

CONTENTS	PAGE(S)
INVESTOR LETTER	1 - 2
MANAGER'S REPORT	3 - 9
STATEMENT BY MANAGER	10
TRUSTEE'S REPORT	11
SHARIAH ADVISER'S REPORT	12
INDEPENDENT AUDITORS' REPORT	13 - 14
STATEMENT OF COMPREHENSIVE INCOME	15
STATEMENT OF FINANCIAL POSITION	16 - 17
STATEMENT OF CHANGES IN EQUITY	18 - 19
STATEMENT OF CASH FLOWS	20
NOTES TO THE FINANCIAL STATEMENTS	21 – 52
DIRECTORY	53 - 56

INVESTOR LETTER

In 2010, the Malaysian market exceeded almost everyone's expectations. We expected about a 15% return at the beginning of 2010, but the FTSE Bursa Malaysia 100 Index (FBM100) has jumped 19.4% over the course of the year.

In less than two years, the market has fully recovered from its low in March 2009, which was brought on by the global crisis. This is quite remarkable, considering that predictions about the rate of recovery at that time were quite dire. Investors, who stayed invested and continued to invest through the downturn, were rewarded with really good returns.

We hope that with the experience of the Asian financial crisis and this most recent global financial crisis, investors have seen for themselves that markets do bounce back and it is not easy to predict the speed at which they can recover.

We are cautiously optimistic for 2011. In light of the market having gone up two years in a row, our outlook for this year are returns in the low double digits. We expect the US economy to continue to recover, driven by consumer spending and corporate capital expenditures. The Federal Reserve's sustained purchases of bonds will continue to underpin the recovery. Events in Europe are expected to lead to volatility. At some point, we believe bond markets will force Portugal into accepting a bailout. We believe there is a 50-50 chance that Spain will be bailed out as well.

In Asia Pacific ex-Japan, the concern is mainly over inflation and rising interest rates. In China, the recent hikes in bank reserve requirements to 18.5% will not be sufficient to tame inflation. Although higher food prices are currently the main source of inflation, there are signs that input prices are also rising. We expect China to hike interest rates by 1.25% next year. However, this hike is unlikely to derail the economy, especially if it is balanced with the rumored loan quota of Renminbi 6.0-7.0 trillion.

For Bursa Malaysia, conditions seem right for continued market appreciation. The implementation of the Economic Transformation Program (ETP) will lead to the roll out of large projects that will benefit the construction as well as oil and gas sectors, and closer ties with Singapore will benefit projects in the Iskandar Region – all which could lead to a revival in corporate loans growth. We expect earnings growth in the mid-teens and price-to-earnings ratios (PERs) to re-rate to the long-term average of 14.5-15.0 times.

It's also been a busy year for us here at CIMB-Principal Asset Management Berhad ("CIMB-Principal"). We are happy to share that our total assets under management have grown 28% from RM23.1¹ billion to RM29.5 billion a clear sign of clients' confidence. With 66 unit trust funds (23 are Shariah-compliant), including 6 wholesale funds and 2 exchange-traded funds (ETFs), the Company is also one of the largest institutional money managers. Institutional AUM rose 35.3% to RM18.0 billion in December last year, also made further inroads into the region, managing RM1.4 billion for regional clients. The stability of our senior management team, with an average tenure of 5.3 years, has endowed the CIMB-Principal with the flexibility to adapt strategically and innovatively to rapidly-changing circumstances in a competitive regional marketplace.

You may not be aware but back in 2009, CIMB-Principal was the first Malaysian company to implement PAM® for Securities², a world class international portfolio management and accounting system. Last year, we implemented the Factset Attribution System to further enhance our fund managers' expertise. The firm remains ahead of the curve compared to many of its domestic peers, exemplified by the implementation of SWIFT and OMGEO connections for some clients, providing automated trading and settlement services. CIMB-Principal is one of the few fund managers in ASEAN with all these systems in place to better serve our clients and partners.

We thank you for your trust in us. As you continue to regularly invest with us in 2011, it is our promise to be a vigilant steward of your money and help you grow it over time.

Yours sincerely

Campbell Tupling

Chief Executive

CIMB-Principal Asset Management Berhad

¹ End December 2009

² http://www.pfs.com/products/Pages/PFS_Products_PAMsecurities.aspx

MANAGER'S REPORT

What is the investment objective of the Fund?

To grow the value of Unit holder's investment over the medium term in a Sukuk portfolio with most tenures ranging from 3-10 years as well as to provide regular income.

Has the Fund achieved its objective?

For the period under review, the Fund is in line with its stated objectives.

What are the Fund investment policy and its strategy?

A minimum of 60% and up to a maximum of 98% of the Fund's NAV may be invested in Sukuk carrying at least a "BBB3" or "P2" rating by RAM or equivalent rating by MARC; "BBB" by S&P or equivalent rating by Moody's or Fitch. The Fund may also invest between 0% to 20% (both inclusive) of its NAV in Shariah-compliant equities, of which up to 10% of its NAV may be invested in warrants of Shariah-compliant companies. At least 2% the Fund's NAV in Shariah-compliant liquid assets. The investment strategy and policy of the Fund is focus bias towards Shariah-compliant fixed income investments aimed to provide consistency in income, while allowing some exposure in Shariah-compliant equities and warrants aimed to provide the added return in a rising market.

The Fund's policies on investment were carried out in accordance with the Deed.

Fund category/ type

Sukuk /income

How long should you invest for?

Recommended 3 years or more.

Indication of short-term risk (low, moderate, high)

Moderate.

When was the Fund launched?

23 February 2005.

What was the size of the Fund as at 31 March 2011?

RM 20.906 million (20.143 million units)

What is the Fund's benchmark?

85% CIMB Islamic 1-Month General Investment Account-i (GIA) + 15% FBM EMAS Shariah Index

What is the Fund distribution policy?

The Manager aims to distribute income to unitholders once a year.

What was the net income distribution for the financial year ended 31 March 2011?

The Fund declared a net income distribution of 5.50 sen per unit for all unitholders on 31 March 2011.

The Fund's Net Asset Value per unit before and after the latest distribution was RM 1.0934 and RM 1.0378.

PERFORMANCE DATA

Details of portfolio composition of the Fund for the last three financial periods are as follows:

	31.03.2011	31.03.2010	31.03.2009
	%	%	%
Quoted Shariah-compliant Investments	10.94	19.95	16.67
Unquoted Sukuk	78.15	71.42	77.33
Liquid assets and others	11.31	8.63	6.00
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Performance details of the Fund for the last three financial periods are as follows:

	31.03.2011	31.03.2010	31.03.2009
Net Asset Value (RM million)	20.91	16.45	16.65
Units In circulation (Million)	20.14	16.59	17.64
Net Asset Value per Unit (RM)*	1.0378	0.9912	0.9473
Highest published price (RM)*	1.0918	1.0417	1.0139
Lowest published price (RM)*	0.9755	0.9062	0.9043
Total return (%)	10.31	15.14	(4.54)
-capital (%)	4.76	9.61	4.76
-income(%)	5.30	5.04	(8.88)
Management Expenses Ratio (%)	1.28	1.19	1.16
Portfolio Turnover Ratio (times)#	1.11	1.22	0.65

*Above figures are ex-distribution

The lower PTR was because we held on to equity in order to ride the market rally. Going forward, PTR should pick up as we take profit and switch into stocks that have lagged this rally.

Period	Total return (%)	Annualised (%)
1 year	10.31	10.31
3 years	21.24	6.63
5 years	38.55	6.74
Since inception (Launch date : 23 February 2005)	42.34	5.96

	01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010	01.04.2008 to 31.03.2009	01.04.2007 to 31.03.2008
Annual total return (%)	10.31	15.14	(4.54)	1.16

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up. All performance figures ended 31 March 2011 has been verified by Mercer Zainal Consulting Sdn Bhd, Consulting Actuaries

MARKET REVIEW**EQUITY**

The recovery in the previous year from the bottom of the Sub-Prime Crisis carried over into 2010. But the recovery has been punctuated by panics.

The Dubai financial crisis in early 2010 led to a brief sell-down. It was only averted as Abu Dhabi came to the rescue of its fellow emirate. Then came the European sovereign debt crisis, in the middle of the year. Although, the problem is still with us, various guarantees and standby lines of credit totalling USD1.0 trillion made available by the European Central Bank has put the problems on the back burner. The sustained rally during the year, however, can be largely attributed to QE3, the latest “quantitative easing” by the Federal Reserve, which managed to assuage investor concerns over a double dip recession.

