

AMANAH SAHAM BANK SIMPANAN NASIONAL

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AMANAH SAHAM BANK SIMPANAN NASIONAL

MANAGER'S REPORT

Dear Unit Holders,

Permodalan BSN Berhad act as a Manager and AmanahRaya Trustees Berhad (ART) act as a Trustee for fund Amanah Saham Bank Simpanan Nasional (ASBSN), are pleased to present the the Interim Report of ASBSN for the six months financial period ended 30 June 2016.

1. FUND INFORMATION

Amanah Saham Bank Simpanan Nasional (ASBSN)																				
Fund Category	Growth and Income Fund																			
Fund Type	Equity Fund																			
Investment Objective	<p>The investment objective of ASBSN are:</p> <p>(a) to seek medium to long term capital appreciation of the Units through investment in the equity markets; and</p> <p>(b) to seek income opportunities by investing in high income yielding securities and interest bearing instruments.</p> <p>Note: Any material changes to the investment objective of the Fund would require the Unit Holders approval.</p>																			
Performance Benchmark	The performance benchmark used by the Manager is the performance of FTSE Bursa Malaysia KLCI (FBM KLCI).																			
Distribution Policy	Subject to the Manager's discretion and the availability of the Fund's realized income, distribution of income (if any) shall be made at least once in a financial year.																			
Unit Holdings	<p>On 30 June 2016, a total of 89,030 people have joined ASBSN. Breakdown of unit holdings are as follows:</p> <table border="1"><thead><tr><th>Size of Holdings</th><th>No. of Unitholders</th><th>No. of Units Held</th></tr></thead><tbody><tr><td>5,000 and below</td><td>78,999</td><td>77,404,983</td></tr><tr><td>5,001 – 10,000</td><td>5,722</td><td>40,815,018</td></tr><tr><td>10,001 – 50,000</td><td>4,053</td><td>72,497,593</td></tr><tr><td>50,001 – 500,000</td><td>254</td><td>21,331,344</td></tr><tr><td>Above 500,001</td><td>2</td><td>72,572,970</td></tr></tbody></table>		Size of Holdings	No. of Unitholders	No. of Units Held	5,000 and below	78,999	77,404,983	5,001 – 10,000	5,722	40,815,018	10,001 – 50,000	4,053	72,497,593	50,001 – 500,000	254	21,331,344	Above 500,001	2	72,572,970
Size of Holdings	No. of Unitholders	No. of Units Held																		
5,000 and below	78,999	77,404,983																		
5,001 – 10,000	5,722	40,815,018																		
10,001 – 50,000	4,053	72,497,593																		
50,001 – 500,000	254	21,331,344																		
Above 500,001	2	72,572,970																		

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2. FUND PERFORMANCE

2.1 Achievement of ASBSN

For the period ended 30 June 2016, ASBSN achieved its investment objectives which are to provide steady income flow as well as maintaining capital growth. ASBSN recorded a realised income of RM0.8 million. Net Asset Value (NAV) per unit as at 30 June 2016 was at RM0.2796 while unit in circulation stood at 285.3 million units.

2.2 Asset Allocation

Asset allocations for ASBSN are as follows:

Components of Asset Portfolio	%		
	30.06.2016	31.12.2015	31.12.2014
Investment in equity market	89.39	82.71	87.45
Cash	10.61	17.29	12.55
Total	100.00	100.00	100.00

2.3 Asset Allocation by Sector

Sector	RM'000		
	30.06.2016	31.12.2015	31.12.2014
Investment in equity market:			
Construction	11,520	9,290	8,750
Consumer Products	3,754	4,138	6,050
Finance	6,415	12,084	11,532
Industrial Products	22,504	13,734	10,967
Plantation	3,661	5,450	7,307
Properties	7,754	6,335	4,526
Technology	1,032	-	-
Trading / Services	14,669	18,596	25,416
Cash	9,076	15,913	10,321

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2.4 Comparative Financial Information for the Period 3 Years

FUND DATA	30.06.2016	31.12.2015	31.12.2014
Net Asset Value (RM'000)	79,774	84,185	85,242
Net Asset Value per Unit (RM)	0.2796	0.2976	0.3055
Unit In Circulation ('000)	285,300	282,900	279,000
Selling Price per Unit (RM)	0.2796	0.2976	0.3055
Buying Price per Unit (RM)	0.2796	0.2976	0.3055
Selling Price per Unit (High) (RM)	0.2998	0.3283	0.3876
Buying Price per Unit (High) (RM)	0.2998	0.3283	0.3876
Selling Price per Unit (Low) (RM)	0.2745	0.2737	0.3055
Buying Price per unit (Low) (RM)	0.2745	0.2737	0.3055
Total Fund Return (Growth Capital) (%)	-6.05	3.60	-10.46
Total Fund Return(Distribution) (%)	-	2.95	7.02
Gross Distribution per Unit (%)	-	0.90	2.60
Net Distribution per Unit (%)	-	0.90	2.60
Date of payment	-	31/01/2016	31/01/2015
Management Expense Ratio (%) :	1.37	2.67	2.00
Portfolio Turnover Ratio (%) :	43.59	84.00	96.00

2.4.1 Management Expense Ratio

The MER for the financial period is lower than previous financial year mainly due to the six months calculation as RM 1.13 million compared RM 2.35 million in year 2015.

2.4.2 Portfolio Turnover Ratio

The PTR for the financial period is lower than previous financial year mainly due to decrease in trading activities.

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BASES OF CALCULATION

i. Portfolio Composition

Content portfolio is calculated according to the market price on 30 June 2016.

ii. Net Asset Value (NAV)

The net asset value is recognized after deducting the total liabilities of the fund value of total asset value of the Fund. Net Asset Value (NAV) per unit is calculated by dividing the Net Asset Value of the Fund by the number of units in circulation.

iii. Selling Price per Unit

The sale price is the price per unit sold by the Managers to the unit holders taking into account the Net Asset Value at the end of the trading day divided by the number of units in circulation on that day and the service fee does not exceed 3%. This price will then be adjusted to the nearest one cent.

iv. Buying Price per Unit

The purchase price per unit is the price already bought by the Managers of unit holders who wish to sell back their investment units at the NAV per unit.

v. Capital Growth

Capital growth is calculated by taking the difference of the purchase price from year to year.

vi. Distribution

The distribution of income is the annual gross revenues of:

$$\frac{\text{Gross Dividend}}{\text{Sale Price on The First Day of the same year}} \times 100$$

vii. Management Expense Ratio

This ratio is the amount of management fees, trustee fees, audit fees, tax agent's fees and other administrative expenses divided by the average Net Asset Value of the Fund calculated on a monthly / yearly.

$$\frac{\text{Fees + Expenses}}{\text{Average Net Asset Value of the Fund calculated on a monthly / yearly}} \times 100$$

viii. Portfolio Turnover Ratio

The calculation is as follows:

$$\frac{(\text{Total cost of purchase + Total cost of sales}) / 2}{\text{Average Net Asset Value of the Fund calculated on a monthly / yearly}} \times 100$$

Note: Past performance of the Fund is not an indication of its future performance.

