4,965	7,277
Total comprehensive income for the financial period		6,848	14,700	15,590	20,057

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

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
<u>GROUP</u>	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period attributable to: Equity holder of the Bank	<u>3,927</u>	<u>9,063</u>	<u>10,625</u>	<u>12,780</u>
Total comprehensive income for the financial period attributable to: Equity holder of the Bank	<u>6,848</u>	<u>14,700</u>	<u>15,590</u>	<u>20,057</u>
Earnings per share attributable to Equity holder of the Bank: - Basic/Diluted (sen)	A27 <u>1.1</u>	<u>2.5</u>	<u>2.9</u>	<u>3.5</u>

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 September 2017

	Non-distributable reserves					Distributable reserves		
	Ordinary shares RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Revaluation reserves RM'000	Equity contribution from holding company RM'000	Retained profits RM'000	Total equity RM'000
BANK								
At 1 April 2017	365,000	962	201,383	3,660	37,949	264	21,904	631,122
Net profit after taxation	-	-	-	-	-	-	10,644	10,644
Other comprehensive income	-	-	-	-	4,965	-	-	4,965
Total comprehensive income for the financial period	-	-	-	-	4,965	-	10,644	15,609
Transfer pursuant to Companies Act 2016	962	(962)	-	-	-	-	-	-
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	(10)	-	(10)
Payment for ESS recharged from holding company	-	-	-	-	-	(166)	-	(166)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(66)	66	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	(22)	22	-
Transfer to regulatory reserves	-	-	-	188	-	-	(188)	-
Transfer from statutory reserves	-	-	(201,383)	-	-	-	201,383	-
Dividend paid	-	-	-	-	-	-	(6,899)	(6,899)
At 30 September 2017	365,962	-	-	3,848	42,914	-	226,932	639,656
At 1 April 2016	365,000	962	196,736	1,830	38,841	256	27,362	630,987
Net profit after taxation	-	-	-	-	-	-	9,412	9,412
Other comprehensive income	-	-	-	-	7,277	-	-	7,277
Total comprehensive income for the financial period	-	-	-	-	7,277	-	9,412	16,689
Share-based payment under ESS	-	-	-	-	-	79	-	79
Payment for ESS recharged from holding company	-	-	-	-	-	(105)	-	(105)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(20)	20	-
Transfer to statutory reserves	-	-	2,353	-	-	-	(2,353)	-
Transfer to regulatory reserves	-	-	-	718	-	-	(718)	-
Dividend paid	-	-	-	-	-	-	(10,549)	(10,549)
At 30 September 2016	365,000	962	199,089	2,548	46,118	210	23,174	637,101

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 September 2017 (contd.)

	← Attributable to Equity holder of the Bank →							
	Ordinary shares	Share premium	Statutory reserves	Regulatory reserves	Revaluation reserves	Equity contribution from holding company	Retained profits	Total equity
GROUP	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2017	365,000	962	201,383	3,660	37,949	298	17,726	626,978
Net profit after taxation	-	-	-	-	-	-	10,625	10,625
Other comprehensive income	-	-	-	-	4,965	-	-	4,965
Total comprehensive income for the financial period	-	-	-	-	4,965	-	10,625	15,590
Transfer pursuant to Companies Act 2016	962	(962)	-	-	-	-	-	-
Share-based payment under ESS	-	-	-	-	-	(10)	-	(10)
Payment for ESS recharged from holding company	-	-	-	-	-	(166)	-	(166)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(66)	66	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	(56)	56	-
Transfer to regulatory reserves	-	-	-	188	-	-	(188)	-
Transfer from statutory reserves	-	-	(201,383)	-	-	-	201,383	-
Dividends paid	-	-	-	-	-	-	(6,899)	(6,899)
At 30 September 2017	365,962	-	-	3,848	42,914	-	222,769	635,493
At 1 April 2016	365,000	962	196,736	1,830	38,841	303	23,033	626,705
Net profit after taxation	-	-	-	-	-	-	12,780	12,780
Other comprehensive income	-	-	-	-	7,277	-	-	7,277
Total comprehensive income for the financial period	-	-	-	-	7,277	-	12,780	20,057
Share-based payment under ESS	-	-	-	-	-	79	-	79
Payment for ESS recharged from holding company	-	-	-	-	-	(105)	-	(105)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(20)	20	-
Transfer to statutory reserves	-	-	2,353	-	-	-	(2,353)	-
Transfer to regulatory reserves	-	-	-	718	-	-	(718)	-
Dividends paid	-	-	-	-	-	-	(10,549)	(10,549)
At 30 September 2016	365,000	962	199,089	2,548	46,118	257	22,213	636,187