The FBM KLCI rose 188.57 points or 14.0% to 1,534.95 points over the period under review while the FBM Emas Shariah Index gained 1215.37 points or 13.4% to 10271.6 points. Efforts by the new administration under Dato’ Sri Najib Razak to liberalise and transform the Malaysian economy via the Government Transformation Program (GTP) and Economic Transformation Program (ETP) is gaining momentum. It has been a major source of support for the local stock market. Sectors that have benefitted include the Construction and the Oil & Gas sectors. The RM50bn Mass Rapid Transit has generated much excitement as has the announcement of the development of 18 commercial clusters in the Greater Klang Valley. The Oil & Gas sector has seen the award of a marginal oil-field with seven more to go. Bursa Malaysia had a better year than expected in 2010. Given the significant global headwinds, investors had braced for the worst but the bulls prevailed and Bursa Malaysia had a convincing climb especially in 2nd Half 2010.

In 1Q11, a combination of natural disasters, geopolitical risk, rising commodity prices, inflation and the prospects of tighter monetary policy in emerging economies sent global equities reeling. The KLCI, however, outperformed most of its regional peers during his period. This was partly on account of the low beta characteristics and defensive nature of the Malaysian market, and partly because of high domestic liquidity and strong local participation of the GLC-linked funds in the local market.

FIXED INCOME

For the second quarter 2010, the MGS yield curve flattened, with the mid to long end of the curve shifting lower led by both adjustments to the OPR hike in May (wherein the OPR was hiked for a second time in the year by 25bps from 2.25% to 2.50%), muted inflation as well as strong demand for longer tenured MGS bonds.

Local benchmark sovereign bonds on the mid to long tenures extended their gains on safe haven appeal amid lingering uncertainties over global economic growth, with MGS/GII attracting investors on the back of excess liquidity in the local banking system for the 3Q2010. During the early part of the quarter when BNM raised the overnight policy rate by another 25bps to 2.75% in July 2010, the sovereign yield curve flattened as short term yields spike to reflect this hike while the mid to longer end maturities saw further demand. At the end of the quarter, when BNM stop hiking rates, the local

MARKET REVIEW (CONTINUED)

sovereign yield curve flattened further with the short tenor closing higher whilst the mid to long end losing lower.

The trading volume for MGS/GII dropped significantly in 4Q2010 registering trading volume of RM96.9 billion as compared with RM120.5 billion recorded in the previous quarter. The drop in volume was attributed to the year end factor as well as shorter trading days due to the festive holidays celebrated such as Hari Raya Haji, Deepavali and Christmas. Overall, the MGS yield curve bearish steepened over the 4Q2010 and may have been impacted by the monetary policy tightening to curb inflationary pressure by several regional central banks and the release of the MGS/GII auction calendar for 2011 which skewed towards the mid to long end of the curve, resulting in market players shortening its duration in favour of shorter dated government securities.

For the first quarter of 2011, the domestic sovereign bond market was affected by a myriad of major events. The year began with the Malaysian government bonds yields closing lower in view of the oncoming supply and potential inflationary pressure in 2011. Trading was further depressed by the tightening monetary policy measures of Thailand, South Korea and India and spurring speculation that BNM could raise the policy rate. However, fear of rate hike was subdued after BNM maintained a dovish outlook at its January meeting and kept the OPR at 2.75%.

Trading volume fell in February with selling seen on the short end of the curve. Sentiment was pressured amidst inflationary worries across Asia and surging global crude oil prices arising from the geopolitical conditions in the Middle East.

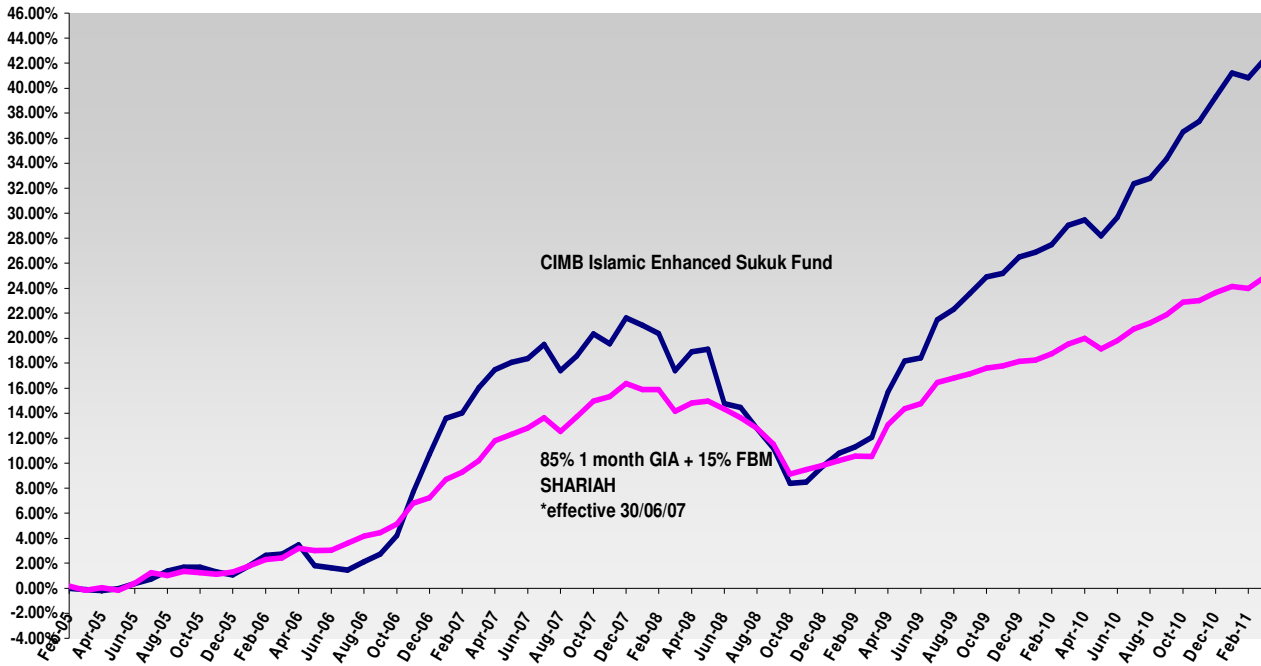
Exacerbating debt crisis in Europe, rating downgrades on Greece, Spain and Portugal, ongoing turmoil in North Africa and Middle East and the aftermath of Japan's earthquake induced a flight to quality in the month of March. However, towards the end of the month, we saw a general selling in the MGS market with yields increasing across the board as the initial shock of external negatives dissipated. As expected, in the March MPC meeting BNM maintained its OPR at 2.75% and raised the statutory reserve ratio ("SRR") by 100bps to 2% with effect from 1st April 2011 as a preemptive measure to manage liquidity conditions.

FUND PERFORMANCE

	1 year to 31.03.2011	3 years to 31.03.2011	5 years to 31.03.2011	Since Inception
Income	5.30	15.87	29.16	34.39
Capital	4.76	4.64	7.27	5.92
Total Return	10.31	21.24	38.55	42.34
Benchmark	4.49	9.40	21.92	24.90
Average Total Return	10.31	6.63	6.74	5.96

The Fund performance for the period under review was 10.31% as against the benchmark's return of 4.49%. For fixed income, the outperformance was mainly due to the better performance of some of the underlying corporate bonds in the Fund.

FUND PERFORMANCE (CONTINUED)



CHANGES IN NET ASSET VALUE (“NAV”)

	31.03.2011	31.03.2010	Changes (%)
Net Asset Value (“NAV”) (RM)	20.91	16.45	27.11
Published NAV / unit (RM)	1.0378	0.9912	4.70

For the period under review, the Fund registered a change in net asst value of 27.11% from RM16.45 million to RM20.91 million.

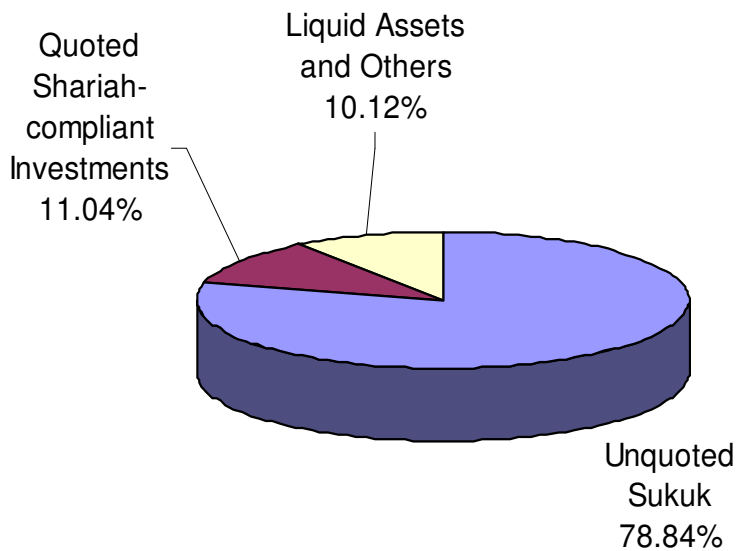
Performance data represents the combined income and capital return as a result of holding units in the fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the fund are reinvested and are net of management and trustee fees. Past performance is not reflective of future performance and income distributions are not guaranteed. Unit prices and income distributions, if any, may fall and rise. All performance figures have been verified by Mercer Zainal Consulting Sdn Bhd, a Consulting Actuaries (35090-H).