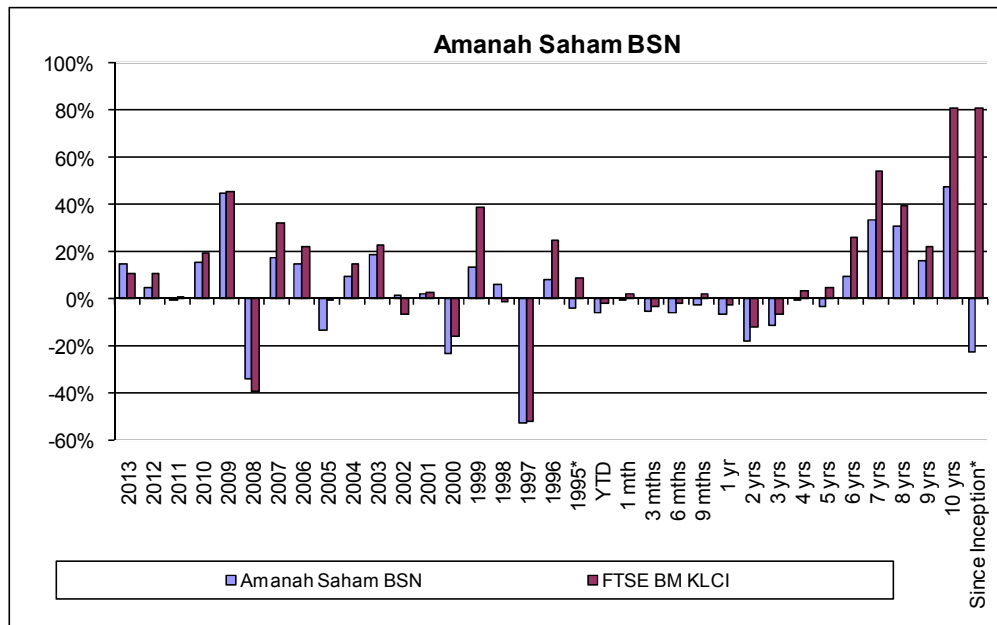
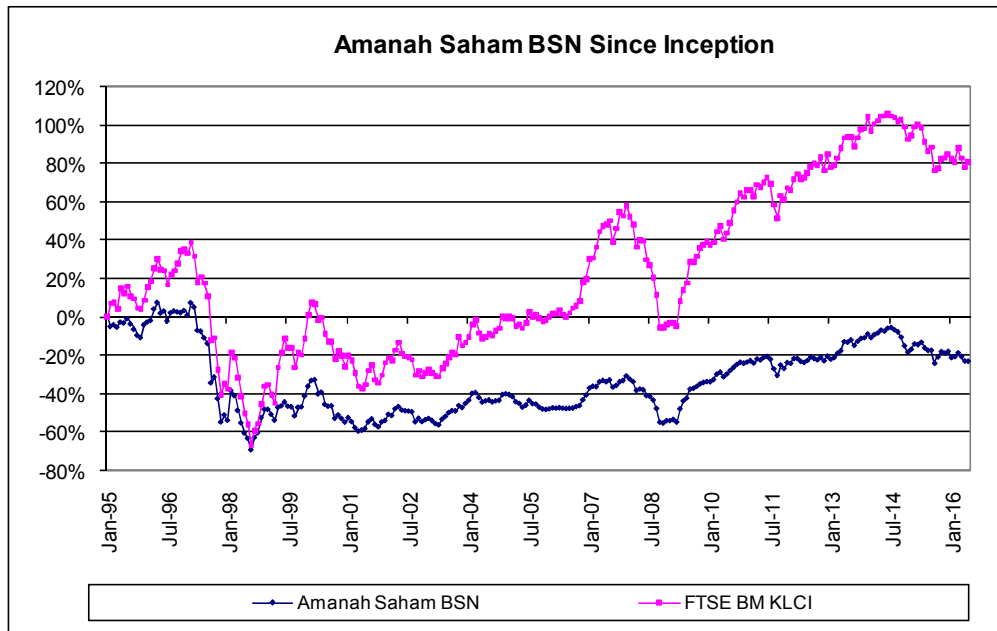
Unit prices and investment returns may go down, as well as up.

AMANAH SAHAM BANK SIMPANAN NASIONAL

3. MANAGER’S REPORT

3.1 Fund and Benchmark Performance

In the month of June, the NAV of the fund dropped by a minor 0.18% from the beginning of the month to RM0.2796 amidst of volatile market during the period. In January, the fund allocated 88.7% of its total Net Asset Value (NAV) into equity and by the end of June, the fund increased its exposure to 89.4%.