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 September 2017**

	BANK		GROUP	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	14,889	12,314	14,871	16,164
Adjustments for non-cash items	(21,911)	(19,072)	(21,913)	(19,113)
Operating loss before changes in working capital	(7,022)	(6,758)	(7,042)	(2,949)
Changes in working capital	45,260	(132,194)	45,102	(135,989)
Taxes paid	-	(969)	(181)	(974)
Net cash generated from/(used in) operating activities	38,238	(139,921)	37,879	(139,912)
Net cash (used in)/generated from investing activities	(51,819)	167,977	(51,819)	167,977
Net cash used in financing activities	(7,064)	(11,113)	(7,064)	(11,113)
Net change in cash and cash equivalents	(20,645)	16,943	(21,004)	16,952
Cash and cash equivalents at beginning of the financial year	42,993	22,179	44,420	23,201
Cash and cash equivalents at end of the financial period	22,348	39,122	23,416	40,153
Cash and cash equivalent comprise the following:				
Cash and short-term funds	22,348	39,122	23,416	40,153

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

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 second quarter and financial half year ended 30 September 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 Cyclical of Operations

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

A6 Issuance and Repayment of Debt and Equity Securities

There were no issuance nor repayment of debt and equity securities during the second quarter and financial half year ended 30 September 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 financial half year ended 30 September 2017.

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.

A11 Proposed Dividend

No dividend has been declared for the second quarter and financial half year ended 30 September 2017.

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A12 Balances Due From Clients and Brokers

	BANK/GROUP	
	30 September	31 March
	2017	2017
	RM'000	RM'000
Due from clients	92,052	96,499
Due from brokers	12,373	17,358
	104,425	113,857
Less: Allowance for other losses	(835)	(835)
	103,590	113,022

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:

	BANK/GROUP	
	30 September	31 March
	2017	2017
	RM'000	RM'000
Classified as doubtful	121	101
Classified as bad	846	846
	967	947

Other balances are neither past due nor impaired.

The movements in allowance for other losses are as follows:

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

A13 Financial Assets Held-for-Trading

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

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A14 Financial Investments Available-for-Sale

	BANK/GROUP	
	30 September	31 March
	2017	2017
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government securities	111,982	161,194
Malaysian Government investment certificates	162,999	161,870
Negotiable instruments of deposits	2,749	506
Commercial papers	49,625	-
	327,355	323,570
<u>Unquoted securities:</u>		
Shares	58,652	55,342
Less: Accumulated impairment	(1,440)	(1,440)
	57,212	53,902
Unit Trust Fund	-	4,960
Corporate bonds and sukuk	834,312	727,110
Less: Accumulated impairment	(96,231)	(96,231)
	738,081	630,879
Total financial investments available-for-sale	1,122,648	1,013,311

A15 Financial Investments Held-to-Maturity

	BANK/GROUP	
	30 September	31 March
	2017	2017
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government securities	91,003	121,310
Khazanah bonds	53,175	52,216
	144,178	173,526
<u>Unquoted securities:</u>		
Corporate bonds	17,306	17,306
Less: Accumulated impairment	(12,899)	(12,899)
	4,407	4,407
Total financial investments held-to-maturity	148,585	177,933

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A16 Loans, Advances and Financing

	<u>BANK/GROUP</u>	
	30 September	31 March
	2017	2017
	RM'000	RM'000
Term loans/financing	193,252	211,769
- Syndicated term loans/financing	145,110	146,284
- Other term loans/financing	48,142	65,485
Staff loans (Directors loan: RM Nil)	369	425
Revolving credits	5,007	5,010
Share margin financing	224,732	200,758
Gross loans, advances and financing	423,360	417,962
Less: Allowance for impairment on loans, advances and financing		
- Individual assessment allowance	-	-
- Collective assessment allowance	(1,232)	(1,356)
Total net loans, advances and financing	422,128	416,606