PORTFOLIO STRUCTURE

ASSET ALLOCATION

(% of NAV)	31.03.2011	31.03.2010
Unquoted Sukuk	78.84	71.42
Quoted Shariah-compliant Investments	11.04	19.95
Liquid Assets and Others	10.12	8.63
TOTAL	100.00	100.00

The asset allocation for fixed income increased to 78.84% from 71.42% for the financial year under review. The increase in the fixed income exposure is in tandem with the strategy to maintain fully invested with liquidity for primary issues.



MARKET OUTLOOK AND STRATEGY

EQUITY

The development of Greater Kuala Lumpur and the Klang Valley will have spin-offs that will benefit the construction, building materials, property and banking sectors. Although exports growth is moribund, the domestic consumption theme is still robust. Higher commodity prices should also be positive for Malaysia as the country is an oil producer.

We will continue to invest in growth stocks which trade at lower valuations than their respective sector averages and that are able to generate higher-than-average earnings growth but will look to take profit on stocks that are trading at stretched valuations. We will also look for companies with improving business fundamentals and rising investor expectations. In terms of sectors, we continue to be positive on sectors with positive newsflow that exhibit strong earnings growth over the next 12 months. At present, we are positive on the building materials, conglomerate, oil & gas, rubber glove and property sectors.

FIXED INCOME

We expect MGS yield curve to flatten in response to BNM's hawkish Monetary Policy Statement that will result to short end of the curve adjusting to the higher OPR rate and resilient long end of the curves remain steady due to high demand. On the Corporate sukuk market, we continue to foresee a strong demand for quality AA-rated sukuk. Since a lower supply of AA-rated sukuk is expected, investors may have to scramble for the said rating class from the secondary market for better yield pick up. However, we will also take opportunity to lock in some gains on over valued AA rated corporate sukuk and reinvest in new issues.

We continue to maintain our strategy with an overweight in the corporate debt segment with neutral portfolio duration target to be defensive against volatility.

UNIT HOLDINGS AS AT 31 MARCH 2011

Size of holdings (units)	No. of unitholders	No. of units	% of units held
5,000 and below	1,806	769,169	3.82
5,001-10,000	134	957,863	4.76
10,001-50,000	214	4,149,328	20.60
50,001-500,000	34	4,299,134	21.34
Above 500,000	3	9,968,223	49.49
Total	2,191	20,143,716	100.00

SOFT COMMISSION FROM BROKERS/DEALERS

Soft commission received for goods and services such as financial wire services and stock quotation system incidental to the investment management of the fund are retained by the management company. During the year under review, the management company had received soft commissions in the form of financial wire and stock quotation system which are incidental to the investment management of the fund.

**STATEMENT BY MANAGER TO THE UNITHOLDERS OF
CIMB ISLAMIC ENHANCED SUKUK FUND**

I, being the Director of CIMB-Principal Asset Management Berhad, do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 15 to 52 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 March 2011 and of its financial performance, changes in equity and cash flows for the financial year then ended on that date in accordance with the Financial Reporting Standards in Malaysia and the Securities Commission's Guidelines on Unit Trust Funds.

For and on behalf of the Manager
CIMB-Principal Asset Management Berhad
(Company No.: 304078 – K)

JOHN CAMPBELL TUPLING
Chief Executive Officer / Director

Kuala Lumpur

31 May 2011

TRUSTEE'S REPORT

**TO THE UNITHOLDERS OF
CIMB ISLAMIC ENHANCED SUKUK FUND**

We have acted as Trustee of **CIMB Islamic Enhanced Sukuk Fund** (“the Fund”) for the financial year ended 31 March 2011. To the best of our knowledge, **CIMB-Principal Asset Management Berhad** (“the Manager”), has operated and managed the Fund in accordance with the following:-

- a) limitations imposed on the investment powers of the management company and the trustee under the Deed, the Securities Commission’s Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007, and other applicable laws;
- b) valuation/pricing is carried out in accordance with the Deed and any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements.

During this financial year, a total distribution of 5.50 sen per unit (net) has been distributed to the unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objectives of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Head, Trustee Operations
Kuala Lumpur

31 May 2011

**SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF
CIMB ISLAMIC ENHANCED SUKUK FUND**

We have acted as the Shariah Adviser of CIMB Islamic Enhanced Sukuk Fund. Our responsibility is to ensure that the procedures and processes employed by CIMB-Principal Asset Management Berhad are in accordance with the Shariah.

In our opinion, CIMB-Principal Asset Management Berhad has managed and administered CIMB Islamic Enhanced Sukuk Fund in accordance with Shariah and complied with applicable guidelines, rulings or decisions issued by the Securities Commission pertaining to Shariah matters for the financial year ended 31 March 2011

In addition, we also confirm that the investment portfolio of CIMB Islamic Enhanced Sukuk Fund comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission ("SACSC"). As for the securities which are not certified by the SACSC, we have reviewed the said securities and opine that these securities are designated as Shariah-compliant.

For and on-behalf of Shariah Adviser **CIMB Islamic Bank Berhad**

ABDUL GHANI ENDUT

Head Shariah Department/Designated Person Responsible for Shariah Advisory,

Kuala Lumpur

31 May 2011

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
CIMB ISLAMIC ENHANCED SUKUK FUND**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of CIMB Islamic Enhanced Sukuk Fund, which comprise the statement of financial position as at 31 March 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 43 .

The Manager's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation of financial statements that give a true and fair view 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 Manager's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia and the Securities Commission's Guidelines on Unit Trust Funds so as to give a true and fair view of the financial position of the Fund as of 31 December 2010 and of its financial performance, changes in equity and cash flows for the financial year then ended.

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
CIMB ISLAMIC ENHANCED SUKUK FUND (CONTINUED)**

OTHER MATTERS

This report is made solely to the unitholders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS

(No. AF: 1146)
Chartered Accountants

Kuala Lumpur

31 May 2011

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

	Note	2011 RM	2010 Restated RM
NET INVESTMENT INCOME			
Dividend income		100,363	63,947
Profit and hibah earned	4	705,437	632,226
Net realised gain/(loss) on sale of financial assets at fair value through profit or loss	10	1,336,562	1,140,846
Net unrealised gain on financial assets at fair value through fair value through profit or loss	10	44,832	-
Net amortisation of premium		-	(99,773)
		<u>2,187,194</u>	<u>1,737,246</u>
EXPENSES			
Management fee	5	189,753	174,671
Trustee's fee	6	13,282	12,328
Transaction cost		55,637	-
Audit fee – current year		7,604	6100
- overaccrual in prior year			(7,200)
Tax agent's fee		9,712	2,501
Other expenses		19,602	15,329
		<u>295,590</u>	<u>203,729</u>
NET PROFIT BEFORE TAXATION		1,891,604	1,533,517
TAXATION	8	(10,672)	(161)
NET PROFIT AFTER TAXATION REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>1,880,932</u>	<u>1,533,356</u>
Net profit after taxation is made up of the following:			
Net realised amount		1,836,100	1,570,562
Net unrealised amount		44,832	(37,206)
		<u>1,880,932</u>	<u>1,533,356</u>

The accompanying notes to the financial statements form an integral part of the financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011**