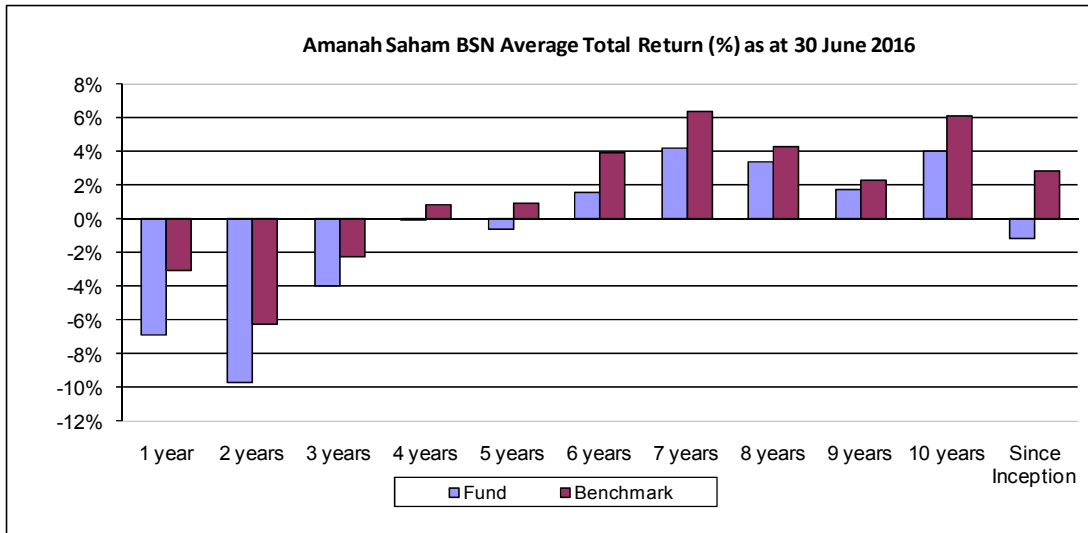


AMANAH SAHAM BANK SIMPANAN NASIONAL

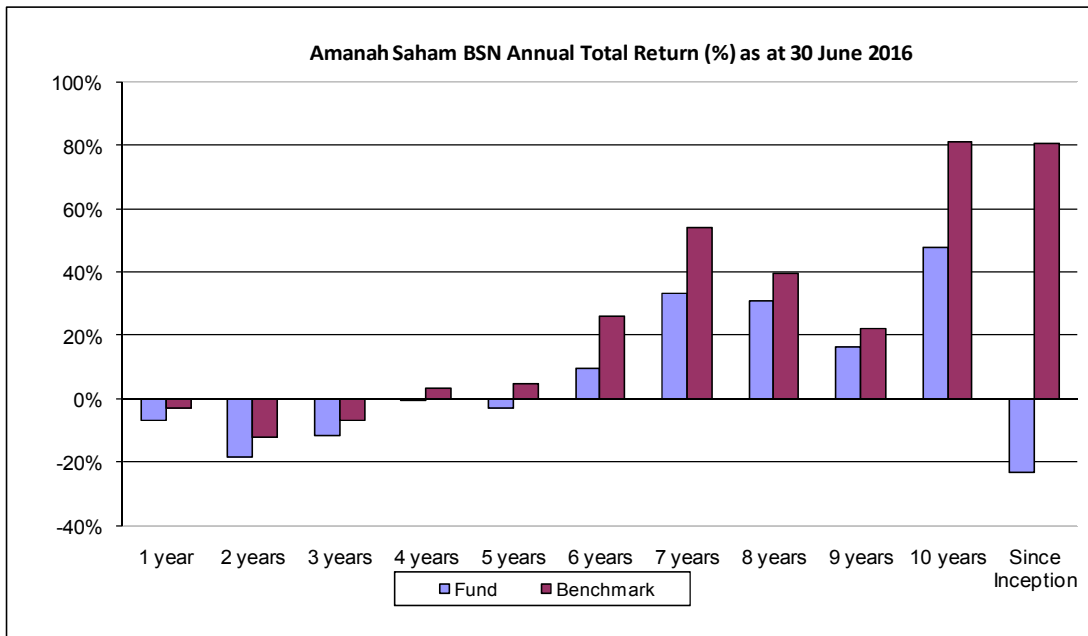
Amanah Saham BSN		
	Amanah Saham BSN	FTSE BM KLCI
2015	0.52	-3.90
2014	-10.45	-5.66
2013	14.57	10.54
2012	4.40	10.34
2011	-0.29	0.78
2010	15.37	19.34
2009	44.78	45.17
2008	-33.93	-39.33
2007	16.99	31.82
2006	14.63	21.83
2005	-13.70	-0.84
2004	9.06	14.29
2003	18.44	22.84
2002	0.93	-7.15
2001	1.90	2.42
2000	-23.26	-16.33
1999	13.31	38.59
1998	6.05	-1.40
1997	-52.79	-51.98
1996	7.81	24.40
1995*	-4.06	8.73
YTD	-6.31	-2.27
1 mth	-0.18	1.73
3 mths	-5.48	-3.70
6 mths	-6.31	-2.27
9 mths	-2.92	2.04
1 yr	-6.88	-3.08
2 yrs	-18.42	-12.14
3 yrs	-11.48	-6.74
4 yrs	-0.55	3.43
5 yrs	-3.17	4.75
6 yrs	9.46	25.88
7 yrs	33.40	53.83
8 yrs	30.61	39.40
9 yrs	16.19	22.13
10 yrs	47.55	80.84
Since Inception*	-23.14	80.73

* starts from 12 January 1995

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Average Total Return											
	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	Since Inception
Fund	-6.88	-9.68	-3.98	-0.14	-0.64	1.52	4.20	3.39	1.68	3.97	-1.22
Benchmark	-3.08	-6.27	-2.30	0.85	0.93	3.91	6.35	4.24	2.25	6.10	2.79



Annual Total Return											
	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	Since Inception
Fund	-6.88	-18.42	-11.48	-0.55	-3.17	9.46	33.40	30.61	16.19	47.55	-23.14
Benchmark	-3.08	-12.14	-6.74	3.43	4.75	25.88	53.83	39.40	22.13	80.84	80.73

Source: All performance figures have been verified by Novagni Analytics and Advisory Sdn Bhd.

**Note : Past performance of the Fund is not an indication of its future performance.
Unit prices and investment returns may go down, as well as up.**

AMANAH SAHAM BANK SIMPANAN NASIONAL

3.2 Investment Policy

The policy for ASBSN is to invest in permitted investment, especially into shares which are listed on Bursa Malaysia and also into other type of instruments, in line with Securities Commission's Guidelines on Unit Trust Funds.

3.3 Market Outlook and Strategy

It has been "risk on" again in investment markets helped by a combination of good economic data in the US and China, good US earnings news and firming expectations of more policy stimulus in Japan. US shares have broken out to a new record high, European and Japanese shares have recovered much or all of their Brexit losses, global shares have broken their down trend from last year's high. There are factors that explain the rebound in capital markets:

1. Global policy makers have signalled easier global monetary policy for longer post Brexit;
2. The decline in bond yields has further improved the relative attractiveness of shares;
3. Global economic data has generally been good – there has been no sign of the much feared global recession;
4. Investors have been more relaxed about the latest decline of the value of Chinese Renminbi – perhaps reflecting slowing capital outflow from China; and
5. All the talk seems to have been bearish lately – Brexit disaster, Chinese debt and US slowing – which provides an ideal springboard for market gains.

Meanwhile, new UK PM Theresa May's decision to give prominent Brexit Leave campaigners the task of seeing the job through has effectively put them on the hook to explain any compromises (e.g. around immigration to maintain free trade access) or to take some of the blame if it goes wrong. There is also a long way to go as Article 50 of the Lisbon treaty (formal notice from EU member to withdraw from the Union) may not be triggered till next year and by then a weaker UK economy (owing to negative Brexit confidence effects) could have dimmed support for it. So there is still plenty of room for Brexit or even no Brexit. Either way Brexit will be an ongoing issue, but markets will just learn to live with it along with all the other noise that surrounds them. The key is that if Brexit is demonstrated to be more trouble than remaining in the EU then the risk of a domino effect of exits across the Eurozone will be much reduced.

For the local equity market, the OPR cut by BNM could have a mixed impact although, theoretically speaking, interest rate cut should see positive impact to equity market. On paper, interest rate cut could narrow the interest differential between ringgit and US dollar, thus causing ringgit to weaken due to foreign outflow. In reality this may not happen as risk on sentiment arguably on expectation of broader global monetary easing will support MYR gains in the short term. USD/MYR is anticipated to trade on depreciation bias should markets are positioning for further monetary easing. Hence, we remain defensive on KLCI, expecting it to trade on a 'flat' range offering little in the way of returns, but suffering from high volatility until post-Brexit concerns fade. We are not expecting any major upside surprises, but we are more neutral while not ruling out downside shocks.

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3.4 Distribution of Income

There were no income distributions made for the period until 30 June 2016.

3.5 Rebates and Commissions Courtesy

For the period ended 30 June 2016, no goodwill recorded rebates and commissions.

3.6 Investment

Sector	Cost At 01.01.2016	Purchase At Cost	Sold At Cost	down to market value	Value At 30.06.2016
	RM	RM	RM	RM	RM
Construction	11,810,784	3,652,318	1,038,028	(2,905,134)	11,519,940
Consumer Products	5,480,315	1,777,503	1,896,017	(1,607,380)	3,754,421
Finance	15,272,529	-	6,063,502	(2,793,845)	6,415,182
Industrial Products	16,407,077	23,358,538	10,335,841	(6,926,009)	22,503,764
Plantation	7,465,204	263,320	2,523,855	(1,543,430)	3,661,239
Properties	7,922,126	2,417,985	-	(2,586,017)	7,754,094
Technology	-	1,678,990	-	(647,356)	1,031,634
Trading / Services	33,225,047	6,669,673	10,254,625	(14,971,268)	14,668,827
	<u>97,583,081</u>	<u>39,818,328</u>	<u>32,111,868</u>	<u>(33,980,440)</u>	<u>71,309,101</u>

3.7 Separation Unit

There is no separation unit performed for the period until 30 June 2016.