(a) By type of customer:

	<u>BANK/GROUP</u>	
	30 September	31 March
	2017	2017
	RM'000	RM'000
Domestic business enterprises		
- Small and medium enterprises	68,928	83,346
- Others	186,136	173,276
Individuals	165,555	158,129
Other domestic entities	2,714	2,980
Foreign entities	27	231
Gross loans, advances and financing	423,360	417,962

(b) By interest/profit rate sensitivity:

	<u>BANK/GROUP</u>	
	30 September	31 March
	2017	2017
	RM'000	RM'000
Fixed rate loans/financing	33,198	35,245
Variable rate		
- Base lending rate plus	41,564	47,064
- Base rate plus	176,053	144,559
- Cost plus	172,545	191,094
Gross loans, advances and financing	423,360	417,962

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

	<u>BANK/GROUP</u>	
	30 September	31 March
	2017	2017
	RM'000	RM'000
Purchase of securities	224,732	200,758
Purchase of transport vehicles	28	27
Purchase of landed property	48,290	48,631
of which: - Residential	2,753	2,684
- Non-residential	45,537	45,947
Personal use	139	131
Working capital	73,038	130,628
Others	77,133	37,787
Gross loans, advances and financing	423,360	417,962

(d) By geographical distribution:

	<u>BANK/GROUP</u>	
	30 September	31 March
	2017	2017
	RM'000	RM'000
Northern region	28,569	32,834
Central region	377,937	371,156
Southern region	16,854	13,972
Gross loans, advances and financing	423,360	417,962

(e) By maturity structure:

	<u>BANK/GROUP</u>	
	30 September	31 March
	2017	2017
	RM'000	RM'000
Within one year	238,525	207,315
One year to three years	20,599	40,181
Three years to five years	10,263	10,250
Over five years	153,973	160,216
Gross loans, advances and financing	423,360	417,962

A16 Loans, Advances and Financing (Contd.)

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

	<u>BANK/GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000
At beginning of financial period/year	2,380	5,955
Impaired during the financial period/year	171	225
Amount written-off	-	(3,800)
At end of financial period/year	2,551	2,380
Individual allowance for impairment	-	-
Collective allowance for impairment (impaired portion)	(314)	(321)
Net impaired loans, advances and financing	2,237	2,059
Gross impaired loans as % of gross loans, advances and financing	0.6%	0.6%

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

	<u>BANK/GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000
Purchase of transport vehicle	28	27
Purchase of landed properties	2,215	2,079
<i>of which: - Residential</i>	2,215	2,079
Personal use	139	131
Others	169	143
Gross impaired loans	2,551	2,380

- (h) Impaired loans by geographical distribution:

	<u>BANK/GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000
Central region	2,551	2,380
Gross impaired loans	2,551	2,380

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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:

	BANK/GROUP	
	30 September 2017 RM'000	31 March 2017 RM'000
Individual Assessment Allowance		
At beginning of financial year	-	3,800
Amount written-off	-	(3,800)
At end of financial period/year	<u>-</u>	<u>-</u>
Collective Assessment Allowance		
At beginning of financial year	1,356	567
Net (write-back)/allowances during the financial period/year	<u>(124)</u>	<u>789</u>
At end of financial period/year	<u>1,232</u>	<u>1,356</u>

A17 Other Assets

	BANK		GROUP	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Other receivables, deposits and prepayments	9,630	7,639	9,761	7,773
Balances due from related company	<u>166</u>	<u>-</u>	<u>166</u>	<u>-</u>
	9,796	7,639	9,927	7,773
Less: Allowance for other receivables, net	<u>(1,768)</u>	<u>(3,329)</u>	<u>(1,768)</u>	<u>(3,329)</u>
	<u>8,028</u>	<u>4,310</u>	<u>8,159</u>	<u>4,444</u>

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A18 Deposits from Customers

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Fixed/investment deposits	327,227	460,581	327,227	460,581
Money market deposits	139,491	67,670	139,491	67,670
Negotiable instruments of deposits	190,049	200,034	190,049	200,034
	656,767	728,285	656,767	728,285