	Note	31-Mar-2011 RM	31-Mar-2010 As restated RM	31-Mar-2009 As restated RM
INVESTMENTS				
Financial assets at fair value through profit or loss	9	19,783,840	-	-
Quoted Shariah-compliant investments	10	-	3,279,364	2,774,990
Unquoted Sukuk	11	-	11,738,788	12,874,450
		<u>19,783,840</u>	<u>15,018,152</u>	<u>15,649,440</u>
LIQUID ASSETS (SHARIAH-COMPLIANT)				
Deposits with licensed financial institutions	12	1,127,083	1,211,000	690,108
Bank balance with a licensed bank	12	20,477	22,251	122,514
		<u>1,147,560</u>	<u>1,233,251</u>	<u>812,622</u>
OTHER ASSETS				
Amount due from Manager		20,097	22,911	55,891
Profit income receivable	13	-	177,251	173,040
Amount due from Broker		84,489	67,239	31,238
Dividend receivable		5,485	3,450	1,500
Tax recoverable		48,296	46,656	42,162
		<u>158,367</u>	<u>317,507</u>	<u>303,831</u>
TOTAL ASSETS		<u>21,089,767</u>	<u>16,568,910</u>	<u>16,765,893</u>
LIABILITIES				
Amount due to Manager		90,271	22,916	5,692
Amount due to Broker		-	11,380	-
Accrued management fee		20,715	16,566	14,097
Amount due to Trustee		1,450	1,160	987
Distribution payable		55,595	54,417	63,347
Other payables and accruals		15,801	13,538	32,134
TOTAL LIABILITIES		<u>183,832</u>	<u>119,977</u>	<u>116,257</u>
NET ASSET VALUE OF THE FUND	14	<u>20,905,936</u>	<u>16,448,933</u>	<u>16,649,636</u>

The accompanying notes to the financial statements form an integral part of the financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011 (CONTINUED)**

	Note	31-Mar-2011 RM	31-Mar-2010 As restated RM	31-Mar-2009 As restated RM
EQUITY				
Unitholders' capital	14	18,492,931	14,861,889	16,806,427
Retained earnings		2,413,005	1,028,146	287,097
Fair value reserve		-	558,898	(443,888)
TOTAL NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (EX-DISTRIBUTION)		<u>20,905,936</u>	<u>16,448,933</u>	<u>16,649,636</u>
NUMBER OF UNITS IN CIRCULATION	14	<u>20,143,716</u>	<u>16,590,573</u>	<u>17,640,535</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0378</u>	<u>0.9915</u>	<u>0.9438</u>

The accompanying notes to the financial statements form an integral part of the financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

	Note	Unitholder Capital RM	Retained Earnings RM	Fair Value Reserve RM	Total RM
Balance as at 1 April 2010, as previously stated		-	-	-	-
Prior year adjustment for adoption of amendments to FRS 132	20(a)	14,861,889	1,028,146	558,898	16,448,933
Balance as at 1 April 2010, restated after adoption of amendments to FRS 132		14,861,889	1,028,146	558,898	16,448,933
Adjustment for adoption of FRS 139	20(b)	-	558,898	(558,898)	-
Balance as at 1 April 2010, restated after adoption of FRS 139		14,861,889	1,587,044	-	16,448,933
Movement in unitholders' contribution:					
Creation of units from distribution	14	999,376	-	-	999,376
Creation of units from application	14	27,510,519	-	-	27,510,519
Cancellation of units	14	(24,878,853)	-	-	(24,878,853)
Total comprehensive income for the financial year		-	1,880,932	-	1,880,932
Distribution for the financial year (Gross/net: 5.57 sen/5.50 sen)	7	-	(1,054,971)	-	(1,054,971)
Balance as at 31 March 2011		<u>18,492,931</u>	<u>2,413,005</u>	<u>-</u>	<u>20,905,936</u>

The accompanying notes to the financial statements form an integral part of the financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR 31 MARCH 2011 (CONTINUED)**

	Note	Unitholders' capital RM	Retained earnings RM	Fair value reserve RM	Total RM
Balance as at 1 April 2009 as previously stated		-	-	-	-
Prior year adjustment for adoption of amendments to FRS 132	20(a)	16,806,427	287,097	(443,888)	16,649,636
Balance as at 1 April 2009, restated after adoption of amendments to FRS 132		16,806,427	287,097	(443,888)	16,649,636
Movement in unitholders' contribution:					
Creation of units from distribution	14	737,889	-	-	737,889
Creation of units from application	14	21,618,481	-	-	21,618,481
Cancellation of units	14	(24,300,908)	-	-	(24,300,908)
Total comprehensive income for the financial year		-	1,533,356	-	1,533,356
Distribution for the financial year (Gross/net : 5.08 sen /5.00 sen)	7		(792,307)		(792,307)
Change in fair value reserve		-	-	1,002,786	1,002,786
Balance as at 31 March 2010, restated		14,861,889	1,028,146	558,898	16,448,933

The accompanying notes to the financial statements form an integral part of the financial statements

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

	Note	31-Mar-2011 RM	31-Mar-2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of Shariah-compliant investment		19,032,928	26,370,893
Proceeds from redemption of unquoted fixed income securities		1,000,000	-
Purchase of unquoted fixed income securities		(23,255,956)	(23,738,072)
Profit Income received		666,758	645,720
Dividend received		86,017	57,341
Trustee and custodian fees paid		(12,992)	(12,155)
Payments for other fees and expenses		(34,656)	(35,326)
Management fees paid		(185,604)	(172,202)
Transaction cost		(55,635)	-
Net cash inflow/outflow from operating activities		<u>(2,733,108)</u>	<u>3,116,199</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for cancellation of units		(24,811,498)	(24,283,683)
Proceeds from units created		27,513,332	21,651,461
Distribution paid		(54,417)	(63,348)
Net cash inflow/outflow from financing activities		<u>2,647,417</u>	<u>(2,695,570)</u>
Net increase/(decrease) in cash and cash equivalents		(85,691)	420,629
Cash and cash equivalents at the beginning of the period		<u>1,233,251</u>	<u>812,622</u>
Cash and cash equivalents at the end of the period	13	<u><u>1,147,560</u></u>	<u><u>1,233,251</u></u>

The accompanying notes to the financial statements form an integral part of the financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY**

CIMB Islamic Enhanced Sukuk Fund ("the Fund") is governed by a Principal Master Deed dated 15 May 2008, a Third Supplemental Master Deed dated 25 June 2008, a Sixth Supplemental Master Deed dated 14 July 2008 and a Seventh Supplemental Master Deed dated 19 November 2008 (collectively referred to as "the Deeds"), made between CIMB-Principal Asset Management Berhad (the "Manager") and HSBC (Malaysia) Trustee Berhad.

The Fund invests principally in Sukuk and Shariah-compliant deposits as well as Shariah-compliant equities and any other investments as approved by the Securities Commission ("SC") from time to time, each of which has been and remains approved by a competent authority on the Shariah (which includes but shall not be limited to the Shariah Advisory Council of the SC and/or the Shariah Adviser of the Fund) as permissible investments that comply with Shariah requirements. The Fund commenced operations on 23 February 2005 and will continue its operations until terminated by the Manager, as provided under Clause 25 of the Deed.

All investments will be subject to the SC Guidelines on Unit Trust Funds, SC requirements, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund's objective.

The Manager, a company incorporated in Malaysia, is a subsidiary of CIMB Group Sdn. Bhd. and regards CIMB Group Holdings Berhad as its ultimate holding company. It is principally engaged in the management of unit trusts and fund management activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standards ("FRS") in Malaysia and the SC Guidelines on Unit Trust Funds.

The preparation of financial statements in conformity with the FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement are based on the Manager's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2(m).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (i) Standards and amendments to published standards and interpretations that are applicable and are effective
- FRS 8 "Operating Segments" (effective from 1 July 2009) replaces FRS 114²⁰⁰⁴ Segment Reporting. The new standard requires a 'management approach', under which segment information is reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The improvement to FRS 8 (effective from 1 January 2010) clarifies that entities that do not provide information about segment assets to the chief operating decision-maker will no longer need to report this information. Prior year comparatives must be restated.
 - FRS 7 "Financial instruments: Disclosures" (effective from 1 January 2010) provides information to users of financial statements about an entity's exposure to risks and how the entity manages those risks. The improvement to FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the Income Statement. This standard does not have any impact on the classification and valuation of the Fund's financial statements.
 - The revised FRS 101 "Presentation of financial statements" (effective from 1 January 2010) prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. 'Non-owner changes in equity' are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

- FRS 107 "Statement of cash flows" (effective from 1 January 2010) clarifies that only expenditure resulting in a recognised asset can be categorised as a cash flow from investing activities.
- FRS 110 "Events after the balance sheet date" (effective from 1 January 2010) reinforces existing guidance that a dividend declared after the reporting date is not a liability of an entity at that date given that there is no obligation at that time.
- FRS 118 "Revenue" (effective from 1 January 2010) provides more guidance when determining whether an entity is acting as a 'principal' or as an 'agent'. This standard does not have material impact on the classification and valuation of the Fund's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

- (i) Standards and amendments to published standards and interpretations that are applicable and are effective (continued):

- Amendment FRS 132 “Financial Instruments: Presentation”

In the previous financial year, the Fund had classified its puttable instruments as liabilities in accordance with FRS 132, 'Financial instruments: Presentation'. However, the FRS 132 (amendment), 'Financial instruments: Presentation', and FRS 101 (amendment), 'Presentation of financial statements' - 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2010) (the 'amendment') requires puttable financial instruments that meet the definition of a financial liability to be classified as equity where certain strict criteria are met.