AMANAH SAHAM BANK SIMPANAN NASIONAL

4. STATEMENT BY MANAGER

We, **TAN SRI ABU BAKAR BIN HAJI ABDULLAH** and **ROSLANI BIN HASHIM**, being two of the directors of **PERMODALAN BSN BERHAD**, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 13 to 39 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of **AMANAH SAHAM BANK SIMPANAN NASIONAL** as at 30 June 2016 and of its financial performance and cash flows for the financial period ended on that date and comply with the requirements of the Deed.

Signed in accordance with a resolution of the directors of the Manager

TAN SRI ABU BAKAR BIN HAJI ABDULLAH

Director

ROSLANI BIN HASHIM

Director

Kuala Lumpur

Date: 9 August 2016

AMANAHAH SAHAM BANK SIMPANAN NASIONAL

5. TRUSTEE'S REPORT

For the Six Months Financial Period Ended 30 June 2016

To the Unit Holders of

AMANAHAH SAHAM BANK SIMPANAN NASIONAL

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AMANAHAH SAHAM BANK SIMPANAN NASIONAL for the six months financial period ended 30 June 2016. In our opinion, PERMODALAN BSN BERHAD, the Manager, has managed AMANAHAH SAHAM BANK SIMPANAN NASIONAL in accordance with the limitations imposed on the investment powers of the management company and the Trustee under the Deed, other provisions of the Deed, the applicable Guidelines on Unit Trust Fund, the Capital Markets and Services Act 2007 and other applicable laws for the six months financial period ended 30 June 2016.

We are of the opinion that:

- (a) the procedures and processes employed by the Manager to value and/or price the units of AMANAHAH SAHAM BANK SIMPANAN NASIONAL are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirement; and
- (b) creation and cancellation of units are carried out in accordance with the Deed and other regulatory requirement.

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD

HABSAH BINTI BAKAR

Chief Executive Officer

Kuala Lumpur, Malaysia

Date : 9 August 2016

AMANAH SAHAM BANK SIMPANAN NASIONAL**6. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016 (UNAUDITED)**

	Note	30.06.2016	31.12.2015
		RM	RM
ASSETS			
Quoted equity investments			
- Financial assets at fair value through profit or loss	4	71,309,101	69,626,945
Deposits with licensed financial institutions	5	8,265,000	15,910,000
Amount owing by stockbroking companies		-	1,232,585
Dividend receivable		441,523	327,561
Interest receivable		2,350	5,930
Bank balance		811,131	2,869
TOTAL ASSETS		80,829,105	87,105,890
EQUITY			
Unitholders' contribution	6	389,611,459	388,938,639
Accumulated losses	7	(309,837,591)	(304,753,187)
NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS		79,773,868	84,185,452
LIABILITIES			
Distribution payable		815,087	2,553,865
Other payables and accruals		134,123	246,628
Amount owing to Manager		101,872	115,332
Amount owing to Trustee		4,155	4,613
TOTAL LIABILITIES		1,055,237	2,920,438
TOTAL NAV ATTRIBUTABLE TO UNITHOLDERS AND LIABILITIES		80,829,105	87,105,890
NUMBER OF UNITS IN CIRCULATION	6	285,300,000	282,900,000
NAV PER UNIT (RM)		0.2796	0.2976

The annexed notes form an integral part of these financial statements.

AMANAH SAHAM BANK SIMPANAN NASIONAL

**7. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

	Note	30.06.2016 RM	31.12.2015 RM
INVESTMENT INCOME			
Net unrealised gain/(loss) on financial assets at fair value through profit or loss:			
- realised gain on sale of investments		611,705	2,631,560
- unrealised loss on changes in fair value of investments		(6,024,304)	(2,562,728)
Dividend income		1,270,088	2,336,953
Interest income		190,708	399,474
		<u>(3,951,804)</u>	<u>2,805,259</u>
LESS: EXPENSES			
Manager's fee	8	652,307	1,384,709
Trustee's fee	9	26,092	55,388
Tax fee		477	5,700
Auditors' remuneration		18,515	31,355
Administrative expenses		435,209	877,246
		<u>1,132,600</u>	<u>2,354,398</u>
NET (LOSS)/INCOME BEFORE TAXATION		(5,084,404)	450,861
TAXATION	10	-	(135,388)
NET (LOSS)/INCOME AFTER TAXATION FOR THE FINANCIAL YEAR		(5,084,404)	315,473
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(5,084,404)	315,473
Net (loss)/income after taxation/ Total Comprehensive (expenses)/income for the financial year is made up of the following:			
- Realised gains		939,900	2,878,201
- Unrealised losses		(6,024,304)	(2,562,728)
		<u>(5,084,404)</u>	<u>315,473</u>

The annexed notes form an integral part of these financial statements.

AMANAH SAHAM BANK SIMPANAN NASIONAL

**8. STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

Note	Unitholders' Contribution RM	Accumulated Losses RM	Total Net Asset Value RM
As at 1.1.2015	387,764,799	(302,522,560)	85,242,239
Net income after taxation /Total comprehensive income for the financial year	-	315,473	315,473
Contributions by and distribution to unitholders of the Fund:			
- Creation of units	4,044,300	-	4,044,300
- Cancellation of units	(2,870,460)	-	(2,870,460)
- Distribution	-	(2,546,100)	(2,546,100)
Total transaction with unitholders of the Fund	1,173,840	(2,546,100)	(1,372,260)
As at 31.12.2015/1.1.2016	388,938,639	(304,753,187)	84,185,452
Net loss after taxation /Total comprehensive expenses for the financial year	-	(5,084,404)	(5,084,404)
Contributions by and distribution to unitholders of the Fund:			
- Creation of units	1,773,820	-	1,773,820
- Cancellation of units	(1,101,000)	-	(1,101,000)
- Distribution	-	-	-
Total transaction with unitholders of the Fund	672,820	-	672,820
As at 30.06.2016	389,611,459	(309,837,591)	79,773,868

The annexed notes form an integral part of these financial statements.

AMANAH SAHAM BANK SIMPANAN NASIONAL**9. STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

	Note	30.06.2016	31.12.2015
		RM	RM
CASH FLOWS (FOR) OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of investments		33,863,830	82,814,821
Purchase of investments		(39,930,852)	(71,429,467)
Dividend received		1,360,978	2,243,927
Interest received		194,288	418,183
Manager's fee paid		(665,766)	(1,385,741)
Trustee's fee paid		(26,551)	(55,430)
Audit fee paid		(34,015)	(30,000)
Tax fee paid		(6,977)	(5,700)
Payment of administrative expenses		(525,715)	(869,238)
Tax paid		-	(29,651)
NET CASH FLOWS (FOR)/FROM OPERATING AND INVESTING ACTIVITIES		(5,770,780)	11,671,704
CASH FLOWS FOR FINANCING ACTIVITIES			
Proceeds from units created		1,773,820	4,044,300
Payment for cancelled units		(1,101,000)	(2,870,460)
Distribution paid		(1,738,778)	(7,254,000)
NET CASH FOR FINANCING ACTIVITIES		(1,065,958)	(6,080,160)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(6,836,738)	5,591,544
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		15,912,869	10,321,325
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	11	9,076,131	15,912,869

The annexed notes form an integral part of these financial statements.