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

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Due within six months	656,767	728,285	656,767	728,285
	656,767	728,285	656,767	728,285

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

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Business enterprises	441,690	471,364	441,690	471,364
Domestic financial institutions	190,049	200,034	190,049	200,034
Domestic non-bank financial institutions	25,028	56,887	25,028	56,887
	656,767	728,285	656,767	728,285

A19 Deposits and Placements of Banks and Other Financial Institutions

	BANK/GROUP	
	30 September	31 March
	2017	2017
	RM'000	RM'000
Licensed banks	523,886	431,375
	523,886	431,375

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A20 Balances Due To Clients And Brokers

	BANK/GROUP	
	30 September	31 March
	2017	2017
	RM'000	RM'000
Due to clients	68,174	69,066
Due to brokers	-	-
	68,174	69,066

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 RM73,074,000 (31 March 2017: RM75,447,000) have been excluded accordingly.

A21 Other Liabilities

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Other payables	23,263	22,778	22,679	22,193
Provision and accruals	3,203	4,924	3,245	4,949
Remisier's accounts	6,590	8,279	6,590	8,279
Balances due to joint venture	136	260	136	260
Balances due to immediate holding company	502	1,570	502	1,748
Balances due to related company	-	68	-	69
	33,694	37,879	33,152	37,498

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A22 Interest Income

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Loans, advances and financing	6,579	4,009	13,054	7,380
Money at call and deposit placements with financial institutions	96	9	112	13
Financial investments available-for-sale	8,966	6,711	17,410	15,394
Financial investments held-to-maturity	1,214	1,266	2,477	2,524
	16,855	11,995	33,053	25,311
Accretion of discount less amortisation of premium of securities	826	137	1,435	208
	17,681	12,132	34,488	25,519
<u>GROUP</u>				
Loans, advances and financing	6,579	4,009	13,054	7,380
Money at call and deposit placement with financial institutions	98	1,983	117	1,990
Financial investments available-for-sale	8,966	6,711	17,410	15,394
Financial investments held-to-maturity	1,214	1,266	2,477	2,524
	16,857	13,969	33,058	27,288
Accretion of discount less amortisation of premium of securities	826	137	1,435	208
	17,683	14,106	34,493	27,496

A23 Interest Expense

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Deposits and placements of banks and other financial institutions	4,290	1,774	8,155	4,309
Deposits from customers	5,318	4,043	10,427	8,330
	9,608	5,817	18,582	12,639
<u>GROUP</u>				
Deposits and placements of banks and other financial institutions	4,290	1,774	8,155	4,309
Deposits from customers	5,318	4,014	10,427	8,296
	9,608	5,788	18,582	12,605

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A24 Other Operating Income

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
(a) <u>Fee and commission income:</u>				
Brokerage fees	7,826	7,219	18,611	14,295
Corporate advisory fees	1,005	785	1,731	1,345
Guarantee fees	-	-	-	132
Processing fees	130	97	327	186
Arrangement and related fees	363	2,142	665	2,751
Commitment fees	7	7	13	15
Service charges	102	71	277	131
Underwriting commissions	-	-	168	85
	9,433	10,321	21,792	18,940
(b) <u>Fee and commission expense:</u>				
Brokerage fees expense	(2,570)	(2,432)	(6,292)	(5,537)
(c) <u>Investment income:</u>				
Gain arising from sale/redemption of securities:				
- Financial investments available-for-sale	5	2,041	693	2,085
Unrealised loss from revaluation of financial assets held-for-trading	(33)	-	(53)	-
Gross dividend income from:				
- Financial investments available-for-sale	-	167	430	574
	(28)	2,208	1,070	2,659
(d) <u>Other income:</u>				
Foreign exchange gain	56	149	120	229
Rental income	14	5	18	15
Other non-operating income	139	102	337	955
	209	256	475	1,199
Total other operating income	7,044	10,353	17,045	17,261

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A24 Other Operating Income (Contd.)

