

BIMB INVEST MONEY MARKET FUND

**ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2017**

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1.0 MANAGER'S REPORT

Dear Unitholders,

We are pleased to present the Manager's report of BIMB Invest Money Market Fund ("BIMMF") for the financial year ended 30 June 2017.

1.1 Fund Name

BIMB Invest Money Market Fund ("BIMMF")

1.2 Fund Type

Income

1.3 Fund Category

Wholesale Islamic Money Market Fund

1.4 Fund Investment Objective

The Fund seeks to provide liquidity* and current income**, while maintaining capital stability*** by investing in instruments that comply with Shariah requirements.

Note:

****liquidity refers to redemption payment made on T or T+1 whereby T is the Business Day where a request/application to redeem is received by the Manager before the cut-off time.***

*****Income will be in the form of Units***

******The Fund is not a capital guaranteed fund or a capital protected fund.***

Any material changes to the investment objective would require Unitholders' approval.

1.5 Fund Performance Benchmark

The benchmark for the Fund is based on the 1-month Term Deposit-i Tawarruq of Bank Islam Malaysia Berhad net-of corporate tax of 24%. (which is published at their branches and website:www.bankislam.com.my)

1.6 Distribution Policy and Mode of Distribution

The Fund will distribute income at least once a month, subject to availability of income. The Fund endeavors to distribute income on monthly basis by way of reinvestment in the form of additional units. If income is distributed, it will be automatically reinvested via issuance of additional units, based on NAV per unit at the valuation point immediately following the distribution date.

There is no incidental cost associated with the reinvestment.

1.7 Performance for the Financial Year Ended 30 June 2017

1.7.1 Performance Review

For the year under review, the Fund registered a return of 3.31%, outperformed its benchmark by 1.00%. The Fund's return of 3.31% was entirely based on income distribution which is in line with the Fund's objective in providing the investors a regular stream of income. During the financial year, the Fund paid out its income distribution totaling RM16,812,023.

As at 30 June 2017, the NAV of the Fund was at RM522,328,172 and the total units in circulation of the Fund stood at 522,136,232 units.

There were no unit splits declared for the year under review. There were no significant changes in the state of affairs of the Fund and no circumstances that materially affected the interest of the Unitholders for the financial year ended 30 June 2017.

	As at 30 June 2017
Net Asset Value (RM) – Before Distribution	522,328,172
Net Asset Value (RM) – After Distribution	522,328,172
Units In Circulation	522,136,232
Net Asset Value Per Unit (RM) ^(a)	1.0004
Highest Net Asset Value Per Unit (RM) ^(b)	1.0034
Lowest Net Asset Value Per Unit (RM) ^(b)	1.0002
Return On Portfolio (%) ^(c)	3.31
Benchmark Return (%) ^(d)	2.31

(a) Net Asset Value (NAV) per unit after income distribution.

(b) Highest and lowest NAV per unit for the year under review.

(c) Return for the financial year from 1 July 2016 to 30 June 2017.

(d) Benchmark Return for the financial year from 1 July 2016 to 30 June 2017 is after corporate tax of 24%.

*Note: Benchmark – 1-month Term Deposit-i Tawarruq of Bank Islam Malaysia Berhad
(Source: Bank Islam Malaysia Berhad's website).*

1.7.2 Total Return for the last 5 Financial Years

Financial Year	Total Return ⁽¹⁾	
	BIMMF (%)	Benchmark (%) ⁽²⁾
30 June 2017	3.31	2.31
30 June 2016	3.49	2.40
30 June 2015	3.11	2.36
30 June 2014	2.75	2.25
30 June 2013	2.64	2.24

Notes:

1. **Total Return** of the Fund has been verified by Novagni Analytics & Advisory Sdn. Bhd. (363145-W).
2. **The Benchmark return** is after corporate tax of 24%.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

1.8 Economic and Market Review

1.8.1 Economy

Global

- The United States (US) Gross Domestic Product (GDP) grew at a rate of 1.4% in the first quarter of 2017 as compared to 2.1% growth in the fourth quarter of 2016 and 3.5% in the third quarter of 2016. Economic growth for the quarter was constrained by weaker business investment and lower manufacturing production albeit higher consumer spending and gains in exports.
- US headline inflation rate increased to 1.9% in May 2017 from 0.8% in July 2016 as higher consumer spending and energy prices lifted the broad base price index for the period.
- US unemployment rate fell to 4.4% in June 2017 from 4.9% in July 2016, as more Americans entered the labor market in conjunction with the robust hiring of the US economic recovery.
- The Euro zone economy grew by 0.6% in the first quarter of 2017 as compared to 0.5% growth in the fourth quarter of 2016 and 0.4% in the third quarter of 2016. Growth for the period was driven by stronger domestic demand, improved labor market and European Central Bank's (ECB) expansionary policy to support Euro zone's economic activity.

- Euro zone's annual inflation rate increased to 1.3% in June 2017 from 0.2% in July 2016 as a result of higher prices for services, robust consumer consumption, and increased household borrowing for the period.
- The Euro zone unemployment rate fell to 9.3% in May 2017 from 10.0% in July 2016 exhibiting the lowest unemployment rate since May 2009.
- China's GDP growth was 6.9% in the first quarter of 2017 compared to 6.8% in fourth quarter 2016 supported by the government's infrastructure spending and rebound in housing market activities.

(Source: Reuters, Bloomberg and RHB Research Institute Sdn Bhd)

Local

- Malaysia's real GDP growth was 5.6% in the first quarter of 2017, underpinned by the growth in the manufacturing and services sector compared to 4.5% achieved in the fourth quarter of 2016.
- Malaysia's inflation rate rose to 3.9% in May 2017 from 1.1% in July 2016 as a result of retail fuel price hike during the first half 2017 that continued to push transport and related cost higher for the local economy.
- Bank Negara Malaysia's international reserve stood at USD 98.7 billion as at 30 June 2017 from USD 97.3 billion in July 2016 as capital outflows reversed during the period. At these levels, the foreign exchange reserves are sufficient to finance 8.2 months of retained imports and cover 1.1 times the short term external debt of the nation.
- Bank Negara Malaysia decided to maintain the Overnight Policy Rate (OPR) at 3.00% at the Monetary Policy Committee (MPC) meeting on 12 May 2017.

