



**MIDF AMANAH INVESTMENT BANK BERHAD  
(23878-X)  
(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements  
31 December 2016**

23878-X

**MIDF Amanah Investment Bank Berhad  
(Incorporated in Malaysia)**

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**MIDF Amanah Investment Bank Berhad**  
**(Incorporated in Malaysia)**

**Directors' report**

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2016.

**Principal activities**

The Bank is principally engaged in investment banking and related financial services. The principal activities and other information of the subsidiaries are the provision of nominees' services as disclosed in Note 11 to the financial statements.

**Results**

	<b>Group</b>	<b>Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for the financial year	<u>55,683</u>	<u>55,685</u>

In the opinion of the Directors, the results of the operations of the Group and of the Bank for the financial year ended 31 December 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature.

**Reserves and provisions**

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

**Dividends**

There were no dividends paid by the Bank since 31 December 2015.

A single tier interim dividend in respect of the current financial year ended 31 December 2016 of RM0.32258 on 155,000,000 Ordinary Shares of RM1.00 each, amounting to a net dividend payable of RM50.0 million has been approved by the Board of Directors on 24 February 2017. On 31 March 2017, Bank Negara Malaysia ("BNM") approved this dividend.

The financial statements for the current financial year ended 31 December 2016 do not reflect this proposed dividend. Such dividend, will be accounted for in the statements of changes in equity as an appropriation of the retained profits in the next financial year ending 31 December 2017.

**MIDF Amanah Investment Bank Berhad  
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**Directors**

The Directors who served since the beginning of the financial year to the date of this report are:

Datuk Azizan bin Hj. Abd. Rahman (Chairman, effective 15 February 2016)

Datuk Mohd. Najib bin Hj. Abdullah

Philip Tan Puay Koon

Dato' Kaziah Abdul Kadir (Appointed on 30 June 2016)

Tai Keat Chai (Resigned on 5 January 2017)

Mustaffa bin Ahmad (Resigned on 5 January 2017)

Dato' Kalsom binti Abd. Rahman (Retired on 30 June 2016)

Sharkawi bin Alis (Retired on 30 June 2016)

In accordance with Articles 65 and 65A of the Company's Articles of Association, Mr. Philip Tan Puay Koon shall retire from the Board by rotation at the forthcoming Annual General Meeting of the Bank and being eligible, offers himself for re-election.

**Directors' interests**

None of the Directors in office at 31 December 2016 had any interest in the ordinary shares of the Bank or its related companies during the financial year.

**Directors' benefits**

Since the end of the previous financial year, no Director of the Bank has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors or the fixed salary of a full time employee of the Bank or of related companies as disclosed in Note 25 to the financial statements) by reason of a contract made by the Bank or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

During the financial year, the Bank had made payments amounting to RM51,300 on insurance premium for indemnity for its directors and officers in 2016. Such payments are recognised as an expense in the profit or loss as incurred.

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**Options granted over unissued shares**

No options were granted to any person to take up unissued shares of the Bank during the financial year.

**Other statutory information**

- (a) Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; or
  - (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Bank misleading; or
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate; or
  - (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Bank misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Bank that has arisen since the end of the financial year and which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group or of the Bank that has arisen since the end of the financial year other than those arising from the normal course of business of the Group and of the Bank.

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**Other statutory information (cont'd.)**

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability of the Group and of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Bank to meet their obligations as and when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Bank for the financial year in which this report is made.

**Review of 2016**

The gross domestic product (GDP) for Malaysia grew at a 4.2% year-on-year in 2016.

Malaysia's benchmark 10-year Malaysian Government Securities (MGS) shot up 75 basis points to 4.46% in late November 2016, being the highest in eight years subsequent to the release of the U.S presidential election results. This was mainly attributable to the sell-off and outflow of portfolio funds from emerging markets in general and Malaysia in particular, partly on expectations that interest rates in the U.S will rise more aggressively under the new president.

The local equity market was subdued, with the FBM KLCI index falling 3.0% during the year to 1,641.7 points. Stock prices were weighed down by foreign funds attrition, especially in the second and fourth quarters. Nevertheless the market was generally resilient, supported by local institutions.