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
(a) <u>Fee and commission income:</u>				
Brokerage fees	7,826	7,219	18,611	14,295
Corporate advisory fees	1,005	785	1,731	1,345
Guarantee fees	-	-	-	132
Processing fees	130	97	327	186
Arrangement and related fees	363	2,142	665	2,751
Commitment fees	7	7	13	15
Service charges	102	71	277	131
Underwriting commissions	-	-	168	85
	9,433	10,321	21,792	18,940
(b) <u>Fee and commission expense:</u>				
Brokerage fees expense	(2,570)	(2,432)	(6,292)	(5,537)
(c) <u>Investment income:</u>				
Gain arising from sale/redemption of securities:				
- Financial investments available-for-sale	5	2,041	693	2,085
Unrealised loss from revaluation of financial assets held-for-trading	(33)	-	(53)	-
Gross dividend income from:				
Financial investments available-for-sale	-	167	430	574
	(28)	2,208	1,070	2,659
(d) <u>Other income:</u>				
Foreign exchange gain	56	149	120	229
Rental income	14	5	18	15
Other non-operating income	139	1,902	337	2,755
	209	2,056	475	2,999
Total other operating income	7,044	12,153	17,045	19,061

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A25 Other Operating Expenses

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	5,052	4,757	10,373	9,366
- Contribution to EPF	754	732	1,483	1,484
- Shares options/grants under ESS	-	26	(10)	79
- Others	613	141	1,018	571
	6,419	5,656	12,864	11,500
<u>Establishment costs</u>				
- Depreciation of property, plant and equipment	162	121	319	244
- Amortisation of computer software	102	93	201	157
- Rental	432	396	821	794
- Water and electricity	147	139	321	307
- Repairs & maintenance	156	164	277	250
- Information technology expenses	868	797	1,575	1,566
- Others	361	301	794	719
	2,228	2,011	4,308	4,037
<u>Marketing expenses</u>				
- Advertisement and publicity	126	71	209	78
- Research cost	455	577	971	1,206
- Others	73	107	156	188
	654	755	1,336	1,472
<u>Administration and general expenses</u>				
- Communication expenses	160	140	359	301
- Printing and stationeries	14	12	32	37
- Professional fees	438	244	679	591
- Others	594	621	1,126	1,215
	1,206	1,017	2,196	2,144
Total other operating expenses	10,507	9,439	20,704	19,153

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A25 Other Operating Expenses (Contd.)

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	5,052	4,757	10,373	9,366
- Contribution to EPF	754	732	1,483	1,484
- Shares options/grants under ESS	-	26	(10)	79
- Others	613	141	1,018	571
	6,419	5,656	12,864	11,500
<u>Establishment costs</u>				
- Depreciation of property, plant and equipment	162	121	319	244
- Amortisation of computer software	102	93	201	157
- Rental	432	396	821	794
- Water and electricity	147	139	321	307
- Repairs & maintenance	156	164	277	250
- Information technology expenses	868	797	1,575	1,566
- Others	361	301	794	719
	2,228	2,011	4,308	4,037
<u>Marketing expenses</u>				
- Advertisement and publicity	126	71	209	78
- Research cost	455	577	971	1,206
- Others	73	107	156	188
	654	755	1,336	1,472
<u>Administration and general expenses</u>				
- Communication expenses	160	140	359	301
- Printing and stationeries	14	12	32	37
- Professional fees	458	245	701	593
- Others	597	621	1,129	1,215
	1,229	1,018	2,221	2,146
Total other operating expenses	10,530	9,440	20,729	19,155

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A26 (Write-back of)/ Allowance for Losses on Loans, Advances and Financing and Other Receivables

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
(Write-back of)/allowances for loans, advances and financing:				
(a) Individual assessment allowance				
- Net write-back during the financial period		-	-	-
(a) Collective assessment allowance				
- Net (write-back)/allowance during the financial period	(51)	630	(124)	586
(b) Bad debts on loans and financing				
- Recovered	(262)	(1)	(262)	(103)
	(313)	629	(386)	483
(Write-back)/allowance for other receivables, net	(15)	61	4	75
Allowance for other losses for balances due from clients	-	-	-	(2)
	(328)	690	(382)	556

<u>GROUP</u>				
(Write-back of)/allowances for loans, advances and financing:				
(a) Collective assessment allowance				
- Net (write-back)/allowance during the financial period	(51)	630	(124)	586
(b) Bad debts on loans and financing				
- Recovered	(262)	(1)	(262)	(103)
	(313)	629	(386)	483
(Write-back)/allowance for other receivables, net	(15)	61	4	75
Allowance for other losses for balances due from clients	-	-	-	(2)
	(328)	690	(382)	556

A27 Earnings 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

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
Net profit attributable to Equity holder of the Bank (RM'000)	3,970	5,721	10,644	9,412
Weighted average numbers of ordinary shares in issued ('000)	365,000	365,000	365,000	365,000
Basic/diluted earnings per share (sen)	1.1	1.6	2.9	2.6

A27 Earnings Per Share (Contd.)