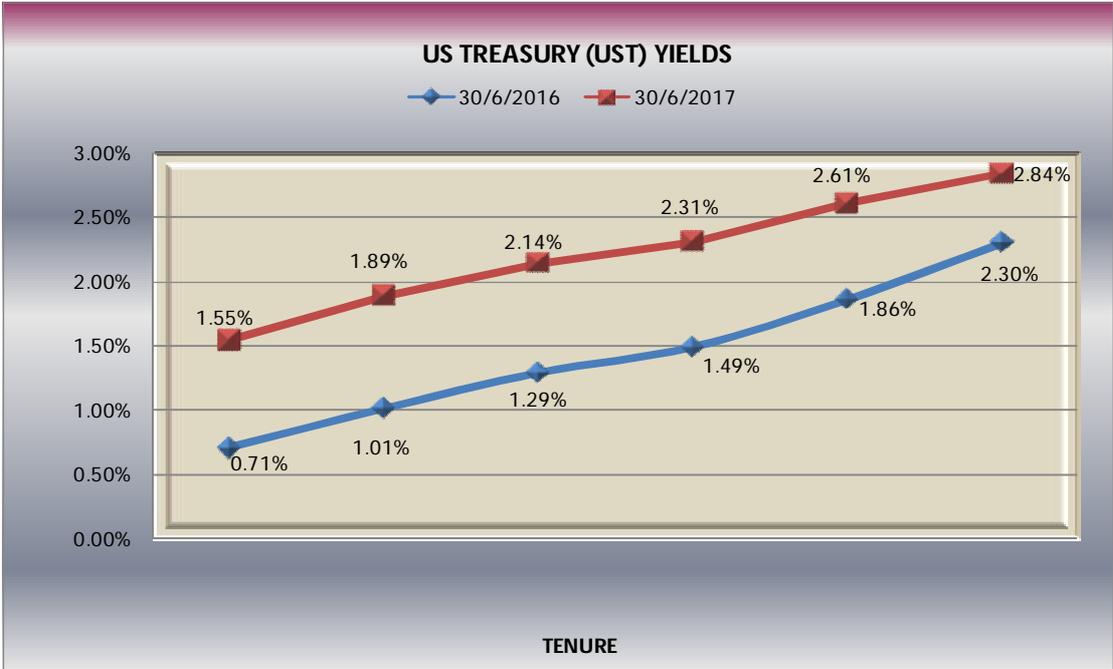
(Source: Bank Negara Malaysia, Bloomberg and RHB Research Institute Sdn. Bhd.)

1.8.2 Bond Market and Money Market Review

Global

- US Treasury (UST) yields started a surge amid expectation the newly-elected Trump backed by a congress will embark on record fiscal expansion. UST yields were already pressured upward before the election amid Federal Reserve policymakers signaled monetary tightening and economists had already recorded in upbeat US growth going into 2017. When the Fed hiked in December 2016, it was accompanied by a dot-plot diagram showing Fed members expecting three hikes in 2017. This was higher than the prevailing expectation of two hikes.
- UST strengthened in first half of 2017 with yields backing down (10-year UST yield down to around 2.20% by Jun 2017), however still higher than the June 2016 yield. Yields have fallen and the UST curve is flatter than earlier in the year though steeper in July 2016 as Fed and ECB turned more hawkish.

Figure 1: US Treasury Yields



Source: US Treasury Department, 30 June 2017

Local

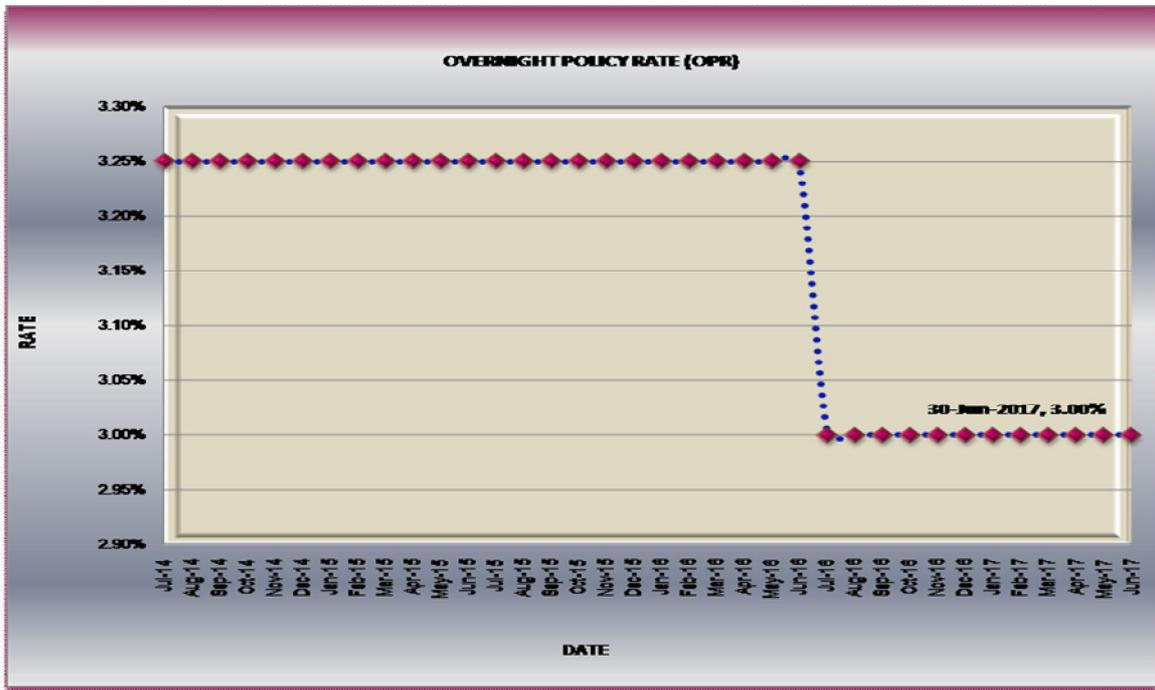
- The sovereign bonds dominated the local bond market activities when Malaysian Government Securities (MGS) and Government Investment Issues (GII) recorded secondary market traded volume of RM932.3 billion for the year under review. Both the government bond yields and corporate bonds yields increased across the yield curve with the market expectation that the US Federal Reserve will increase the Fed Fund Rate in the second half of 2017.