Activity in the primary capital market was mixed. In the corporate bond market, gross amount of new debt securities issued in 2016 was marginally lower than 2015. There were 12 IPOs in 2016 as compared to 13 in 2015. As for issuance of new shares and warrants, gross amount raised in 2016 was significantly lower than 2015 and is likely to be below RM10 billion for the first time since 2008.

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**Review of 2016 (cont'd.)**

Net income from Islamic Banking Operation and Non Interest Income recorded a year-on-year increase of 27% and 28% respectively. Increase in net income from Islamic Banking Operation is largely contributed by the higher finance income and hibah earned from securities held-to-maturity and net gain on sale of securities held-to-maturity. The increase in non interest income is attributed to a higher net gain on sale of securities held-to-maturity made during the financial year. The Bank has also written back net impairment losses of RM5.9 million largely contributed by the recoveries of interest on impaired loans.

The Bank registered a Profit Before Tax of RM74.6 million. The Bank expects to face an increasingly challenging operating landscape in 2017, especially amid global uncertainty with respect to the changing of the guard at the White House in the U.S. This will be partly manifested by changing expectations with regard to the Federal Reserve's interest rate decisions, the corollary of which will be felt on bond yields, exchange rates and commodity prices. As such, the Bank will continue focusing its effort on managing the Bank's balance sheet as well as enhancing efforts for business activity.

Cognisant of the prevailing market conditions, the Bank will remain focused on improving its fee-based revenue streams while maintaining a strict discipline over its operational costs.

**Holding and ultimate holding companies**

The immediate, penultimate and ultimate holding companies are Malaysian Industrial Development Finance Berhad ("MIDF"), Permodalan Nasional Berhad ("PNB") and Yayasan Pelaburan Bumiputra ("YPB") respectively. All the above companies are incorporated in Malaysia.

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**MIDF Amanah Investment Bank Berhad  
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**Auditors and auditors' remuneration**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 24 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 1 MAR 2017



Datuk Azizan bin Hj. Abd. Rahman

Kuala Lumpur, Malaysia



Datuk Mohd. Najib bin Hj. Abdullah



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**MIDF Amanah Investment Bank Berhad  
(Incorporated in Malaysia)**

**Statement by Directors  
Pursuant to Section 251(2) of the Companies Act 2016**

We, Datuk Azizan bin Hj. Abd. Rahman and Datuk Mohd. Najib bin Hj. Abdullah, being two of the Directors of MIDF Amanah Investment Bank Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 12 to 137 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 1 MAR 2017



Datuk Azizan bin Hj. Abd. Rahman

Kuala Lumpur, Malaysia



Datuk Mohd. Najib bin Hj. Abdullah

**Statutory declaration  
Pursuant to Section 251(1)(b) of the Companies Act 2016**

I, Datuk Mohd. Najib bin Hj. Abdullah, being the Group Managing Director/Chief Executive Officer primarily responsible for the financial management of MIDF Amanah Investment Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 12 to 137 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed Datuk Mohd. Najib bin Hj. Abdullah  
at Kuala Lumpur in Federal  
Territory on 3 1 MAR 2017



Datuk Mohd. Najib bin Hj. Abdullah

Before me,

Lot 350, 3rd Floor, Wisma MPL,  
Jalan Raja Chulan,  
50260 Kuala Lumpur.

Commissioner for Oaths



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**Independent auditors' report to the member of  
MIDF Amanah Investment Bank Berhad  
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**Report on the audit of the financial statements**

*Opinion*

We have audited the financial statements of MIDF Amanah Investment Bank Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Bank, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 137.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2016, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 Group and of the Bank 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 directors of the Bank are responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

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**Independent auditors' report to the member of  
MIDF Amanah Investment Bank Berhad (cont'd.)  
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*Information other than the financial statements and auditors' report thereon (cont'd.)*

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank 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 this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors for the financial statements*

The directors of the Bank are responsible for the preparation of financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

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

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank 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.

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**Independent auditors' report to the member of  
MIDF Amanah Investment Bank Berhad (cont'd.)  
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*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, 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 Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group's or the Bank's ability 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 Group and of the Bank 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 Group or the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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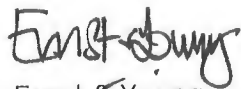
**Independent auditors' report to the member of  
MIDF Amanah Investment Bank Berhad (cont'd.)  
(Incorporated in Malaysia)**

*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

We communicate with the directors 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.