AMANAH SAHAM BANK SIMPANAN NASIONAL

10. NOTES TO THE FINANCIAL STATEMENTS

1. THE FUND, PRINCIPAL ACTIVITIES AND THE MANAGER

AMANAH SAHAM BANK SIMPANAN NASIONAL (hereinafter referred to as 'the Fund') was constituted pursuant to the execution of a Deed dated on 31 December 1994 the First Supplemental Deed Dated 10 July 1996, the second Supplemental Deed dated 9 February 1999 and third Supplemental Deed Dated 14 November 2009 between the Manager, Permodalan BSN Berhad, the Trustee, AmanahRaya Trustees Berhad and registered holders of the Fund.

The registered office and principal of business are located at Level 19, Lot 1, Bangunan TH Selborn, 153 Jalan Tun Razak, 50400 Kuala Lumpur.

The principal activity of the Fund is to invest in permitted investments as defined under Section 1 of the Supplemental Deed, which includes stocks and shares of companies quoted on the Bursa Malaysia Securities Berhad ("Bursa Securities"), government backed securities, short term deposits and any unlisted loan stocks or corporate bonds which meet certain specific requirements. The Fund commenced on 12 January 1995 and will continue its operations until terminated by the Trustee as provided under Section 23(1) of the Deed.

The Manager, Permodalan BSN Berhad, a company incorporated in Malaysia, is a wholly-owned subsidiary of Bank Simpanan Nasional. The Manager is principally engaged in the management of the Fund.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors dated on 9 August 2016.

2. BASIS OF PREPARATION

The financial statements of the Fund are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards.

2.1 During the current financial year, the Fund has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 119: Defined Benefits Plan- Employee Contribution
Annual Improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments) did not have any impact on the Fund's financial statements.

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- 2.2 The Fund has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers & Amendments to MFRS15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities- Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRS 2012 – 2014 Cycle	1 January 2016

The above accounting standards and/or interpretations (including the consequential amendments) are not relevant to the Fund's operations except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Fund's investments in unquoted shares that are currently stated at cost will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Fund is currently assessing the financial impact of adopting MFRS 9.

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3. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Fund's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) Impairment of Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The Fund does not have any loan.

(ii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Fund carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Fund uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit for the year.

(b) Functional and Presentation Currency

The functional currency of the Fund is the currency of the primary economic environment in which the Fund operates.

The financial statements of the Fund are presented in Ringgit Malaysia ("RM") which is the functional and presentation currency.

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, deposits with financial institutions and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

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(d) Financial Instruments

Financial instruments are recognised in the statement of financial position when the Fund has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Fund.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Fund.

Financial instruments are offset when the Fund has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables financial assets, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Fund's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are

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presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

- *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

- *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

- *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Fund's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(iii) Unitholders' Contribution

The Unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity under the MFRS 132.

Instruments classified as equity are measured at cost and are not remeasured subsequently.

Distribution equalisation is accounted for at the date of creation and cancellation of units of the Fund. It represents the average amount of distributable income or loss included in the creation and cancellation prices of units.

(iv) 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.

(e) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period 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. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between

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the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(f) Net Asset Value Attributable To Unitholders

Net asset value attributable to unitholders represents the redemption amount that would be payable if the unitholders exercised the right to redeem units of the Fund at the end of the reporting period.

(g) Income Tax Expense

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable interest for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting date.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

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(h) Dividend Distribution

Dividend distributions are at the discretion of the Fund. A dividend distribution to the Fund's Unitholders is accounted for as a deduction from realised reserves except where dividend is sourced out of distribution equalisation which is accounted for as a deduction from Unitholders' capital. The amount is either refunded to unitholder by way of distribution and/or adjusted accordingly when units are cancelled.

Distributions are recognised as liabilities when approved for appropriation.

(i) Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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(j) Income Recognition

(i) Realised Gains or Losses on Sale of Investments

The realised gain or loss on the sale of investments represents the difference between the net disposal proceeds and the carrying amount of the investments, computed on the weighted average cost basis.

(ii) Dividend Income

Dividend income from investments is recognised when the right to receive dividend payment is established.

(iii) Interest Income

Interest income from deposits is recognised on an accrual basis.

(k) Classification of Realised and Unrealised Gains and Losses

Unrealised gains and losses comprise change in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the financial year.

Realised gains and losses on disposals of financial instruments classified as part of "at fair value through profit or loss" represents the difference between the instruments' initial carrying amount and disposal proceeds.

(l) Operating Segments

For management purposes, the Fund is organised into one main operating segment, which invests in various types of equity investments and deposits. All of the Fund's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant decisions are based upon analysis of the Fund as one segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

(m) Fair Value Measurements

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction 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's 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.

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For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

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Details of quoted equity investments as at 30 June 2016 are as follows:-

Quoted equity investment in Malaysia	No. Of Shares Held	At Cost	At Market Value	% of Net Asset Value At 30 June 2016
	Unit	RM	RM	%
(i) Construction				
Gamuda Berhad	365,000	1,861,080	1,773,900	2.22
Ho Hup Construction Company Bhd	1,000,000	1,435,000	800,000	1.00
Hock Seng Lee Berhad	800,000	1,577,880	1,360,000	1.70
IJM Corporation Berhad	300,000	1,036,410	1,047,000	1.31
Malaysian Resources Corp Bhd	314,000	719,522	332,840	0.42
Muhibbah Engineering (M) Bhd	689,000	2,166,750	1,515,800	1.90
Protasco Berhad	2,860,000	5,628,432	4,690,400	5.88
	<u>6,328,000</u>	<u>14,425,074</u>	<u>11,519,940</u>	<u>14.44</u>
(ii) Consumer Products				
Bonia Corporation Berhad	1,178,700	1,458,229	671,859	0.84
Malayan Flour Mills Berhad	704,100	1,308,766	901,248	1.13
Poh Huat Resources Holdings Berhad	1,009,100	1,639,533	1,554,014	1.95
Teo Seng Capital Berhad	510,000	955,273	627,300	0.79
	<u>3,401,900</u>	<u>5,361,801</u>	<u>3,754,421</u>	<u>4.71</u>
(iii) Finance				
BIMB Holdings Berhad	496,200	2,131,722	1,935,180	2.43
CIMB Group Holdings Berhad	652,632	5,063,500	2,852,002	3.58
Malayan Banking Berhad	200,000	2,013,805	1,628,000	2.04
	<u>1,348,832</u>	<u>9,209,027</u>	<u>6,415,182</u>	<u>8.04</u>