Table 1: Sukuk/ Islamic Bond Yields

Tenure/ Date	30 June 2017 (%)	30 June 2016 (%)	Change* (bps)
3-Year Bond			
GII	3.66	3.19	47.0
AAA Corporate	4.19	4.04	15.0
5-Year Bond			
GII	3.87	3.57	30.0
AAA Corporate	4.28	4.17	11.0
7-Year Bond			
GII	3.99	3.78	21.0
AAA Corporate	4.42	4.32	10.0
10-Year Bond			
GII	4.11	3.94	17.0
AAA Corporate	4.63	4.52	11.0

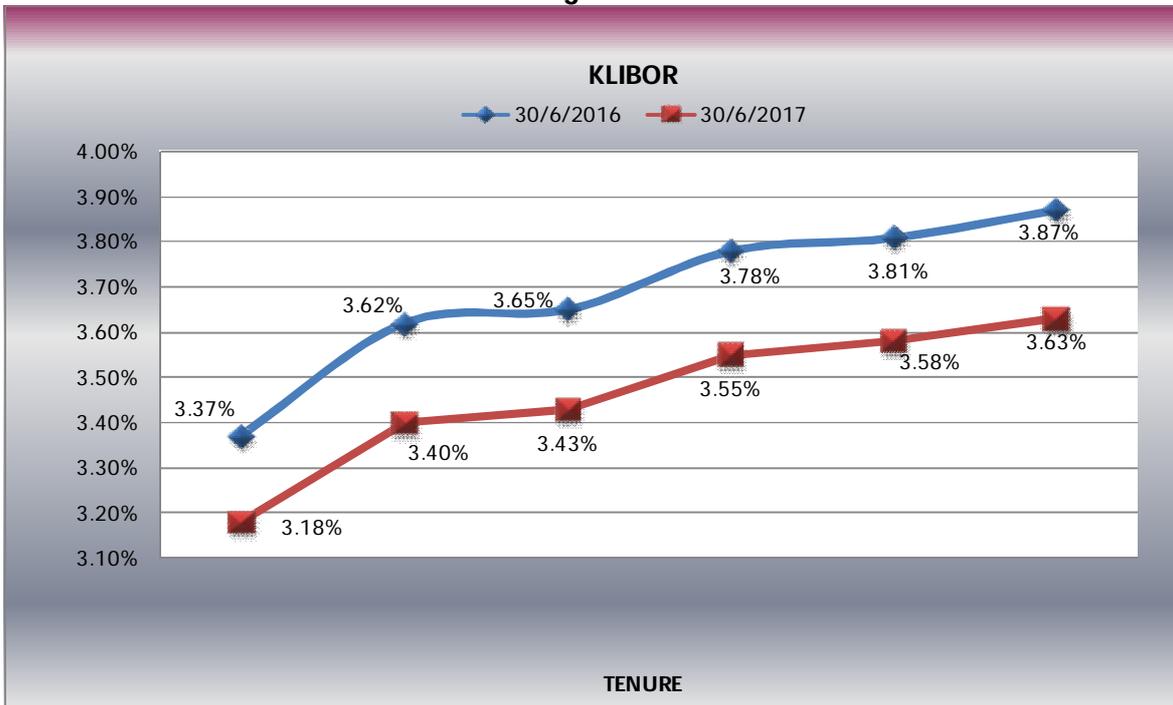
Source: Bond Pricing Agency Malaysia (BPAM), 30 June 2017

Figure 2: Overnight Policy Rate (OPR)



Source: Bank Negara Malaysia, 30 June 2017

Figure 3: KLIBOR

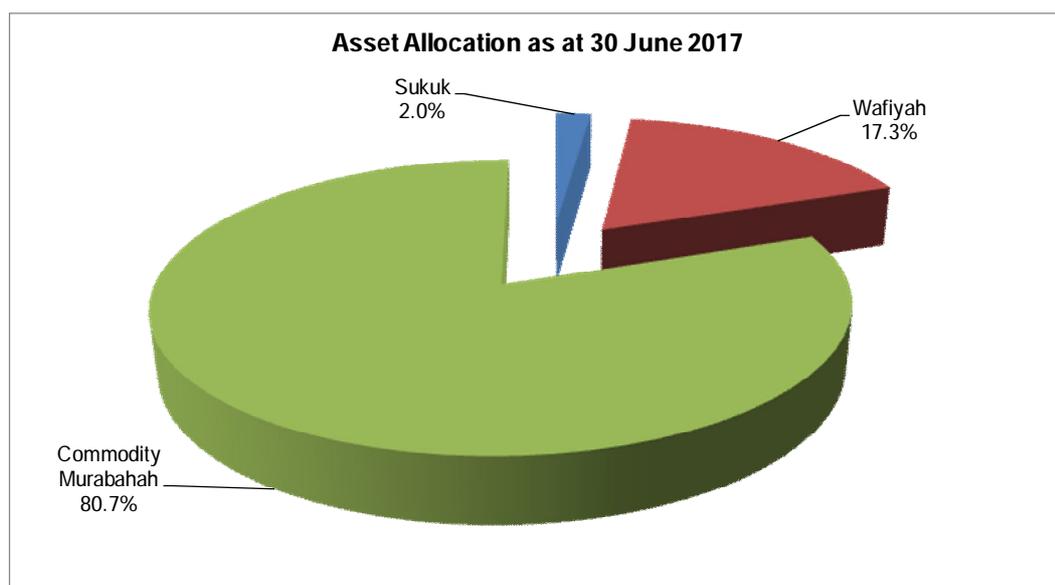


Source: Bank Negara Malaysia, 30 June 2017

1.9 Market Outlook and Strategy

- The Fund's strategy is to invest in money market instruments and short term Sukuk papers with good credit standing and attractive yield level that would maximize the profit rate while providing liquidity for investors.