Those criteria include: (i) the puttable instruments must entitle the holder to a pro-rata share of net assets; (ii) the puttable instruments must be the most subordinated class and that class's features must be identical; (iii) there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and (iv) the total expected cash flows from the puttable instrument over its life must be based substantially on the profit or loss of the issuer. As a result, the prior year financial statements are restated from amounts previously reported to conform with the amendment. The amendment has been applied retrospectively.

The effects as a result of adoption of the amendment on the statement of financial position for the prior periods are set out in Note 20(a).

- FRS 139 “Financial Instruments: Recognition and Measurement”

In the previous financial year, unrealised gains or losses from the derivative financial instrument are recognised in the statement of financial position as receivables and payables while the corresponding effect are transferred to the fair value reserve included in the capital and reserves attributable to equity holders of the fund.

However, the FRS 139 (new standard) ‘Financial Instruments: Recognition and Measurement’ (effective 1 January 2010) (the ‘standard’) requires the Fund to recognise all investments in its balance sheet as assets and shall measure them at fair value (except for a derivative that is linked to and that must be settled by delivery of an unquoted equity instrument whose fair value cannot be measured reliably) at the beginning of the financial period in which this standard is initially applied. The unrealised gains or losses transferred to the fair value reserve in the previous financial period shall be recognised as an adjustment of the balance of retained earnings at the beginning of the financial period in which this Standard is initially applied (other than for a derivative that is a designated hedging instrument).

The effects as a result of adoption of the new standard on the opening balances of the statement of financial position at the beginning of the financial year are set out in Note 20(b).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) Standards and amendments to published standards and interpretations that are applicable and are effective (continued):

- Amendments to FRS 7 "Financial instruments: Disclosures" and FRS 1 "First-time adoption of financial reporting standards" (effective from 1 January 2011) require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The Fund will apply this standard when effective.

The Fund has applied the transitional provision which exempts entities from disclosing the possible impact arising from the initial application of this amendment on the financial statements of the Fund.

- IC Interpretation 17 "Distribution of non-cash assets to owners" (effective from 1 July 2010) provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. FRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

(b) Financial assets at fair value through profit or loss

Classification

The Fund designates its investment in quoted securities and unquoted fixed income securities as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

Financing and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's financing and receivables comprise cash and cash equivalents, amount due from Manager, amount due from brokers, and dividend receivables which are all due within 12 months.

The Fund classifies amount due to Manager, amount due to brokers, accrued management fee, amount due to Trustee, distribution payable, and other payables and accruals as other financial liabilities.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income during the financial year which they are incurred.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets at fair value through profit or loss (continued)

Recognition and measurement (continued)

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Gains or losses from the changes in fair value of the investments are presented in the statement of comprehensive income within net gains or losses on financial assets at fair value through profit and loss in the financial year on which they are incurred..

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payment is established.

Quoted investments in Malaysia are valued at the last done market price quoted on Bursa Malaysia Securities Berhad ("Bursa Securities") at the date of the statement of financial position.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the fair value of securities are determined based on good faith by the Manager, using methods or bases approved by the Trustee after appropriate technical consultation.

Unquoted fixed income securities denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the SC as per the SC Guidelines on Unit Trust Funds. Where such quotation are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the Manager may use non-BPA price, provided that the Manager:

- (i) records its basis for using non-BPA price;
- (ii) obtains necessary internal approvals to use the non-BPA price; and
- (iii) keeps an audit trail of all decisions and basis for adopting the non-BPA price.

Loans and receivables and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

For assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' or a 'held-to-maturity investment' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets at fair value through profit or loss (continued)**Recognition and measurement (continued)

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(c) Income recognition

Dividend income is recognised on the ex-dividend date.

Profit income from deposits and unquoted fixed income securities are recognised on the accrual basis (after accounting for the effective yield of the asset).

Realised gain or loss on sale of quoted investments is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

Realised gain or loss on disposal of unquoted investments is calculated based on the difference between the net disposal proceeds and the carrying amount of unquoted investments, determined on cost adjusted for accretion of discount or amortisation of premium.

(d) Creation and cancellation of units

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

Units are created and cancelled at the holder's option at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(e) Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and deposits held in highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(f) Taxation

Current tax expense is determined according to Malaysian tax laws at the current rate based on taxable profit earned during the financial year.

(g) Amount due from/to brokers

Amounts due from/ to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but have not been settled or delivered on the statement of financial position date respectively.

These amounts are initially recognised at fair value and subsequently measured at amortised cost using the effective profit method, less provision for impairment for amounts due from brokers. A provision for impairment of amounts due from brokers is established when there is an objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, profit income is recognised using the profit rate used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective profit method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the profit income or profit expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective profit rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective profit rate, transaction costs and all other premiums or discounts.

(h) Distribution

Proposed distributions to unitholders are recognised in the statement of changes in equity upon approval by the Board of Directors of the Manager.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) **Functional and presentation currency**

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia, which is the Fund’s functional and presentation currency.

(j) **Proceeds and payments on creation and cancellation of units**

The net asset value per unit is computed for each dealing day. The price at which units are created or cancelled is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Units in the Fund are classified as equity in the statement of financial position and are stated at fair value representing the price at which unitholders can redeem the units from the Fund.

(k) **Segmental information**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographic segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Investment Committee of the Fund’s manager that undertakes strategic decisions for the Fund.

(l) **Financial instruments**

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm’s length transaction. The information presented herein represents the estimates of fair values on the statement of financial position date.

Financial instruments as at 31 March 2011 are as follows:

RM	Financing and receivables RM	Financial assets at fair value through profit or loss RM	Total
Financial assets at fair value through profit or loss (Note 9)	-	19,783,840	19,783,840
Cash and cash equivalents (Note 12)	1,147,560	-	1,147,560
Amount due from Manager	20,097	-	20,097
Amount due from Broker	84,489	-	84,489
Dividend receivable	5,485	-	5,485
	1,257,631	19,783,840	21,041,471
	1,257,631	19,783,840	21,041,471

All current liabilities are financial liabilities which are carried at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Critical accounting estimates and judgments in applying accounting policies

The preparation of financial statements in conformity with FRS and the SC Guidelines on Unit Trust Funds requires the use of estimates and assumptions that affect the reported amount of assets and liabilities at the statement of financial position date, and the reported amount of income and expenses during the reported financial year. Although these estimates are based on the Manager's best knowledge of current events and actions, actual results may differ from those estimates.

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 resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the asset and liability within the next financial year is outlined below.

(i) Fair value of unquoted fixed income securities

The Fund uses significant judgement in determining whether an unquoted investment is impaired. The Fund evaluates, among other factors, the durations and extent to which the fair value of the investment is less than cost, the financial health and short-term business outlook for the investee, including factors such as industry and sector performance, macroeconomic factors and speculation.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC valuation guidelines.

Unquoted fixed income securities are valued using fair value prices quoted by the BPA. Where the Manager is of the view that the price quoted by BPA for a specific unquoted fixed income security differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price. This is allowed for under the SC Guidelines on Unit Trust Funds.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The objective of the Fund is to provide a source of regular income and growth to the value of unitholders' investments over the medium term in a medium to long-term bond portfolio. A minimum of 60% and up to a maximum of 98% of the Fund's NAV may be invested in Sukuk carrying at least a "BBB3" or "P2" rating by RAM or equivalent rating by MARC; "BBB" by S&P or equivalent rating by Moody's or Fitch. The Fund may also invest between 0% to 20% (both inclusive) of its NAV in Shariah-compliant equities, of which up to 10% of its NAV may be invested in warrants of Shariah-compliant companies. At least 2% the Fund's NAV in Shariah-compliant liquid assets. The investment strategy and policy of the Fund is focus bias towards Shariah-compliant fixed income investments aimed to provide consistency in income, while allowing some exposure in Shariah-compliant equities and warrants aimed to provide the added return in a rising market.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Fund is exposed to a variety of risks which include market risk, single issuer risk, profit rate risk, credit risk, liquidity risk and reclassification of Shariah status risk arising from the financial instruments it holds.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the SC Guidelines on Unit Trust Funds.

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value of an investment in quoted securities and unquoted fixed income securities will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk).