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Quoted equity investment in Malaysia	No. Of Shares Held	At Cost	At Market Value	%of Net Asset Value At 30 June 2016
	Unit	RM	RM	%
(iv) Industrial Products				
DRB-Hicom Berhad	950,000	2,165,905	855,000	1.07
Hartalega Holdings Berhad	306,200	1,581,052	1,325,846	1.66
Heveaboard Berhad	1,410,000	1,959,408	1,677,900	2.10
KKB Engineering Berhad	902,600	1,631,086	1,236,562	1.55
KNM Group Berhad	140,625	1,123,132	57,656	0.07
Kossan Rubber Industries Berhad	350,000	2,413,310	2,397,500	3.01
Lafarge Malaysia Berhad	161,800	1,547,810	1,266,894	1.59
Oriental Holdings Berhad	108,600	871,594	720,018	0.90
Petronas Chemicals Group Berhad	120,000	814,908	793,200	0.99
Sarawak Cable Berhad	1,688,300	2,820,490	2,194,790	2.75
SLP Resources Berhad	1,042,900	2,679,849	3,128,700	3.92
Supermax Corporation Berhad	1,200,000	3,798,450	2,580,000	3.23
Ta Ann Holdings Berhad	168,000	556,690	554,400	0.69
UMW Holdings Berhad	132,000	1,844,204	756,360	0.95
V.S Industry Berhad	1,450,000	2,193,400	1,711,000	2.14
WTK Holdings Berhad	1,177,300	1,428,487	1,247,938	1.56
	11,308,325	29,429,774	22,503,764	28.21
(vi) Plantation				
CB Industrial Product Holding Bhd	479,800	1,079,005	978,792	1.23
IOI Corporation Berhad	400,000	2,320,787	1,736,000	2.18
TH Plantations Berhad	868,300	1,804,877	946,447	1.19
	1,748,100	5,204,669	3,661,239	4.59
(vii) Properties				
Eco World Development Group				
Berhad	1,280,000	1,844,440	1,625,600	2.04
KSL Holdings Berhad	945,200	1,404,907	1,058,624	1.33
LBS Bina Group Berhad	1,000,000	1,562,000	1,570,000	1.97
Naim Cendera Holdings Berhad	550,000	2,280,010	990,000	1.24
SP Setia Berhad	819,300	2,951,951	2,375,970	2.98
UEM Sunrise Berhad	130,000	296,803	133,900	0.17
	4,724,500	10,340,111	7,754,094	9.72

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Quoted equity investment in Malaysia	No. Of	At	At Market	% of Net
	Shares	Cost	Value	Asset
	Held	Cost	Value	Value At
	Unit	RM	RM	30 June 2016
				%
(vii) Technology				
Globetronics Technology Berhad	309,800	1,678,990	1,031,634	1.29
	<u>309,800</u>	<u>1,678,990</u>	<u>1,031,634</u>	<u>1.29</u>
(viii) Trading / Services				
Alam Maritim Resources Berhad	600,000	541,575	213,000	0.27
Asiamet Education Group Berhad	530,000	2,034,140	132,500	0.17
Berjaya Auto Berhad	320,000	808,909	742,400	0.93
Dayang Enterprise Holdings Berhad	670,000	2,289,572	723,600	0.91
Dialog Group Berhad	250,000	395,625	385,000	0.48
Digi.Com Berhad	200,000	999,530	956,000	1.20
Fiamma Holdings Berhad	1,242,600	935,484	720,708	0.90
Gas Malaysia Berhad	250,000	910,400	595,000	0.75
GHL Systems Berhad	1,463,100	1,451,294	1,302,159	1.63
Icon Offshore Berhad	900,000	1,743,000	319,500	0.40
Malakoff Corporation Berhad	1,020,000	1,648,700	1,632,000	2.05
Malaysia Marine And Heavy				
Engineering Holdings Berhad	893,000	5,128,188	1,009,090	1.26
Malaysian Bulk Carriers Berhad	114,300	213,548	98,298	0.12
Perisai Petroleum Technology Bhd	1,085,900	1,678,248	255,187	0.32
POS Malaysia Berhad	230,200	1,178,336	646,862	0.81
SapuraKencana Petroleum Berhad	570,000	2,464,148	837,900	1.05
Sime Darby Berhad	123,800	1,129,686	939,642	1.18
Telekom Malaysia Berhad	50,000	367,000	338,500	0.42
Tenaga Malaysia Berhad	40,000	552,000	564,000	0.71
UMW Oil & Gas Corporation Berhad	264,900	1,002,211	247,682	0.31
Unimech Group Berhad	1,110,000	1,433,500	1,309,800	1.64
Xin Hwa Holdings Berhad	700,000	735,000	700,000	0.88
	<u>12,627,800</u>	<u>29,640,095</u>	<u>14,668,827</u>	<u>18.39</u>
TOTAL PORTFOLIO INVESTMENT				
AS AT 30 JUNE 2016	<u>41,797,257</u>	<u>105,289,541</u>	<u>71,309,101</u>	<u>89</u>
UNREALISED LOSS ON CHANGES IN FAIR VALUE		<u>(33,980,440)</u>		
FAIR VALUE OF QUOTED EQUITY INVESTMENTS AS AT 30 JUNE 2016		<u>71,309,101</u>		

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5. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The effective interest rates of the deposits at the end of the reporting date ranged from 3.20% to 3.35% (2015 – 3.00% to 5.00%) per annum. The deposits have maturity periods ranging from 1 day to 10 days (2015 - 1 day to 33 days).

6. UNITHOLDERS' CONTRIBUTION

	30.06.2016		31.12.2015	
	Unit	RM	Unit	RM
At 1 January	282,900,000	388,938,639	279,000,000	387,764,799
Creation of units	6,200,000	1,773,820	12,900,000	4,013,190
Cancellation of units	(3,800,000)	(1,101,000)	(9,000,000)	(2,839,350)
At end of the financial year	285,300,000	389,611,459	282,900,000	388,938,639

In accordance with the Scheme, the maximum number of units that can be issued for circulation is 500,000,000. As at 30 June 2016, the remaining number of units to be issued amounted to 214,700,000 (2015 – 217,100,000) units.

7. ACCUMULATED LOSSES

The breakdown of the accumulated losses as at the end of the reporting period is as follows:-

	30.06.2016	31.12.2015
	RM	RM
Realised losses	(275,857,152)	(276,797,051)
Unrealised losses	(33,980,440)	(27,956,136)
At end of the financial year	(309,837,591)	(304,753,187)

8. MANAGER'S FEE

The Manager's fee is computed based on 1.5% (2015 - 1.5%) of the net asset value of the Funds calculated on a daily basis.

9. TRUSTEE'S FEE

The Trustee's fee is computed based on 0.06% (2015 - 0.06%) of the net asset value calculated on a daily basis.

10. TAXATION

	30.06.2016	31.12.2015
	RM	RM
Current tax expense:		
- for the financial year	-	-
- under provision in the previous financial year	-	135,388
	-	135,388

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The statutory tax rate remained at 25% of the estimated assessable income for the financial year.

The taxation charge for the financial year is in relation to the taxable dividend income after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, interest income earned by the Fund is exempted from tax.