1.10 Asset Allocation



ASSET ALLOCATION	30 June 2016 (%)	30 June 2017 (%)
Money Market (Commodity Murabahah)	77.2	80.7
Money Market (Wafiyah)	8.9	17.3
Short Term Sukuk	13.9	2.0
Total	100.0	100.0

1.11 Other Performance Data for the financial year ended 30 June

BIMB Invest Money Market Fund	2017	2016	2015
Unit Prices (RM)			
Highest NAV per Unit for the year	1.0034	1.0033	1.0028
Lowest NAV per Unit for the year	1.0002	1.0000	1.0000
Net Asset Value (NAV) and Units in Circulation (UIC) as at Year End			
Total NAV (RM)*	522,328,172	425,840,611	339,573,910
Units in Circulation (UIC)	522,136,232	424,513,448	339,585,214
NAV per unit (RM)*	1.0004	1.0002	1.0000
Total Return of Fund (%)			
Capital Growth (%)	N/A	N/A	N/A
Income Return (%)	3.31	3.49	3.11
Return on Portfolio (%)	3.31	3.49	3.11
Gross Distribution per unit (sen)	3.31	3.49	3.11
Management Expense Ratio (MER) (%)	0.55	0.56	0.53
Portfolio Turnover Ratio (PTR) (Times)	4.86	5.15	7.63

* Ex Distribution

Note:

Management Expense Ratio

It is the total management expenses expressed as an annual percentage of the Fund's average Net Asset Value.

Portfolio Turnover Ratio

It represents the average of the total acquisitions and disposals of the investment in the Fund for the financial year over the average Net Asset Value of the Fund calculated on a daily basis.

1.12 Distribution

Monthly Distribution for the Financial Year Ended 30 June 2017			
Distribution per Unit			
Month	Gross (sen)	Net (sen)	Total Amount (RM)
June 2016	0.29	0.29	1,245,774
July 2016	0.27	0.27	1,147,278
August 2016	0.27	0.27	1,249,499
September 2016	0.27	0.27	1,325,764
October 2016	0.26	0.26	1,190,616
November 2016	0.27	0.27	1,266,767
December 2016	0.25	0.25	1,207,720
January 2017	0.29	0.29	1,368,889
February 2017	0.23	0.23	1,150,438
March 2017	0.28	0.28	1,373,127
April 2017	0.27	0.27	1,323,546
May 2017	0.30	0.30	1,504,726
June 2017	0.28	0.28	1,457,879
Total			16,812,023

1.13 Impact on NAV Arising from Distribution

As at 30 June 2017	Before (RM)	After (RM)
Net Asset Value Per Unit	1.0032	1.0004
Net Asset Value	522,328,172	522,328,172
Units In Circulation	520,678,936	522,136,232

1.14 Breakdown of Unit Holding by Size

Size of Holding	Number of Unitholders	Number of Units Held	As at 30 June 2017 (%)
Below 5,000	1	90.56	0.00
5,001 to 10,000	0	0.00	0.00
10,001 to 50,000	2	55,268.08	0.01
50,001 to 500,000	0	0.00	0.00
500,001 and above*	11	522,080,873.27	99.99
Total	14	522,136,231.91	100.00

* Included under this category is nominee account.

1.15 Policy on Rebate and Soft Commission

The Manager or any delegate thereof shall not retain any rebate from, or otherwise share in any commission with, any broker in consideration for direct dealings in the investments of the Fund. Accordingly, any rebate or shared commission shall be directed to the account of the Fund concerned. However, the Manager or any delegate thereof may retain goods and services ("Soft Commissions") from any broker/dealer, only if the goods and services are of demonstrable benefit to the Unitholders such as research materials and advisory services which are incidental to the investment management activities of the Fund.

For and on behalf of the Manager

BIMB Investment Management Berhad

Date: 28 August 2017

2.0 Trustee's report



FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

To the Unit Holders of

BIMB INVEST MONEY MARKET FUND

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of BIMB INVEST MONEY MARKET FUND for the financial year ended 30 June 2017. In our opinion, BIMB INVESTMENT MANAGEMENT BERHAD, the Manager, has operated and managed BIMB INVEST MONEY MARKET FUND in accordance with the limitations imposed on the investment powers of the management company under the Deed, securities laws and the applicable Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework during the financial year then ended.

We are of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirement;
- (b) Creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirement; and
- (c) The distribution of income made by BIMB INVEST MONEY MARKET FUND as declared by the Manager is appropriate and reflects the investment objective of BIMB INVEST MONEY MARKET FUND.

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD

HABSAH BINTI BAKAR

Chief Executive Officer

Kuala Lumpur, Malaysia

Date: 28 August 2017

3.0 SHARIAH COMMITTEE'S REPORT

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

To the Unitholders of

BIMB INVEST MONEY MARKET FUND

We have acted as the Shariah Committee of BIMB Invest Money Market Fund.

Our responsibilities are to ensure that the procedures and processes employed by BIMB Investment Management Berhad and that the provisions of the Deed dated 16 March 2009 are in accordance with Shariah principles.

In our opinion, BIMB Investment Management Berhad has managed and administrated BIMB Invest Money Market Fund in accordance with Shariah principles and complied with applicable guidelines, ruling or decision issued by the Securities Commission pertaining to Shariah matters for the financial year ended 30 June 2017.

In addition, we also confirm that the investment portfolio of BIMB Invest Money Market Fund comprises deposits and money market instruments which are Shariah-compliant.

والله أعلم

For and on behalf of the Shariah Committee

.....
USTAZ DR. AHMAD SHAHBARI@SOBRI SALAMON
(Chairman)

.....
USTAZ DR. YUSOF RAMLI
(Committee Member)

.....
USTAZAH DR. ASMAK AB. RAHMAN
(Committee Member)

Date: 28 August 2017

4.0 DIRECTORS' DECLARATION

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

To the Unitholders of

BIMB INVEST MONEY MARKET FUND

We, Dato' Ghazali bin Awang and Najmuddin bin Mohd Lutfi, being two of the directors of the Manager, BIMB Investment Management Berhad, for BIMB Invest Money Market Fund do hereby state that in our opinion, the accompanying Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Net Asset Value and Statement of Cash Flows are drawn up so as to give a true and fair view of the Statement of Financial Position of the Fund as at 30 June 2017 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Net Asset Value and Statement of Cash Flows for the year ended on that date.

For and on behalf of the Board of Directors,
BIMB Investment Management Berhad

.....

DATO' GHAZALI BIN AWANG

(Non Executive Independent Director)

.....