The price risk is managed through diversification and selection of securities and other financial instruments within specified limits according to the Deed.

As at 31 March 2011, the Fund's overall exposures to price risk were as follows:

	2011 RM
Financial assets at fair value through profit or loss	19,783,840

The table below summarises the sensitivity of the Fund's net asset value to movements in prices of quoted securities and unquoted fixed income securities as at 31 March 2011. The analysis is based on the assumptions that the price of the quoted securities and unquoted fixed income securities fluctuates by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities and unquoted fixed income securities, having regard to the historical volatility of the prices.

% Change in price	Market value			Change in net asset value		
	Quoted securities RM	Unquoted Fixed income securities RM	Total RM	Quoted securities RM	Unquoted fixed income securities RM	Total RM
- 5%	3,137,386	14,521,737	17,824,249	(165,126)	(1,959,591)	(2,124,717)
0%	3,302,512	16,481,328	19,783,840	-	-	-
5%	3,467,638	18,440,919	21,743,431	165,126	1,959,591	2,124,717
	3,137,386	14,521,737	17,824,249	(165,126)	(1,959,591)	(2,124,717)

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments and its returns will fluctuate because of changes in market interest rates. To manage exposure to interest rate risk, investments are concentrated to investment grade issues by financial institutions and companies determined by the Manager.

Interest rate risk is a general economic indicator that will have an impact on the management of the Fund regardless of whether it is a Shariah-compliant fund or otherwise. It does not in any way suggest that this Fund will invest in conventional financial instruments. All investments carried out for the Fund including placements and deposits are in accordance with Shariah.

This risk is crucial in a sukuk fund since sukuk portfolio management depends on forecasting interest rate movements. Prices of sukuk correspond inversely to interest rate movements, therefore as interest rates rise, the prices of sukuk decrease and vice versa. Furthermore, sukuk with longer maturity and lower yield/coupon rates are more susceptible to interest rate movements.

Investors should note that fixed income securities (such as the sukuk held by the Fund) and money market instruments are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of profit and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The Fund also holds a limited amount of cash and cash equivalents that expose the Fund to cash flow interest rate risk.

The table below summarises the sensitivity of the Fund's net asset value to movements in prices of unquoted fixed securities and profit income from deposits with licensed financial institutions held by the Fund as at 31 March 2011 as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate fluctuates by 5%, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Change in interest rate	Impact on net asset value	
	Unquoted fixed income securities designated at fair value through profit or loss RM	Deposits with licensed financial institutions RM
- 5%	249,813	(4)
0%	-	-
5%	(249,813)	4

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(iii) Currency risk

The Fund is not exposed to any currency risk as the Fund has no investments overseas as at 31 March 2011. The Fund has no financial assets and liabilities denominated in foreign currencies as at 31 March 2011.

(b) Credit risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of coupon, principals and proceeds from realisation of investments. In the case of the Fund, the Manager regularly review the ratings assigned to the Issuer so that the necessary steps can be taken if the ratings fall below those prescribed by the SC.

The 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. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the Securities Commission's Guidelines on Unit Trust Funds.

The following table sets out the credit risk concentration of the Fund:

As at 31 March 2011	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Other assets RM	Total RM
Finance	-	1,147,560	-	1,147,560
Quoted Investment	3,302,512	-	-	3,302,512
Unquoted fixed income securities:				
AAA	1,558,054	-	-	1,558,054
AA3	6,389,943	-	-	9,723,877
AA2	2,022,469	-	-	2,022,469
AA1	1,162,800	-	-	2,162,930
AA+	1,000,130			
AA-	3,333,934			
A+	1,013,998	-	-	1,013,998
Others	-	-	110,071	110,071
	<u>19,783,840</u>	<u>1,147,560</u>	<u>110,071</u>	<u>21,041,471</u>

All financial assets of the Fund as at 31 March 2011 are neither past due nor impaired.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity risk arises when the Fund do not have sufficient funds to meet its financial obligations when they fall due. It arises when investments cannot be readily sold at or near its actual value without taking a significant discount, resulting in lower net asset value of the Fund. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month RM	Within 1 year RM
Amount due to Manager	90,271	-
Accrued management fee	20,715	-
Amount due to Trustee fee	1,450	-
Other payables and accruals	-	15,801
Distribution payable	-	55,595
	<u>112,436</u>	<u>71,396</u>
Contractual cash out flows	<u>112,436</u>	<u>71,396</u>

(d) Single issuer risk

Any major price fluctuation of a particular security invested by the Fund may affect the Fund's net asset value and thus the prices of units.

The single issuer risk is managed by adhering to the investment limits as specified in the SC Guidelines on Unit Trust Funds.

(e) Non-compliance risk

Non-compliance risk arises when the Manager and others associated with the Fund are not compliant to the rules set out in the Fund's constitution, the law that governs the Fund or applicable internal control procedures, or act fraudulently or dishonestly. These non-compliance may expose the Fund to higher risks of a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the Manager.

(f) Capital risk management

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of shareholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

4. PROFIT AND HIBAH EARNED

	2011 RM	2010 RM
Profit income earned from deposits with licensed financial institutions	56,091	25,284
Profit income earned from unquoted fixed income securities	649,346	606,942
	<u>705,437</u>	<u>632,226</u>

5. MANAGEMENT FEE

In accordance with Clause 24(1) of the Deed, the Manager is entitled to a maximum management fee of 1.0% per annum calculated daily based on the net asset value of the Fund.

For the financial year ended 31 March 2011, the Manager's fee is recognised at a rate of 1.0% per annum (2010: 1.0%).

There will be no further liability to the Manager in respect of management fee other than the amount recognised above.

6. TRUSTEE'S FEE

In accordance with Clause 24(2) of the Deed, the Trustee is entitled to a fee not exceeding 0.25% per annum calculated based on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum.

For the financial year ended 31 March 2011, the trustee's fee is recognised at a rate of 0.07% per annum (2010: 0.08%).

There will be no further liability to the Trustee in respect of trustee fee other than the amount recognised above.

7. DISTRIBUTION

Distribution to unitholders is derived from the following sources:

	2011 RM	2010 RM
Non-taxable income	1,233,765	1,000,347
Taxable income	52,768	-
	<u>1,286,533</u>	<u>1,000,347</u>
Less:		
Expenses	(218,370)	(207,879)
Taxation	(13,192)	(161)
	<u>1,054,971</u>	<u>792,307</u>
Final distribution on 31 March		
Net distribution per unit (sen)	5.50	5.00
Gross distribution per unit (sen)	5.57	5.08

Net distribution above is sourced from current year's realised income. Gross distribution is derived using total income less total expenses.

Gross distribution per unit is derived from gross realised income less expense divided by the number of units in circulation, while net distribution for unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

8. TAXATION

	2011 RM	2010 RM
Current taxation	<u>10,672</u>	<u>161</u>

The numerical reconciliation between net profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	2011 RM	2010 RM
Net profit before taxation	1,891,604	1,533,517
Taxation at Malaysian statutory rate of 25% (2010: 25%)	472,901	383,379
Tax effects:		
Income not subject to tax	(196,984)	(144,229)
Net realised gain on sale of investment not subject to tax	(334,141)	(285,212)
Expenses not deductible for tax purposes	23,879	4,876
Restriction on tax deductible expenses for unit trust funds	45,017	41,347
	<u>10,672</u>	<u>161</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011 RM
Designated at fair value at fair value through profit or loss	
- Quoted securities (Note (i))	3,302,512
- Unquoted fixed income securities (Note (ii))	16,481,328
	<u>19,783,840</u>
Net gain on assets at fair value through profit or loss	
- Realised	1,336,562
- Unrealised	44,832
	<u>1,381,394</u>

(i) Quoted securities

As at 31 March 2011	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of net asset value %
MAIN BOARD				
Construction				
IJM Corporation Berhad	24,200	127,680	155,122	0.74%
Malaysian Resources Corp Bhd	90,000	196,748	198,000	0.95%
WCT Bhd	14,800	45,497	44,992	0.22%
	<u>129,000</u>	<u>369,925</u>	<u>398,114</u>	<u>1.90%</u>
Industrial				
Dayang Enterprise Holdings Bhd	35,675	70,046	74,561	0.36%
Latexx Partners Berhad	61,500	177,574	169,125	0.81%
Perwaja Holdings Berhad	43,000	49,764	42,140	0.20%
Press Metal Berhad	20,000	47,486	46,600	0.22%
Supermax Corp Bhd	10,000	44,535	43,100	0.21%
Top Glove Corp Bhd	3,900	19,662	20,982	0.10%
	<u>174,075</u>	<u>409,067</u>	<u>396,508</u>	<u>1.90%</u>
IPC				
Maxis Bhd	24,400	133,034	131,272	0.63%
Puncak Niaga Holdings Berhad	30,000	76,713	68,700	0.33%
	<u>54,400</u>	<u>209,747</u>	<u>199,972</u>	<u>0.96%</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(i) Quoted securities (continued)