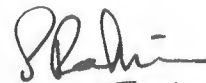
**Other matters**

This report is made solely to the member of the Bank, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young  
AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
31 March 2017



Muhammad Syarizal Bin Abdul Rahim  
No. 03157/01/2019 J  
Chartered Accountant

**MIDF Amanah Investment Bank Berhad**  
(Incorporated in Malaysia)

**Statements of financial position as at 31 December 2016**

	Note	Group		Bank	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Assets</b>					
Cash and short-term funds	4	34,233	39,520	34,175	38,893
Securities available-for-sale	5	3,542,363	1,773,211	3,542,363	1,773,211
Securities held-to-maturity	6	-	1,455,758	-	1,455,758
Loans, advances and financing	7	556,843	686,015	556,843	686,015
Derivative assets	8	528	4,166	528	4,166
Other assets	9	108,150	125,574	108,173	126,165
Statutory deposits with Bank Negara Malaysia	10	114,645	125,039	114,645	125,039
Investment in subsidiaries	11	-	-	*	*
Property, plant and equipment	12	1,263	1,343	1,263	1,343
Intangible assets	13	2,530	201	2,530	201
Deferred tax assets	14	15,998	14,553	15,998	14,553
<b>Total assets</b>		<b>4,376,553</b>	<b>4,225,380</b>	<b>4,376,518</b>	<b>4,225,344</b>
<b>Liabilities</b>					
Deposits from customers	15	1,987,757	1,607,489	1,987,757	1,607,489
Deposits and placements of banks and other financial institutions	16	1,521,857	1,742,514	1,521,857	1,742,514
Other liabilities	17	79,439	127,654	79,438	127,654
Provision for zakat		1,528	1,226	1,525	1,223
<b>Total liabilities</b>		<b>3,590,581</b>	<b>3,478,883</b>	<b>3,590,577</b>	<b>3,478,880</b>
<b>Equity</b>					
Share capital	18	155,000	155,000	155,000	155,000
Reserves	19	630,972	591,497	630,941	591,464
<b>Total equity</b>		<b>785,972</b>	<b>746,497</b>	<b>785,941</b>	<b>746,464</b>
<b>Total liabilities and equity</b>		<b>4,376,553</b>	<b>4,225,380</b>	<b>4,376,518</b>	<b>4,225,344</b>
<b>Commitments and contingencies</b>	32	<b>475,289</b>	<b>1,141,476</b>	<b>475,289</b>	<b>1,141,476</b>

\* Denotes RM4

The accompanying notes are an integral part of these financial statements.

**MIDF Amanah Investment Bank Berhad**  
(Incorporated in Malaysia)

**Statements of profit or loss**  
**For the financial year ended 31 December 2016**

	Note	Group		Bank	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Operating revenue	2(t)	254,504	255,999	254,550	256,099
Interest income	20	134,275	168,197	134,275	168,197
Interest expense	21	(100,865)	(104,416)	(100,865)	(104,416)
Net interest income		33,410	63,781	33,410	63,781
Net income from Islamic					
Banking operation	40	49,009	38,565	49,009	38,565
Non-interest income	22	38,540	30,098	38,520	30,130
		120,959	132,444	120,939	132,476
Staff costs	23	(30,018)	(35,212)	(30,018)	(35,212)
Depreciation and amortisation		(772)	(515)	(772)	(515)
Other operating expenses	24	(20,070)	(20,174)	(20,062)	(20,166)
Operating profit before allowances		70,099	76,543	70,087	76,583
Impairment loss written back/ (made) on:					
- loans, advances and financing	26	5,825	(2,447)	5,825	(2,447)
- securities	27	(748)	9,144	(748)	9,144
- other assets	28	(596)	1,160	(596)	1,160
Profit before taxation and zakat		74,580	84,400	74,568	84,440
Taxation	29	(17,995)	(21,113)	(17,981)	(21,098)
Zakat		(902)	(693)	(902)	(693)
Profit for the financial year		55,683	62,594	55,685	62,649
Earnings per ordinary share (sen)					
- Basic and diluted	30	35.9	40.4		

The accompanying notes are an integral part of these financial statements.