NAJMUDDIN BIN MOHD LUTFI

(Chief Executive Officer)

Date: 28 August 2017

5.0 INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report To The Unitholders Of BIMB Invest Money Market Fund (Established in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BIMB Invest Money Market Fund ("the Fund"), which comprise the statement of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, statement of changes in net asset value and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 20 to 41.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission's Guidelines on Wholesale Funds in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Fund in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Manager of the Fund is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the annual report and, in doing so, consider whether annual report is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission's Guidelines on Wholesale Funds in Malaysia. The Manager is also responsible for such internal control as the Manager determine is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as necessary to enable true and fair presentations of these financial statement.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represents the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matter

This report is made solely to the unitholders of the Fund, as a body, in accordance with Securities Commission's Guidelines on Wholesale Funds in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG Desa Megat PLT
(LLP0010082-LCA & AF 0759)
Chartered Accountants

Adrian Lee Lye Wang
Approval Number: 2679/11/17(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 28 August 2017

6.0 FINANCIAL STATEMENTS (AUDITED)

BIMB Invest Money Market Fund

6.1 Statement of Financial Position as at 30 June 2017

	Note	2017 RM	2016 RM
Assets			
Islamic debt securities	4	10,004,000	58,665,250
Short term investments	5	508,875,374	332,111,730
Other receivables		3,669,275	2,944,331
Cash and cash equivalents	6	56,805	32,369,692
Total assets		<u>522,605,454</u>	<u>426,091,003</u>
Liabilities			
Other payables		277,282	250,392
Total liabilities		<u>277,282</u>	<u>250,392</u>
Net asset value		<u>522,328,172</u>	<u>425,840,611</u>
Unitholders' fund			
Unitholders' capital	7	521,986,318	424,260,914
Retained profits		341,854	1,579,697
Net asset value attributable to unitholders		<u>522,328,172</u>	<u>425,840,611</u>
Number of units in circulation	7	<u>522,136,232</u>	<u>424,513,448</u>
Net asset value per unit (sen)		<u>100</u>	<u>100</u>

The notes on pages 24 to 41 are an integral part of these financial statements.

6.2 Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 30 June 2017

	Note	2017 RM	2016 RM
Income			
Income from Islamic debt securities		1,135,856	2,392,676
Income from short term investments		17,254,926	13,761,895
Hibah from Al-Wadiah account		2,370	2,377
Net unrealised (loss)/gain from financial instruments at fair value through profit or loss		<u>(40,429)</u>	<u>54,250</u>
		18,352,723	16,211,198
Less: Amortisation of premium		<u>(120,821)</u>	<u>(342,280)</u>
Gross income		<u>18,231,902</u>	<u>15,868,918</u>
Expenses			
Manager's fee	8	2,392,645	1,979,052
Trustee's fee	9	95,706	79,162
Audit fee		13,000	11,000
Tax agent's fee		2,000	2,000
Administrative expenses		<u>154,371</u>	<u>133,840</u>
		<u>2,657,722</u>	<u>2,205,054</u>
Net income before taxation		15,574,180	13,663,864
Tax expense	10	<u>-</u>	<u>-</u>
Net income after taxation		15,574,180	13,663,864
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>15,574,180</u>	<u>13,663,864</u>
Total comprehensive income for the year consist of:			
Realised amount		15,614,609	13,609,614
Unrealised amount		<u>(40,429)</u>	<u>54,250</u>
		<u>15,574,180</u>	<u>13,663,864</u>

The notes on pages 24 to 41 are an integral part of these financial statements.

6.3 Statement of Changes in Net Asset Value for the financial year ended 30 June 2017

	Unitholders' capital RM	Distribution reserve RM	Retained profits RM	Total RM
As at 1 July 2015	339,304,237	950,833	269,673	340,524,743
Creation of units via cash	184,671,986	-	-	184,671,986
Reinvestment of distributions	13,304,673	(950,833)	-	12,353,840
Cancellation of units	(113,019,982)	-	-	(113,019,982)
Distributions	-	-	(12,353,840)	(12,353,840)
Total attributable to unitholders	84,956,677	(950,833)	(12,353,840)	71,652,004
Total comprehensive income for the year	-	-	13,663,864	13,663,864
As at 30 June 2016/1 July 2016	424,260,914	-	1,579,697	425,840,611
Creation of units via cash	210,353,745	-	-	210,353,745
Reinvestment of distributions	16,812,023	-	-	16,812,023
Cancellation of units	(129,440,364)	-	-	(129,440,364)
Distributions	-	-	(16,812,023)	(16,812,023)
Total attributable to unitholders	97,725,404	-	(16,812,023)	80,913,381
Total comprehensive income for the year	-	-	15,574,180	15,574,180
As at 30 June 2017	521,986,318	-	341,854	522,328,172

The notes on pages 24 to 41 are an integral part of these financial statements.

6.4 Statement of Cash Flows for the financial year ended 30 June 2017

	2017	2016
	RM	RM
Cash flows from operating activities		
Purchase of short term investments	(176,763,644)	(23,025,654)
Purchase of Islamic debt securities	-	(64,065,040)
Maturity of Islamic debt securities	48,500,000	31,400,000
Income from Islamic debt securities and short term investments	17,665,838	14,924,716
Hibah from Al-Wadiah account	2,370	2,377
Management fee paid	(2,355,408)	(1,943,961)
Trustee fee paid	(94,216)	(77,758)
Audit fee paid	(22,000)	-
Tax agent fee paid	(4,500)	-
Payment for other administrative expenses	(154,708)	(123,790)
Net cash used in operating activities	<u>(113,226,268)</u>	<u>(42,909,110)</u>
Cash flows from financing activities		
Cash receipt for creation of units	210,353,745	184,671,986
Cash payment for cancellation of units	(129,440,364)	(113,019,982)
Net cash generated from financing activities	<u>80,913,381</u>	<u>71,652,004</u>
Net (decrease)/ increase in cash and cash equivalents	(32,312,887)	28,742,894
Cash and cash equivalents at 1 July	<u>32,369,692</u>	<u>3,626,798</u>
Cash and cash equivalents at 30 June	<u><u>56,805</u></u>	<u><u>32,369,692</u></u>
Cash and cash equivalents comprise:		
Short term placements	-	32,002,502
Cash at bank	<u>56,805</u>	<u>367,190</u>
	<u><u>56,805</u></u>	<u><u>32,369,692</u></u>

The notes on pages 24 to 41 are an integral part of these financial statements.