As at 31 March 2011	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of net asset value %
MAIN BOARD				
Plantation				
Genting Plantations Berhad	22,000	192,934	176,000	0.84%
Hap Seng Plantations Hldg Bhd	25,300	81,407	75,900	0.36%
IJM Plantations Bhd	35,000	102,861	103,250	0.49%
IOI Corporation Berhad	22,480	107,516	129,485	0.62%
Kuala Lumpur Kepong Berhad	2,000	43,049	42,400	0.20%
Sime Darby Berhad	21,500	176,379	198,445	0.95%
	128,280	704,146	725,480	3.48%
Properties				
Bandar Raya Developments Bhd	74,900	169,331	164,031	0.78%
IJM Land Berhad	31,700	85,736	87,175	0.42%
Naim Holdings Berhad	34,700	120,820	106,876	0.51%
SP Setia Berhad -A	8,800	51,017	55,440	0.27%
UEM Land Berhad	52,900	119,974	149,707	0.72%
YNH Property Berhad	70,000	148,555	131,600	0.63%
	273,000	695,433	694,829	3.32%
Trading Services				
Axiata Group Berhad	30,200	124,927	144,658	0.69%
Faber Group Berhad	63,200	121,757	133,984	0.64%
Kencana Petroleum Berhad	14,300	33,646	37,466	0.18%
Malaysia Marine And Heavy Engineering Bhd	2,700	10,337	18,441	0.09%
Malaysia Mining Corp Berhad	56,900	149,121	157,613	0.75%
MISC Bhd - Local	2,400	18,292	18,888	0.09%
PLUS Expressways Berhad	42,000	197,799	188,160	0.90%
Pos Malaysia Berhad	26,300	86,400	91,524	0.44%
Tenaga Nasional Berhad	15,500	100,695	96,875	0.46%
	253,500	842,974	887,609	4.25%
TOTAL QUOTED SECURITIES	1,012,255	3,231,292	3,302,512	15.80%
UNREALISED GAIN ON FINANCIAL		71,220		
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – QUOTED SECURITIES		3,302,512		

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(ii) Unquoted fixed income securities

As at 31 March 2011	Nominal Value Unit	Carrying cost RM	Fair Value RM	Percentage Of net asset value %
Konsortium Lebuah Utara Timur 7.12% 28/10/2026	2,000,000	2,190,939	2,263,672	10.83
Jimah Energy Ventures SB 9.30% 12/05/2020	1,500,000	1,865,714	2,002,000	9.58
Lingkar Trans Kota Sdn Bhd - 5.60% 15/04/2019	1,500,000	1,632,553	1,635,519	7.82
National Bank Of Abu Dhabi 4.75% 29/06/2015	1,500,000	1,522,150	1,558,054	7.45
Jimah Energy Ventures SB 8.50% 10/11/17	1,000,000	1,167,562	1,240,173	5.93
Ranhill Powertron Sdn Bhd -7.30% 27/06/16	1,000,000	1,102,423	1,162,800	5.56
Maju Expressway Sdn Bhd -6.25% 14/06/2019	1,000,000	1,018,322	1,115,622	5.34
Maju Expressway Sdn Bhd 5.650% 15/06/2015	1,000,000	1,064,051	1,070,263	5.12
Gamuda Berhad - 5.25% 01/04/2015	1,000,000	1,059,481	1,061,150	5.08
Sunrise Bhd - 4.55% 31/01/2014	1,000,000	1,011,296	1,013,998	4.85
Maybank Islamic Berhad 4.22% 03/31/2021	1,000,000	1,000,229	1,000,129	4.78
Konsortium Lebuhraya Bwh-Kulim - 4.00% 13/07/2018	1,000,000	928,133	970,998	4.64
Encorp Systembilt Sdn Bhd 0% 03/01/2017	500,000	385,965	386,950	1.85
TOTAL UNQUOTED SECURITIES	<u>15,000,000</u>	<u>15,948,818</u>	<u>16,481,328</u>	78.83
UNREALISED GAIN OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>532,510</u>		
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – UNQUOTED FIXED INCOME SECURITIES		<u>16,481,328</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	<u>16,012,255</u>		<u>19,783,840</u>	

10. QUOTED SHARIAH-COMPLIANT INVESTMENTS

31 March 2010	Quantity	Aggregate cost RM	Market value RM	Percentage of net asset value %
MAIN BOARD				
Construction				
Gamuda Berhad	17,500	46,862	50,750	0.31
Hock Seng Lee Berhad	60,000	76,652	90,600	0.55
IJM Corporation Berhad	17,500	72,133	85,400	0.52
Malaysian Resources Corp Berhad	57,500	80,116	94,875	0.58
	152,500	275,763	321,625	1.96
Consumer				
PPB Group Berhad	10,000	164,101	180,000	1.09
Industrial				
Dayang Enterprise Holdings Berhad	27,500	45,764	51,425	0.31
Kossan Rubber Industries	12,500	92,828	100,000	0.61
Lafarge Malayan Cement Berhad	12,500	78,767	79,375	0.48
Latexx Partners Berhad	20,000	66,380	77,800	0.47
Lion Industries Corporation	27,500	39,331	47,850	0.29
Parkson Holdings Berhad	10,025	50,158	59,147	0.36
Supermax Corp Berhad	10,000	52,881	67,800	0.41
UEM Land Berhad	45,000	73,688	76,050	0.46
	165,025	499,797	559,447	3.39
Infrastructure				
Maxis Communications Berhad	27,500	144,872	146,850	0.89
Plantation				
IOI Corporation Berhad	55,080	257,597	296,881	1.81
Kuala Lumpur Kepong Berhad	12,500	175,062	208,500	1.27
Sime Darby Berhad	35,000	265,576	304,850	1.85
	102,580	698,235	810,231	4.93
Properties				
Bandar Raya Developments Berhad	17,500	26,959	35,175	0.22
Eastern and Oriental Berhad	95,000	107,887	92,625	0.56
IJM Land Berhad	22,500	41,977	52,425	0.32
	135,000	176,823	180,225	1.10

10. QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTINUED)

31 March 2010 (continued)	Quantity	Aggregate cost RM	Market value RM	Percentage of net asset value %
MAIN BOARD				
Trading Services				
Airasia Berhad	82,500	116,750	114,675	0.70
Alam Maritim Resources Berhad	32,500	50,476	59,150	0.36
Axiata Group Berhad	77,500	257,131	298,375	1.81
Dialog Group Berhad	32,530	27,363	35,783	0.22
Faber Group Berhad	45,000	76,797	107,100	0.65
Kencana Petroleum Berhad	57,550	63,439	89,203	0.54
Sapura Crest Petroleum Berhad	40,000	73,326	96,000	0.58
Tenaga Nasional Berhad	35,000	280,732	280,700	1.71
	402,580	946,014	1,080,986	6.57
TOTAL QUOTED INVESTMENTS	995,185	2,905,605	3,279,364	19.93
Fair value reserve		373,759		
MARKET VALUE		3,279,364		

11. UNQUOTED SUKUK

Name of issuer	Nominal value	Carrying value	Fair value	Percentage of value of Fund
31 March 2010	RM	RM	RM	%
Alam Maritim Resources Bhd -D 17/09/2010 (AA-)	1,000,000	980,107	982,488	5.97
Jimah Energy Ventures SB 7.80% 12/5/2014 (AA3)	1,000,000	1,072,212	1,099,700	6.69
Jimah Energy Ventures SB 8.50% 10/11/2017 (AA3)	1,000,000	1,150,903	1,157,400	7.04
Konsortium Lebuhraya Bwh-Kulim 4.00% 13/7/2012 (AA3)	1,500,000	1,441,715	1,491,900	9.07
Puncak Niaga M Sdn Bhd 5.00% 27/10/2011 (AA)	1,000,000	1,007,468	1,012,200	6.15
Puncak Niaga M Sdn Bhd 5.40% 25/10/2013 (AA)	1,000,000	1,012,357	1,024,100	6.23
Ranhill Powertron Sdn Bhd 6.60% 27/6/2013 (AA2)	1,250,000	1,258,282	1,329,000	8.08
Ranhill Powertron Sdn Bhd 7.30% 27/06/2016 (AA2)	1,000,000	1,096,851	1,110,000	6.75
Sime Darby Berhad 4.38% 14/11/2014 (AAA)	1,000,000	1,000,000	1,010,400	6.14
Syarikat Bekalan Air Selangor 5.00% 30/9/2013 (AA-)	1,500,000	1,533,754	1,521,600	9.25
TOTAL UNQUOTED SUKUK	11,250,000	11,553,649	11,738,788	71.37
Fair value reserve		185,139		
MARKET VALUE		11,738,788		

The unquoted fixed income securities has an effective weighted average interest rate of 5.34% per annum and an average maturity of 4 years as at 31 March 2011.