GROUP

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
Net profit attributable to Equity holder of the Bank (RM'000)	3,927	9,063	10,625	12,780
Weighted average numbers of ordinary shares in issued ('000)	365,000	365,000	365,000	365,000
Basic/diluted earnings per share (sen)	1.1	2.5	2.9	3.5

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").

On 8 September 2017, the Deputy Registrar dismissed the Bank's Application with no order as to costs. The Bank had filed Notice of Appeal to Judge In Chamber appealing against the said decision ("Bank's Appeal"). The High Court has fixed the Bank's Appeal for hearing on 21 March 2018.

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A28 Material Litigations (Contd.)

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:

	<u>BANK/GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000
<u>BANK/GROUP</u>		
<u>Credit-related exposures</u>		
Transaction-related contingent items	10,500	10,500
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	310,340	283,572
- maturity exceeding one year	22,092	26,092
Total	<u>342,932</u>	<u>320,164</u>

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:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
<u>Before deducting proposed dividends</u>				
CET 1 capital ratio	87.166%	84.804%	87.205%	85.140%
Tier 1 capital ratio	87.166%	84.804%	87.205%	85.140%
Total capital ratio	87.901%	85.516%	87.928%	85.843%
<u>After deducting proposed dividends</u>				
CET 1 capital ratio	87.166%	83.729%	87.205%	84.066%
Tier 1 capital ratio	87.166%	83.729%	87.205%	84.066%
Total capital ratio	87.901%	84.441%	87.928%	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:

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
<u>CET I Capital</u>				
Paid-up share capital	365,962	365,000	365,962	365,000
Share premium	-	962	-	962
Retained profits	226,932	21,904	222,769	17,726
Statutory reserves	-	201,383	-	201,383
Revaluation reserves	42,914	37,949	42,914	37,949
	635,808	627,198	631,645	623,020
Less: Regulatory adjustment				
- Goodwill and other intangibles	(61,544)	(61,527)	(54,866)	(54,847)
- 55% of revaluation reserve	(23,603)	(20,872)	(23,603)	(20,872)
- Investment in subsidiaries, associates and joint venture	(507)	(507)	(735)	(742)
Total CET I Capital /				
Total Tier I Capital	550,154	544,292	552,441	546,559
<u>Tier II Capital</u>				
Collective assessment allowance and regulatory reserves	4,766	4,695	4,766	4,695
Less: Regulatory adjustment				
- Investment in subsidiaries, associates and joint venture	(127)	(127)	(184)	(185)
Total Tier II Capital	4,639	4,568	4,582	4,510
Total Capital	554,793	548,860	557,023	551,069

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

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Credit risk	523,432	531,682	524,586	531,808
Market risk	-	1,961	-	1,961
Operational risk	107,722	108,181	108,912	108,181
Total RWA and capital requirements	631,154	641,824	633,498	641,950

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.

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
BANK/GROUP				
30 September 2017				
Financial Assets				
Financial investments available-for-sale				
- Money market instruments:	-	327,355	-	327,355
- Unquoted securities	-	738,081	57,212	795,293

BANK/GROUP				
31 March 2017				
Financial Assets				
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 September 2017 and 31 March 2017.

Reconciliation of movements in Level 3 financial instruments:

	BANK/GROUP	
	30 September 2017 RM'000	31 March 2017 RM'000
At beginning of financial year	58,862	54,676
Disposal	(4,970)	-
Total gain/(loss) recognised in:		
- Other comprehensive income		
(i) Revaluation reserves	3,350	4,186
- Statement of comprehensive income		
(i) Loss arising from sales of financial investments available-for-sale	(30)	-
At end of financial period/year	57,212	58,862

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.