BIMB Invest Money Market Fund

(Established in Malaysia)

6.5 Notes to the Financial Statements

1. Information on the Fund

BIMB Invest Money Market Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 16 March 2009 between the Manager - BIMB Investment Management Berhad, the Trustee - AmanahRaya Trustees Berhad and the registered unitholders of the Fund.

The principal activity of the Fund is to invest in authorised investments as defined in the Deed, which include short term placements and Islamic debt securities.

The Manager, BIMB Investment Management Berhad, a company incorporated in Malaysia, is a subsidiary of Bank Islam Malaysia Berhad.

The financial statements were approved by the Board of Directors of the Manager on 28 August 2017.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”), the Deed and Securities Commission’s Guidelines on Wholesale Funds (“Guidelines”) in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Fund:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

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

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Fund plans to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 July 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017;
- from the annual period beginning on 1 July 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018;
- from the annual period beginning on 1 July 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current year and prior year financial statements of the Fund, except as mentioned below:

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurements of financial assets and financial liabilities, and on hedge accounting.

The Fund is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except as disclosed in Note 3(a)(ii).

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Financial instruments

(i) Initial recognition and measurement

A financial instrument is recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Fund categorises financial instruments as follows:

Financial assets

(a) *Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises financial assets that are held for trading, or financial assets that are specifically designated into this category upon initial recognition. These include Islamic debt securities.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) *Financing and receivables*

Financing and receivables category are debt instruments that are not quoted in an active market and these comprises short term investments, other receivables and cash and cash equivalents.

Financial assets categorised as financing and receivables are subsequently measured at amortised cost using the effective profit method.

All financial assets except for those measured at fair value through profit or loss, are subject to review for impairment, see Note 3(f).

Financial liabilities

Financial liabilities measured at amortised cost comprise of other payables.

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(b) Income recognition

Income from short term investments and Islamic debt securities are recognised as it accrues, using the effective profit method in profit or loss.

(c) Islamic debt securities

Islamic debt securities are investments in sukuk which are held for trading. It is categorised as fair value through profit or loss and subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(d) Short term investments

Short term investments are mainly Commodity Murabahah and Wafiyah Investment Account with maturity more than 30 days and less than 1 year. Short term investments are categorised and measured as financing and receivables in accordance with Note 3(a)(ii)(b).

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and short term placements with licensed financial institutions which have insignificant risk of changes in fair value with original maturities of less than 30 days, and are used by the Fund in the management of its short term commitments.

Cash and cash equivalents are categorised and measured as financing and receivables in accordance with Note 3(a)(ii)(b).

3. Significant accounting policies (continued)

(f) Impairment

Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of financing and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective profit rate. The carrying amount of the asset is reduced through the use of an allowance account.

(g) Income tax

Income tax expense comprises current tax. Current tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

(h) Unitholders' capital

The Fund issues cancellable units, which are cancelled at the unitholders' option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding units is carried at the redemption amount that is payable at the financial position date if the holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the unitholders' option at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net asset attributable to unitholders with the total number of outstanding units. In accordance with the Securities Commission's Guidelines on Wholesale Funds in Malaysia, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and cancellations.

The units in the Fund are puttable instruments, classified as equity, which entitle the unitholders to a pro-rata share of the net asset of the Fund. The units are subordinated and have identical features. There is no contractual obligation to deliver cash or another financial assets other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units are based on the change in the net asset of the Fund.

3. Significant accounting policies (continued)

(i) Distribution

Distributions is at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserves. A proposed distribution is recognised as a liability in the year in which they are declared.

(j) Net Asset Value

The Net Asset Value is calculated after deducting the retained profits allocated for distribution.

(k) Fair value measurement

The Fund adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Fund uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Fund recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. Islamic debt securities

As at 30 June 2017 Issuer	Maturity date	Rating	Cost RM	Fair value RM	Percentage of value of funds at 2017 %
Imtiaz Sukuk Berhad	23.11.2017	AA2(S)**	9,994,209	10,004,000	1.92

As at 30 June 2016 Issuer	Maturity date	Rating	Cost RM	Fair value RM	Percentage of value of funds at 2016 %
Besraya (M) Sdn Bhd	28.07.2016	AA3**	5,000,711	5,002,050	1.17
Lafarge Malaysia Berhad	16.11.2016	AA2**	10,001,437	10,009,500	2.35
Kapar Energy Ventures Sdn Bhd	05.07.2016	AA+IS*	13,500,070	13,500,675	3.17
Malakoff Power Berhad	16.12.2016	AA-IS*	4,507,198	4,508,730	1.06
BGSM Management Berhad	28.12.2016	AA3**	15,624,751	15,640,895	3.67
Imtiaz Sukuk Berhad	23.11.2017	AA2(S)**	9,980,863	10,003,400	2.35
			58,615,030	58,665,250	13.77

* Rating by Malaysian Rating Corporation Berhad.

** Rating by Rating Agency Malaysia Berhad.

5. Short term investments

	2017 RM	2016 RM
<i>Short term investments with maturity more than 30 days:</i>		
Commodity Murabahah	418,902,881	314,140,407
Wafiyah Investment Account*	89,972,493	-
Short term money market deposit - Islamic	-	17,971,323
	508,875,374	332,111,730

* Wafiyah Investment Account is placed with Bank Islam Malaysia Berhad, the holding company of the Manager.

6. Cash and cash equivalents

	2017 RM	2016 RM
<i>Short term investments with maturity less than 30 days</i>		
Commodity Murabahah	-	12,432,780
Short Term Money Market Deposit - Islamic	-	9,339,297
Term Deposit-i (Tawarruq)*	-	10,230,425
	-	32,002,502
Cash at bank*	56,805	367,190
	<u>56,805</u>	<u>32,369,692</u>

* Term Deposit-i (Tawarruq) and cash at bank are placed with Bank Islam Malaysia Berhad, the holding company of the Manager.