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

A reconciliation of income tax expense applicable to the net (loss)/income before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Fund is as follows:-

	<u>30.06.2016</u>	<u>31.12.2015</u>
	RM	RM
Net income before taxation	(5,084,404)	450,861
Tax at the statutory tax rate of 24% (25% for 2015)	(1,220,257)	112,715
Tax effects of:-		
Non-taxable income	948,433	(701,315)
Non-deductible expenses	271,824	588,600
Underprovision in the previous financial year	-	135,388
Tax expense for the financial year	<u>-</u>	<u>135,388</u>

11. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:-

	<u>30.06.2016</u>	<u>31.12.2015</u>
	RM	RM
Deposits with licensed financial institutions	8,265,000	15,910,000
Cash and bank balances	811,131	2,869
	<u>9,076,131</u>	<u>15,912,869</u>

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12. UNITS HELD BY RELATED PARTIES

	Value At NAV			
	30.06.2016		31.12.2015	
	UNIT	RM	UNIT	RM
Holding company of the Manager	71,999,760	20,131,133	71,999,760	21,427,129
The Manager	678,092	189,595	278,834	82,981
	<u>72,677,852</u>	<u>26,668,883</u>	<u>72,278,594</u>	<u>21,510,110</u>

13. TRANSACTIONS WITH STOCKBROKING COMPANIES

Transaction with stockbroking companies during the financial year are as follows:-

30.06.2016	Value of	Percentage	Brokerage	Percentage
	trade	of total	fees and	of total
Name of Stockbroker	RM	%	commissions	fees and
			RM	commissions
AffinHwang Investment Berhad	2,962,561	4.08	6,839	4.04
AmanahRaya trustee Berhad	15,208	0.02	-	-
AmInvestment Bank Berhad	801,669	1.10	1,838	1.09
CIMB Investment Bank Berhad	25,566,924	35.21	64,169	37.88
M&A Securities Sdn Bhd	5,293,147	7.29	9,427	5.57
Maybank Investment Bank Berhad	3,654,136	5.03	8,211	4.85
MIDF Amanah Investment Bank Berhad	22,809,850	31.41	52,440	30.96
RHB Investment Bank Berhad	11,509,387	15.85	26,461	15.62
	<u>72,612,883</u>	<u>100.00</u>	<u>169,385</u>	<u>100.00</u>

31.12.2015	Value of	Percentage	Brokerage	Percentage
	trade	of total	fees and	of total
Name of Stockbroker	RM	%	commissions	fees and
			RM	commissions
Affin Bank Investment Berhad	8,365,241	5.66	22,956	5.80
AmInvestment Bank Berhad	4,300,766	2.91	11,514	2.91
CIMB Investment Bank Berhad	43,283,388	29.28	123,684	31.25
JF Apex Securities Berhad	541,902	0.37	1,361	0.34
M&A Securities Sdn Bhd	20,715,518	14.01	44,832	11.33
Maybank Investment Bank Berhad	7,883,394	5.33	22,279	5.63
MIDF Amanah Investment Bank Berhad	36,628,682	24.78	98,668	24.93
RHB Investment Bank Berhad	26,114,471	17.66	70,539	17.82
	<u>147,833,362</u>	<u>100.00</u>	<u>395,833</u>	<u>100.00</u>

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14. MANAGEMENT EXPENSE RATIO

The management expense ratio for the current financial year is 1.37% (2015 - 2.67%). It is the ratio of all the fees deducted from the Fund including Manager's fee, Trustee's fee, auditors' remuneration, tax agent's fee plus expense charged to the Fund expressed as a percentage of the Fund's average net asset value, calculated on a monthly basis.

15. PORTFOLIO TURNOVER RATIO

The portfolio turnover ratio for the current financial year is 0.44 (2015 - 0.84) times. It is the ratio of the average of the total acquisitions and disposals of investments of the Fund over the average net asset value of the Fund for the year, calculated on a monthly basis.

16. RELATED PARTY TRANSACTIONS

(a) Identity of related parties

The Fund has related party relationships with the Manager and the Trustee.

(b) In addition to the balance detailed elsewhere in the financial statements, the Fund carried out the following transactions with the related party during the financial year:

	<u>30.06.2016</u>	<u>31.12.2015</u>
	RM	RM
Manager's fee	652,307	1,384,709
Trustee's fee	<u>26,092</u>	<u>55,388</u>

17. OPERATING SEGMENTS

The Manager and Investment Committee of the Fund are responsible for allocating resources available to the Fund in accordance with the overall investment strategies as set out in the Investment Guidelines of the Fund. The following table provides an analysis of the income and assets by investment segments:

	SEGMENT INCOME	
	<u>30.06.2016</u>	<u>31.12.2015</u>
	RM	RM
Net gains/(loss) on sale of financial assets at fair value through profit or loss		
- realised gain on sale of investments	611,705	2,631,560
- unrealised loss on changes in fair value of investments	(6,024,304)	(2,562,728)
Dividend income	1,270,088	2,336,953
Interest Income	190,708	399,474
Total segment (expenses)/income	<u>(3,951,804)</u>	<u>2,805,259</u>

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	SEGMENT ASSET	
	30.06.2016	31.12.2015
	RM	RM
Quoted equity investments		
- Financial assets at fair value through profit or loss	71,309,101	69,626,945
Deposits with licensed financial institutions	8,265,000	15,910,000
Amount owing by stockbroking companies	-	1,232,585
Dividend receivables	441,523	327,561
Tax recoverable	-	-
Interest receivables	2,350	5,930
Bank balances	811,131	2,869
	<u>80,829,105</u>	<u>87,105,890</u>

18. FINANCIAL INSTRUMENTS

The Fund's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

(a) Financial Risk Management Policies

The Fund is exposed to a variety of financial risks, which include foreign currency risk, interest rate risk, credit risk and liquidity risk. The overall financial risk management objective of the Fund is to mitigate capital losses.

Financial risk management is carried out through policy reviews, internal control systems and adherence to the investment powers and restrictions stipulated in the Securities Commission's Guidelines on Unit Trust Funds in Malaysia.

(i) Market Risk

Market risk arises due to changing market conditions as a result of regulatory, political, economic and business environment. Such changes can result in stock market fluctuations which may affect the Fund's underlying investments which will cause the net asset value of the Fund to fall or rise. Market risk cannot be eliminated but maybe reduced through diversification. The Manager diversify the portfolio and monitor the investment climate and market conditions to take measures, where necessary and appropriate, to mitigate this risk.

(i) Price Risk

Price risk is the risk that the fair values of equity securities decrease as a result of changes in the level of equity indices and the value of individual securities. It is the Fund's policy to maximise returns for the least amount of risk and the Manager selects securities that are fundamentally sound with good growth potential.

The Fund's securities are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Fund's overall

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market position is monitored on a daily basis by the Fund's Investment Manager.

The Fund only invests in securities issued in Malaysia and the Fund's market price risk is managed through diversification of the investment portfolio ratios by exposures.

The table below shows the diversification of the Fund's investment portfolio as at the end of the reporting period.

	30.06.2016		31.12.2015	
	RM	% NAV	RM	% NAV
<u>Investment Assets</u>				
Construction	11,519,940	14.43	9,290,110	11.04
Consumer Products	3,754,421	4.71	4,138,136	4.92
Finance	6,415,182	8.04	12,083,785	14.35
Industrial Products	22,503,764	28.18	13,733,832	16.31
Plantation	3,661,239	4.60	5,449,648	6.47
Properties	7,754,094	9.74	6,335,076	7.53
Technology	1,031,634	1.29	-	-
Trading/Services	14,668,827	18.39	18,596,358	22.09
Total Market Value	<u>71,309,101</u>	<u>89.38</u>	<u>69,626,945</u>	<u>82.71</u>

The overall market position is monitored on a daily basis by the Manager. The Manager will determine which industry may benefit from current and future changes in the economy when undergoing the process of sector allocation.