**MIDF Amanah Investment Bank Berhad**  
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**Statements of comprehensive income**  
**For the financial year ended 31 December 2016**

	Group		Bank	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	55,683	62,594	55,685	62,649
Other comprehensive (loss)/income:				
<b>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</b>				
Net (loss)/gain on securities available-for-sale				
- Transfer of (loss)/gain to profit or loss upon disposal	(2,508)	750	(2,508)	750
- Fair value changes	(18,819)	368	(18,819)	368
	<u>(21,327)</u>	<u>1,118</u>	<u>(21,327)</u>	<u>1,118</u>
Income tax relating to net loss/(gain) on securities available-for-sale	5,119	(280)	5,119	(280)
Changes in Malaysian tax rate	-	(346)	-	(346)
	<u>5,119</u>	<u>(626)</u>	<u>5,119</u>	<u>(626)</u>
<b>Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</b>	<u>(16,208)</u>	<u>492</u>	<u>(16,208)</u>	<u>492</u>
<b>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</b>				
Re-measurement loss on defined benefit plans (Note 17(b))	-	(366)	-	(366)
Income tax relating to re-measurement loss on defined benefit plans	-	88	-	88
<b>Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods</b>	<u>-</u>	<u>(278)</u>	<u>-</u>	<u>(278)</u>
Other comprehensive (loss)/income for the financial year	<u>(16,208)</u>	<u>214</u>	<u>(16,208)</u>	<u>214</u>
Total comprehensive income for the financial year	<u>39,475</u>	<u>62,808</u>	<u>39,477</u>	<u>62,863</u>

The accompanying notes are an integral part of these financial statements.



MIDF Amanah Investment Bank Berhad  
(Incorporated in Malaysia)

Statements of changes in equity  
For the financial year ended 31 December 2016

Group	Non-distributable		Distributable		Total RM'000			
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000		Profit equalisation reserve RM'000	Retained profits RM'000	
At 1 January 2015	156,500	362,611	164,252	-	(26,819)	8,858	168,287	833,689
Profit for the financial year	-	-	-	-	-	-	62,594	62,594
Other comprehensive income/(loss)	-	-	-	492	-	-	(278)	214
Total comprehensive income for the financial year	-	-	-	492	-	-	62,316	62,808
<b>Transaction with owner</b>								
Redemption of Non-Cumulative Perpetual Preference Shares	(1,500)	(148,500)	-	-	-	-	-	(150,000)
Net transfer from profit equalisation reserve for the financial year	-	-	-	-	-	(8,858)	8,858	-
Transfer to regulatory reserve	-	-	-	1,458	-	-	(1,458)	-
At 31 December 2015	155,000	214,111	164,252	1,458	(26,327)	-	238,003	746,497
At 1 January 2016	155,000	214,111	164,252	1,458	(26,327)	-	238,003	746,497
Profit for the financial year	-	-	-	-	-	-	55,683	55,683
Other comprehensive loss	-	-	-	-	(16,208)	-	-	(16,208)
Total comprehensive income for the financial year	-	-	-	-	(16,208)	-	55,683	39,475
Transfer to regulatory reserve	-	-	-	2,474	-	-	(2,474)	-
At 31 December 2016	155,000	214,111	164,252	3,932	(42,535)	-	291,212	785,972

Note 18 Note 19(a) Note 19(b) Note 19(c)

MIDF Amanah Investment Bank Berhad  
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Statements of changes in equity  
For the financial year ended 31 December 2016 (cont'd.)

Bank	Non-distributable		Securities available-		Profit		Distributable	
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	for-sale reserve RM'000	equalisation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2015	156,500	362,611	164,252	-	(26,819)	8,858	168,199	833,601
Profit for the financial year	-	-	-	-	-	-	62,649	62,649
Other comprehensive income/(loss)	-	-	-	-	492	-	(278)	214
Total comprehensive income for the financial year	-	-	-	-	492	-	62,371	62,863
<b>Transaction with owner</b>								
Redemption of Non-Cumulative Perpetual Preference Shares	(1,500)	(148,500)	-	-	-	-	-	(150,000)
Net transfer from profit equalisation reserve for the financial year	-	-	-	-	-	(8,858)	8,858	-
Transfer to regulatory reserve	-	-	-	1,458	-	-	(1,458)	-
At 31 December 2015	155,000	214,111	164,252	1,458	(26,327)	-	237,970	746,464
At 1 January 2016	155,000	214,111	164,252	1,458	(26,327)	-	237,970	746,464
Profit for the financial year	-	-	-	-	-	-	55,685	55,685
Other comprehensive loss	-	-	-	-	(16,208)	-	-	(16,208)
Total comprehensive income for the financial year	-	-	-	-	(16,208)	-	55,685	39,477
Transfer to regulatory reserve	-	-	-	2,474	-	-	(2,474)	-
At 31 December 2016	155,000	214,111	164,252	3,932	(42,535)	-	291,181	785,941
Note 18	Note 19(a)	Note 19(b)	Note 19(c)					

The accompanying notes are an integral part of these financial statements.