7. Unitholders' capital

	No. of units	RM
At 30 June 2015/1 July 2015	339,585,214	339,304,237
Creation of units	197,784,153	197,976,659
Cancellation of units	(112,855,919)	(113,019,982)
At 30 June 2016/1 July 2016	424,513,448	424,260,914
Creation of units	226,794,896	227,165,768
Cancellation of units	(129,172,112)	(129,440,364)
At 30 June 2017	<u>522,136,232</u>	<u>521,986,318</u>

8. Manager's fee

The manager's fee payable to the Manager of the Fund is based on 0.50% (2016: 0.50%) per annum of the net asset value of the Fund calculated on a daily basis.

9. Trustee's fee

The trustee's fee payable to the trustee of the Fund was charge at a rate of 0.02% (2016: 0.02%) per annum of the net asset value of the Fund, calculated on a daily basis subject to a minimum fee of RM12,000 (2016: RM12,000) per annum.

10. Tax expense

	2017 RM	2016 RM
Tax expense		
- Current year	-	-
Reconciliation of effective tax expense		
Net income before taxation	15,574,180	13,663,864
Income tax using Malaysian tax rate @ 24%	3,737,803	3,279,327
Non-assessable income	(4,414,356)	(3,890,687)
Non-deductible expenses	62,149	101,626
Restrictions on the tax deductible expenses for unit trust funds	614,404	509,734
	-	-

11. Units held by related party

The number and value of units held legally or beneficially by a related party of the Manager is as follows:

	As at 30.6.2017		As at 30.6.2016	
	Units	RM	Units	RM
Syarikat Takaful Malaysia Berhad	91	91	87	87

The Manager does not hold any units in the Fund (2016: Nil).

12. Transactions with related parties

Other than as disclosed in Note 5, 6 and 11 of the financial statements, other transactions with related parties are as follows:

	Transactions as at		Balance as at	
	2017	2016	2017	2016
	RM	RM	RM	RM
<i>The Manager</i>				
BIMB Investment Management Berhad				
- Management fee	<u>2,392,645</u>	<u>1,979,052</u>	<u>(227,822)</u>	<u>(188,351)</u>
<i>Holding company of the Manager</i>				
Bank Islam Malaysia Berhad				
- Income from short term placements	<u>(2,252,662)</u>	<u>(1,144,132)</u>	<u>89,972,493</u>	<u>10,230,425</u>
<i>The Trustee</i>				
AmanahRaya Trustees Berhad				
- Trustee fee	<u>95,706</u>	<u>79,162</u>	<u>(9,113)</u>	<u>(7,534)</u>

13. Transactions with financial institutions

	Value of trade RM	% of total trade
<i>Islamic debt securities and short term investments</i>		
1 July 2016 to 30 June 2017		
MIDF Amanah Investment Bank Berhad	1,210,339,819	26.25
Bank Islam Malaysia Berhad*	738,702,419	16.02
Al Rajhi Banking & Investment Corporation (M) Berhad	608,637,607	13.20
Asian Finance Bank Berhad	551,489,329	11.96
Bank Kerjasama Rakyat Malaysia Berhad	381,127,100	8.27
Bank Simpanan Nasional Berhad	326,830,629	7.09
Hong Leong Islamic Bank Berhad	253,341,261	5.49
Amlslamic Bank Berhad	223,439,071	4.85
Bank Muamalat Malaysia Berhad	157,648,745	3.42
Malaysia Building Society Berhad	137,277,385	2.98
Other broker and financial intitutions	21,722,784	0.47
	<u>4,610,556,149</u>	<u>100.00</u>
1 July 2015 to 30 June 2016		
Alliance Islamic Bank Berhad	751,040,860	18.30
MIDF Amanah Investment Bank Berhad	535,695,828	13.06
Bank Islam Malaysia Berhad*	425,529,576	10.37
Bank Kerjasama Rakyat Malaysia Berhad	335,130,990	8.17
KAF Investment Bank Berhad	332,008,571	8.09
Hong Leong Islamic Bank Berhad	295,138,620	7.19
Al Rajhi Banking & Investment Corporation (M) Berhad	291,668,878	7.11
Bank Muamalat Malaysia Berhad	242,581,377	5.91
Amlslamic Bank Berhad	206,167,101	5.02
Other broker and financial intitutions	688,564,664	16.78
	<u>4,103,526,465</u>	<u>100.00</u>

* Transactions with the related party have been entered into in the normal course of business and have been transacted at arm's length basis.

14. Management Expense Ratio ("MER")

The management expense ratio for the financial year is 0.55% (2016: 0.56%). Management expense ratio is the ratio of total fees and recovered expenses of the Fund expressed as a percentage of the Fund's average net asset value. It is a total management expenses expressed as an annual percentage of the Fund's average net asset value.

15. Portfolio Turnover Ratio ("PTR")

The portfolio turnover ratio for the financial year is 4.86 times (2016: 5.15 times). It represents the average of total acquisitions and disposals of the investments in the Fund for the financial year over the average net asset value of the Fund calculated on a daily basis.

16. Financial instruments

16.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Financing and receivables ("F&R");
- (b) Fair value through profit or loss ("FVTPL");
- (c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	F&R/ (FL) RM	FVTPL RM
2017			
Financial assets			
Islamic debt securities	10,004,000	-	10,004,000
Short term investments	508,875,374	508,875,374	-
Receivables	3,669,275	3,669,275	-
Cash and cash equivalents	56,805	56,805	-
	<u>522,605,454</u>	<u>512,601,454</u>	<u>10,004,000</u>
Financial liabilities			
Payables	<u>(277,282)</u>	<u>(277,282)</u>	<u>-</u>
2016			
Financial assets			
Islamic debt securities	58,665,250	-	58,665,250
Short term investments	332,111,730	332,111,730	-
Receivables	2,944,331	2,944,331	-
Cash and cash equivalents	32,369,692	32,369,692	-
	<u>426,091,003</u>	<u>367,425,753</u>	<u>58,665,250</u>
Financial liabilities			
Payables	<u>(250,392)</u>	<u>(250,392)</u>	<u>-</u>

16.2 Net gains and losses arising from financial instruments

	2017 RM	2016 RM
Net gains on:		
Fair value through profit or loss:		
- Designated upon initial recognition		
Realised	1,015,035	2,050,396
Unrealised	(40,429)	54,250
Financing and receivables	<u>17,257,296</u>	<u>13,764,272</u>
	<u>18,231,902</u>	<u>15,868,918</u>

16. Financial instruments (continued)

16.3 Financial risk management

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Investment risk

16.4 Credit risk

Credit risk is the risk of a financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund's exposure to credit risk arises principally from its receivables and cash and cash equivalents.