The value of the Fund's investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund's daily net asset value.

If prices for quoted investments as at the end of the reporting period strengthened by 5% with all other variables being held constant, the Fund's profit before taxation and equity would have increased by RM1,936,247. A 5% weakening in the quoted prices would have had an equal but opposite effect on the profit before taxation and equity respectively.

In practice, the actual trading results may differ from the sensitivity analysis presented above and the difference could be material.

The market price information provided in the table above represent a hypothetical outcome and is not intended to be predictive. Market conditions could vary significantly from that suggested.

The Manager has in place a system for the monitoring of the Fund's transactions to ensure compliance with the SC's Guidelines on Unit Trust Funds in Malaysia and the Fund's limits and investment restrictions in accordance with the parameters in the Trust Deed.

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(ii) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rate. Interest rates on deposits and placements with licensed financial institutions are determined based on prevailing market rates.

The Fund's is not exposed to interest rate risk as the Fund's investment in financial instruments carry fixed interest rate and are measured at amortised cost. As such, sensitivity analysis is not disclosed.

(iii) Foreign Currency Risk

The Company does not have any foreign currency transactions, hence is not exposed to any currency risks.

(ii) Credit Risk

Credit risk refers to the inability of an issuer or a counterparty to make timely payments of interest, principals and proceeds from realisation of investments.

Credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Malaysia Securities Berhad. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. If either party fails to meet their obligation, the trade will fail.

The settlement terms of the proceeds from the creation of units receivable from the Manager and redemption of units payable to the Manager are governed by the SC's Guidelines on Unit Trust Funds in Malaysia.

The maximum exposure to credit risk before any credit enhancements as at end of the reporting date is the carrying amount of the financial assets as set out below:-

	<u>30.06.2016</u>	<u>31.12.2015</u>
	RM	RM
Deposits with licensed financial institutions	8,265,000	15,910,000
Amount owing by stockbroking company	-	1,232,585
Dividend receivable	441,523	327,561
Interest receivable	2,350	5,930
Bank balance	811,131	2,869
	<u>9,520,004</u>	<u>17,478,945</u>

The exposure of credit risk for financial assets is solely within Malaysia.

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The above-mentioned financial assets of the Fund are neither past due nor impaired.

(iii) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund maintains sufficient level of liquid assets with minimum level of 10% of the net asset value of the Fund to meet anticipated payments and cancellation of units by unitholders. Money market instruments which include term deposits, repurchase agreements and short term cash placements with financial institutions, will be used to maintain the Fund's liquidity position and as a short term alternative measure when the equity market experiences excessive volatility.

The Fund shall not borrow in connection with its activities or lend any of its cash or investments unless permitted by the SC's Guidelines on Unit Trust Funds in Malaysia and any Guidance Notes issued by the SC from time to time or other laws or regulations pertaining to unit trusts.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows:-

	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year
	RM	RM	RM
<u>As at 30.06.2016</u>			
Distribution payable	815,087	815,087	815,087
Other payables and accruals	134,123	134,123	134,123
Amount owing to Manager	101,872	101,872	101,872
Amount owing to Trustee	4,155	4,155	4,155
Total financial liabilities	<u>1,055,237</u>	<u>1,055,237</u>	<u>1,055,237</u>
	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year
	RM	RM	RM
<u>As at 31.12.2015</u>			
Distribution payable	2,553,865	2,553,865	2,553,865
Other payables and accruals	246,628	246,628	246,628
Amount owing to Manager	115,332	115,332	115,332
Amount owing to Trustee	4,613	4,613	4,613
Total financial liabilities	<u>2,920,438</u>	<u>2,920,438</u>	<u>2,920,438</u>

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(b) Capital Risk Management

The Fund Manager is responsible for identifying and controlling risks. The Board of Directors of the Manager is ultimately responsible for the overall risk management approach within the Fund.

Monitoring and controlling risk are primarily set up to be performed based on limits established by the Manager and the Trustee. These limits reflect the investment strategy and market environment of the Fund's investments as well as the level of the risk that Manager of the Fund is willing to accept. In addition, the Manager of the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk type and activities.

The Fund has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy. The Manager also has a Compliance Department to ensure that the Fund complies with the various regulations and guidelines stipulated in its Trust Deed, the Securities Commission's Guidelines on Unit Trust Funds in Malaysia.

It is, and has been throughout the current and previous financial year, the Fund's policy that no derivatives shall be undertaken for either investment risk management purposes.

The capital is represented by unitholders' subscription to the Fund. The amount of capital can change significantly on a daily basis as the fund is subject to daily redemption and subscription at the discretion of unitholders. The Manager manages the Fund's capital in accordance with its objective, while maintaining sufficient liquidity to meet unitholders' redemption.

(c) Classification of Financial Instruments

	30.06.2016	31.12.2015
	RM	RM
Financial Assets		
<u>Loans and receivables financial assets</u>		
Deposits with licensed financial institutions	8,265,000	15,910,000
Amount owing by stockbroking companies	-	1,232,585
Dividend receivable	441,523	327,561
Interest receivable	2,350	5,930
Bank balance	811,131	2,869
	<u>9,520,004</u>	<u>17,478,945</u>
<u>Financial assets at fair value through profit or loss</u>		
Quoted equity investments	<u>71,309,101</u>	<u>69,626,945</u>

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	<u>30.06.2016</u>	<u>31.12.2015</u>
	RM	RM
Financial Liabilities		
<u>Other financial liabilities</u>		
Amount owing to Manager	101,872	115,332
Amount owing to Trustee	4,155	4,613
Distribution payable	815,087	2,553,865
Other payables and accruals	134,123	246,628
	<u>1,055,237</u>	<u>2,920,438</u>

(d) Fair Values Information

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximately their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are included in level 2 of the fair value hierarchy.

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value			Total Fair Value /Carrying Amount RM
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
	RM	RM	RM	RM	RM	RM	
<u>30.06.2016</u>							
<u>Financial Assets</u>							
Quoted equity investment	71,309,101	-	-	-	-	-	71,309,101
<u>31.12.2015</u>							
<u>Financial Assets</u>							
Quoted equity investment	69,626,945	-	-	-	-	-	69,626,945

The fair values of level 2 are estimated based on their quoted market prices as at the end of the reporting period.

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CORPORATE INFORMATION

MANAGER

Permodalan BSN Berhad (319744-W)
License No.for Capital Market Services : CMSL/A0156/2007

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Tan Sri Abu Bakar Bin Haji Abdullah
Datuk Adinan Bin Maning
Dato' Dr. Gan Miew Chee @ Gan Khuan Poh
Encik Kamari Zaman Bin Juhari
Encik Roslani Bin Hashim
Encik Siew Kin Meng
Encik Kamarul Izam Bin Idrus

CHIEF EXECUTIVE OFFICER

Encik Kamarul Izam Bin Idrus

COMPANY SECRETARY

Pn Nor Eliza Bt Musa
MAICSA No 1035207

ADVOCATES & SOLICITORS

SOON, GAN DION & PARTNERS
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PRINCIPAL BANKER

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50100 Kuala Lumpur

TRUSTEE

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50100 Kuala Lumpur

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AUDITOR

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Selangor

INDEPENDENT CONSULTANT

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