**MIDF Amanah Investment Bank Berhad**  
**(Incorporated in Malaysia)**

**Statements of cash flows**  
**For the financial year ended 31 December 2016**

	Group		Bank	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation and zakat	74,580	84,400	74,568	84,440
Adjustments for:				
Depreciation and amortisation	772	515	772	515
Gain on disposal of property, plant and equipment	-	(34)	-	(34)
Accretion of discount less amortisation of premium	(6,945)	(15,238)	(6,945)	(15,238)
Net (gain)/loss on sale of securities - available-for-sale	(2,508)	750	(2,508)	750
Net gain on sale of securities held-to-maturity	(14,333)	(120)	(14,333)	(120)
Net unrealised loss on :				
- revaluation of derivative instruments	3,638	5,614	3,638	5,614
Impairment loss (written back)/made on:				
- loans, advances and financing	(5,825)	2,447	(5,825)	2,447
- securities	748	(9,136)	748	(9,136)
- other assets	596	(1,160)	596	(1,160)
Dividend income	(591)	(147)	(637)	(247)
Provision for employee benefits	297	209	297	209
Operating cash flows before working capital changes carried forward	50,429	68,100	50,371	68,040

**MIDF Amanah Investment Bank Berhad**  
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**Statements of cash flows**

For the financial year ended 31 December 2016 (cont'd.)

	Group		Bank	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash flows from operating activities</b>				
<b>(cont'd.)</b>				
Operating cash flows before working capital changes brought forward	50,429	68,100	50,371	68,040
(Increase)/decrease in operating assets:				
Securities available-for-sale and securities held-to-maturity	(311,683)	(402,423)	(311,683)	(402,423)
Loans, advances and financing	134,997	30,860	134,997	30,860
Other assets	20,726	168,823	21,294	168,264
Statutory deposits with Bank Negara Malaysia	10,394	(17,396)	10,394	(17,396)
Increase/(decrease) in operating liabilities:				
Deposits from customers and deposits and placements of banks and other financial institutions	159,611	467,575	159,611	467,575
Other liabilities	(48,512)	(169,605)	(48,513)	(169,605)
Cash generated from operations	15,962	145,934	16,471	145,315
Taxes paid	(18,219)	(19,198)	(18,205)	(19,184)
Zakat paid	(600)	(969)	(600)	(969)
Net cash (used in)/generated from operating activities	(2,857)	125,767	(2,334)	125,162
<b>Cash flows from investing activities</b>				
Dividends received	591	147	637	247
Purchase of property, plant and equipment	(568)	(1,256)	(568)	(1,256)
Purchase of intangible assets	(2,453)	(250)	(2,453)	(250)
Proceeds from disposal of property, plant and equipment	-	35	-	35
Net cash used in investing activities	(2,430)	(1,324)	(2,384)	(1,224)

**MIDF Amanah Investment Bank Berhad**  
**(Incorporated in Malaysia)**

**Statements of cash flows**

**For the financial year ended 31 December 2016 (cont'd.)**

	Group		Bank	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from financing activity</b>				
Redemption of Non-Cumulative Perpetual Preference Shares	-	(150,000)	-	(150,000)
Net cash used in financing activity	-	(150,000)	-	(150,000)
<b>Net decrease in cash and cash equivalents</b>	(5,287)	(25,557)	(4,718)	(26,062)
<b>Cash and cash equivalents at 1 January</b>	39,520	65,077	38,893	64,955
<b>Cash and cash equivalents at 31 December</b>	34,233	39,520	34,175	38,893
<b>Cash and cash equivalents comprise of:</b>				
Cash and short-term funds (Note 4)	34,233	39,520	34,175	38,893

The accompanying notes are an integral part of these financial statements.