Risk management objectives, policies and processes for managing the risk

The Manager manages the credit risk by setting counterparty limits and undertaking credit evaluation to minimise the risk. The exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk

The Fund's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

The financial assets of the Fund are neither past due or impaired as at date of statement of financial position.

16.5 Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's exposure to liquidity risk arises principally from its various payables which are due within one year.

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellation of units by unitholders. Liquid assets comprise cash and other instruments, which are capable of being converted into cash within 7 days.

16. Financial instruments (continued)

16.6 Market risk

Market risk is the risk that changes in market prices, such as profit rates and market prices will affect the Fund's financial position or cash flows.

Profit rate risk

The profit rate profile of the Fund's significant profit-bearing financial instruments, based on carrying amounts as at the end of reporting period was:

	Effective profit rate per annum %	2017 RM	Effective profit rate per annum %	2016 RM
Fixed rate instruments				
Islamic debt securities	-	10,004,000	-	58,665,250
Short term investments				
- Commodity Murabahah	3.75 - 4.13	418,902,881	3.85 - 4.65	314,140,407
- Wafiyah Investment Account	3.85 - 3.90	89,972,493	-	-
- Short term money market deposit - Islamic	-	-	3.90	17,971,323
Cash and cash equivalent				
- Short term investments with maturity less than 30 days	-	-	3.20 - 3.35	32,002,502

Fair value sensitivity analysis for fixed rate instruments

The Fund accounts for Islamic debt securities at fair value through profit or loss whereas short term investment are at amortised cost.

An increase of 100 basis point (bp) in profit rates of Islamic debt securities at the end of the reporting period would have decreased equity and profit or loss by RM38,830 (2016: RM270,799). A decrease of 100 basis point (bp) in profit rates would have equal but opposite effect on the equity and profit or loss respectively.

16. Financial instruments (continued)

16.7 Investment risk

Investments are bound by Deed and prospectus that govern the maximum securities holdings and maximum liquid assets holdings.

Investment risks for fixed income funds are in the form of profit rate and credit risks. To manage these risks, investments will be in investment grade sukus.

Risk management objectives, policies and processes for managing the risk

The Manager has written policies and guidelines on risk management, which set out the overall investment risks strategies and general risk management philosophies. These processes monitor, measure and control risks associated with the business. Matters relating to investment risks in respect of Funds portfolio are discussed during the Investment Committee meetings of the Manager held at least 6 (2016: 6) times a year.

16.8 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term investments, receivables and payables approximate fair values due to relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments				Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	
2017					
Financial assets					
Islamic debt securities	-	10,004,000	-	10,004,000	10,004,000
2016					
Financial assets					
Islamic debt securities	-	58,665,250	-	58,665,250	58,665,250

16. Financial instruments (continued)

16.8 Fair value of financial instruments (continued)

Policy on transfer between levels

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.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Islamic debt securities

Islamic debt securities issued by Malaysian corporations and rated by the Rating Agency Malaysia Berhad or Malaysian Rating Corporation Berhad are carried at fair value. In arising at fair value gain/loss, the acquisition cost is adjusted for the amortisation of any premium or accretion of any discount over their par values at the time of acquisition. The premium or discount is amortised or accreted on a yield to maturity basis over the remaining term of the investments from the date of acquisition.

This adjusted cost (carrying value) is then revalued to reflect its fair value (indicative market value) using the fair price quoted by an independent bond pricing agency (BPA) registered with the Securities Commission. If such quotations are not available, it will be valued on a weekly basis or as and when appropriate by reference to average indicative yield quoted by the three reputable financial institutions in over-the-counter markets as the close of trading. These institutions include investments banks and commercial banks.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2016: no transfer in either direction).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

17. Capital management

The Fund's capital is represented by the unitholders' fund in the statement of financial position. The Manager of the Fund monitors the adequacy of capital on an ongoing basis. There is no external capital requirement imposed on the Fund.

7.0 CORPORATE DIRECTORY

Manager

BIMB Investment Management Berhad (276246-X)

Registered Office

Level 32, Menara Bank Islam, No. 22, Jalan Perak, 50450, Kuala Lumpur

Business Office

Level 19, Menara Bank Islam, No. 22, Jalan Perak, 50450, Kuala Lumpur

Board of Directors

Khairul Kamarudin (Chairman – Non - Executive Non - Independent Director)

Dato' Ghazali Awang (Non-Executive Independent Director)

Datuk Noripah Kamso (Non-Executive Independent Director)

Dr. Mohd Hatta Dagap

(Non-Executive Independent Director)

Malkiat Singh @ Malkit Singh Maan

(Non-Executive Non-Independent Director)

Najmuddin Mohd Lutfi (Chief Executive Officer)

Shariah Committee

Ustaz Dr. Ahmad Shahbari @ Sobri Salamon (Chairman)

Ustaz Dr. Yusof Ramli

Ustazah Dr. Asmak Ab. Rahman

Investment Committee

Khairul Muzamel Perera Abdullah (Chairman – Non Independent Member)

Datuk Noripah Kamso (Independent Member)

Darawati Hussain (Independent Member)

Audit Committee

Dato' Ghazali Awang (Chairman - Independent Member)

Dr. Mohd Hatta Dagap (Independent Member)

Malkiat Singh @ Malkit Singh Maan (Non-Executive Non Independent Member)

Trustee

AmanahRaya Trustees Berhad (766894-T)

Level 3, Wisma Amanahraya II, No. 21,

Jalan Melaka, 50100 Kuala Lumpur

Tel: 03-20365000 Fax: 03-20722290

Company Secretaries

Aidil Haznul Zulkifli (MACS 01638)

Level 32, Menara Bank Islam,

No. 22, Jalan Perak, 50450,

Kuala Lumpur

Norhidayati Mohamat Salim (MIA 27364)

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Badrol Ahmad Fathan (Head of Investment)

Noor Rose Mona Aziz

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