A32 Credit Transactions and Exposures With Connected Parties

	<u>BANK/GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000
Outstanding credit exposures with connected parties	<u>99,573</u>	<u>100,337</u>
of which:		
Total credit exposure which is impaired or default	<u>-</u>	<u>-</u>
Total credit exposures	<u>1,952,212</u>	<u>1,904,872</u>
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	<u>5.10%</u>	<u>5.27%</u>
- which is impaired or in default	<u>-</u>	<u>-</u>

A33 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>			
September 2017			
Balances due from clients and brokers	<u>165,944</u>	<u>(62,354)</u>	<u>103,590</u>
Total	<u>165,944</u>	<u>(62,354)</u>	<u>103,590</u>
<u>BANK/GROUP</u>			
March 2017			
Balances due from clients and brokers	<u>213,368</u>	<u>(100,346)</u>	<u>113,022</u>
Total	<u>213,368</u>	<u>(100,346)</u>	<u>113,022</u>

ALLIANCE INVESTMENT BANK BERHAD
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A33 Offsetting Financial Assets And Financial Liabilities (Contd.)

(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>			
September 2017			
Balances due to clients and brokers	130,528	(62,354)	68,174
Total	<u>130,528</u>	<u>(62,354)</u>	<u>68,174</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>

A34 Islamic Banking Business

A34a Unaudited Statements of Financial Position as at 30 September 2017

	<u>BANK/GROUP</u>	
	30 September 2017 RM'000	31 March 2017 RM'000
ASSETS		
Cash and short-term funds	10	26
Financial investments available-for-sale	103,344	100,773
Other assets	17,005	16,997
Deferred tax	88	161
Total Assets	<u>120,447</u>	<u>117,957</u>
 LIABILITIES AND ISLAMIC BANKING FUNDS		
Provision for taxation	11,046	10,506
Total Liabilities	<u>11,046</u>	<u>10,506</u>
Islamic Banking Funds	56,000	56,000
Reserves	53,401	51,451
Total Islamic Banking Funds	<u>109,401</u>	<u>107,451</u>
 TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	<u>120,447</u>	<u>117,957</u>

ALLIANCE INVESTMENT BANK BERHAD
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A34 Islamic Banking Business (Contd.)

A34b Unaudited Consolidated Statements of Comprehensive Income for the Financial Period Ended 30 September 2017

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>BANK/GROUP</u>				
Income derived from investment of depositors' funds and financial institutions	-	99	-	188
Income derived from investment of Islamic banking funds	1,261	895	2,302	1,694
Total distributable income	1,261	994	2,302	1,882
Income attributable to the depositors and financial institutions	(42)	-	(42)	-
Total net income	1,219	994	2,260	1,882
Other operating expenses	(1)	-	(1)	-
Total net income/Profit before taxation	1,218	994	2,259	1,882
Taxation	(292)	(239)	(542)	(452)
Net profit after taxation	926	755	1,717	1,430
Other comprehensive income:				
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	90	814	323	1,137
- Realised gain transferred to statement of income on disposal and impairment	(19)	-	(19)	-
- Transfer to deferred tax	(18)	(196)	(73)	(273)
Other comprehensive income, net of tax	53	618	231	864
Total comprehensive income for the financial period	979	1,373	1,948	2,294

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	-	99	-	188
Income derived from investment of Islamic Banking funds	1,261	895	2,302	1,694
Income attributable to depositors and financial institutions	(42)	-	(42)	-
	1,219	994	2,260	1,882

PART B - Review of Performance & Current Year Prospect

B1 Review of Performance

The Group recorded a net profit after taxation of RM10.6 million for the 6 months ended 30 September 2017, mainly due to higher net income coupled with write-back of allowances for loans and advances.

Net interest income increased by RM1.0 million or 6.8% as year on year gross loan has increased by RM114.9 million or 37.3%.

Excluding the one-off income of RM2.4 million in corresponding period last year, income marginally improved by RM0.4 million or 2.6% mainly from higher brokerage income.

Operating Expenses increased by RM1.6 million or 8.2% mainly due to higher personnel related expenses.

Both Total Capital and Common Equity Tier 1 ratios remained strong at 87.9% and 87.2% respectively as at 30 September 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.