12. CASH AND CASH EQUIVALENTS

	2011 RM	2010 RM
Bank balances in a licensed bank	20,477	22,251
Deposits with licensed Islamic financial institutions	1,127,000	1,211,000
Profit income receivable on deposit with licensed Islamic financial institutions	83	-
	<u>1,147,560</u>	<u>1,233,251</u>

The effective weighted average profit rate per annum is as follows:

	2011 %	2010 %
Deposits with licensed financial institutions	<u>2.70</u>	<u>2.10</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 1 days (2010: 2 days).

13. PROFIT INCOME RECEIVABLE

	2011 RM	2010 RM
Profit income receivable from unquoted fixed income securities	-	177,181
Profit income receivable from deposits with Islamic licensed financial institutions	-	70
	<u>-</u>	<u>177,251</u>

14. NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	2011		2010	
	No. of units	RM	No. of units	RM
At beginning of the financial year	16,590,573	16,448,933	17,640,535	16,649,636
Creation arising from distribution	962,420	999,376	744,440	737,889
Creation arising from application	26,422,544	27,510,519	22,655,598	21,618,481
Cancellation of units	(23,831,821)	(24,878,853)	(24,450,000)	(24,300,908)
Total comprehensive income for the financial year	-	1,880,932	-	1,533,356
Distribution for the financial year	-	(1,054,971)	-	(792,307)
Net change in fair value reserve	-	-	-	1,002,786
	<u>20,143,716</u>	<u>20,905,936</u>	<u>16,590,573</u>	<u>16,448,933</u>
At end of the financial year	<u>20,143,716</u>	<u>20,905,936</u>	<u>16,590,573</u>	<u>16,448,933</u>
Approved size of Fund	<u>500,000,000</u>		<u>500,000,000</u>	

As at 31 March 2011, the number of units not yet issued is 479,856,284 units (2010: 483,409,427 units)

15. MANAGEMENT EXPENSE RATIO (“MER”)

	2011	2010
	%	%
MER	<u>1.56</u>	<u>1.17</u>

MER is derived based on the following calculation:

$$\text{MER} = \frac{(A + B + C + D + E + F) \times 100}{G}$$

- A = Management fee
- B = Trustee’s fee
- C = Auditors’ remuneration
- D = Tax agent’s fee
- E = Transactions costs
- F = Other expenses
- G = Average net asset value of the Fund calculation on a daily basis

The average net asset value of the Fund for the financial year calculated on daily basis is RM18,927,415 (2010: RM17,428,112).

16. PORTFOLIO TURNOVER RATIO (“PTR”)

	2011	2010
PTR (times)	<u>1.11</u>	<u>1.22</u>

PTR is derived based on the following calculation:

$$\frac{(\text{Total acquisition for the financial period} + \text{total disposal for the financial period}) \div 2}{\text{Average net asset value of the Fund for the financial period calculated on a daily basis}}$$

Average net asset value of the Fund for the financial period calculated on a daily basis

Where:

- total acquisition for the financial year = RM23,218,544 (2010: RM23,738,072)
- total disposal for the financial year = RM18,945,023 (2010: RM18,870,893)

17. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
CIMB-Principal Asset Management Berhad	The Manager
CIMB Group Sdn Bhd	Holding company of the Manager
CIMB Group Holdings Berhad ("CIMB")	Ultimate holding company of the Manager
Subsidiaries and associates of CIMB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager

Unit held by the Manager and parties related to the Manager

Manager	<u>No. of units</u>	<u>2011 RM</u>	<u>No. of units</u>	<u>2010 RM</u>
CIMB-Principal Asset Management Berhad (The units are held beneficially by the Manager for booking purposes)	40,282	41,805	-	-
Director of the Manager				
Datuk Noripah Kamso	-	-	92,287	91,429

The above units were transacted at the prevailing market price.

The units are held beneficially by the Manager for bookings purpose. Other than the above, there were no units held by Directors or parties related to the Manager.

Set out below are other significant related party transactions which are conducted in the normal cause of business:

	<u>2011 RM</u>	<u>2010 RM</u>
<u>Significant related party transactions</u>		
Profit income from deposits with licensed financial institution:		
- CIMB Islamic Bank Berhad	12,956	6,550
<u>Significant related party balances</u>		
Deposits with licensed financial institution:		
- CIMB Islamic Bank Berhad	-	-

Related party transactions are carried out on terms and conditions similar to transactions with unrelated parties unless otherwise stated. Profit rates on fixed and short-term deposits were at normal commercial rates.

18. TRANSACTIONS WITH BROKERS / DEALERS

Details of transactions with brokers/dealers for the financial year ended 31 March 2011 are as follows:

Brokers 2011	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage Of total brokerage fees %
Hong Leong Islamic Bank Berhad	117007000	30.24	-	-
RHB Bank Islamic Bhd -JT Razak	84738000	21.90	-	-
CIMB Islamic Bank - Semantan	84285000	21.78	-	-
EONCAP Islamic Bank Berhad	21138000	5.46	-	-
Bank Islam Malaysia Berhad	13368000	3.45	-	-
Affin Islamic Bank Bhd	10137000	2.62	-	-
OSK Investment Bank Bhd	9,202,665	2.38	4,843	15.31
Public Bank Islamic	8191000	2.12	-	-
Malayan Banking Bhd - Islamic	7539000	1.95	-	-
EON Bank Berhad	7,506,439	1.94	-	0
AmlIslamic Bank Berhad	2,721,200	0.70	-	0
Standard Chartered Bank -Trea	2,014,920	0.52	-	0
CIMB Bank Bhd – Treasury*	2,002,800	0.52	-	0
Credit Suisse M Sdn Bhd	1,970,125	0.51	4,630	14.63
CIMB Investment Bank Bhd*	1,845,402	0.48	4,741	14.99
AmlInvestment Bank Bhd	1,829,528	0.47	4,426	13.99
Maybank Securities	1,530,312	0.40	3,860	12.2
HSBC Bank Malaysia Berhad	1,504,635	0.39	-	0
KAF Investment Bank Bhd SPI	1,050,500	0.27	-	0
Malayan Banking Bhd -KLMain	1,000,000	0.26	-	0
Maybank Investment Bank Bhd	1,000,000	0.26	-	0
KAF Investment Bank Berhad	917,100	0.24	-	0
RHB Investment Bank Berhad	812,818	0.21	2,341	7.4
Macquarie Malaysia Sdn Bhd	682,266	0.18	1,955	6.18
JPMorgan Securities M S B	628,386	0.16	1,478	4.67
Kenanga Investment Bank Berhad	555,750	0.14	1,250	3.95
Citi Bank Berhad	507,572	0.13	-	0
Hwang-DBS Investment Bank Bhd	410,125	0.11	973	3.08
OCBC Bank M Bhd - Treasury	377,800	0.10	-	0
UBS Securities Malaysia S B	376,919	0.10	848	2.68
CLSA Securities M Sdn Bhd	129,758	0.03	292	0.92
	386,980,020	100.00	31,637	100.00

18. TRANSACTIONS WITH BROKERS / DEALERS (CONTINUED)

Details of transactions with brokers/dealers for the financial year ended 31 March 2010 are as follows (continued):

Brokers 2010	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage %
CIMB Islamic Bank - Semantan	56,974,553	21.36	-	-
Bank Islam Malaysia Berhad	51,246,000	19.21	-	-
EONCAP Islamic Bank Berhad	48,101,754	18.03	-	-
Hong Leong Islamic Bank Berhad	40,067,000	15.02	-	-
RHB Bank Islamic Bhd -JT Razak	25,961,000	9.73	-	-
OSK Investment Bank Bhd	8,385,542	3.14	2,550	5.09
Malayan Banking Bhd	5,255,021	1.97	-	-
Maybank Investment Bank Bhd	4,955,972	1.86	2,582	5.16
CIMB Investment Bank Bhd*	4,349,273	1.63	13,322	26.6
Others	4,325,893	1.62	6,209	12.4
CIMB Bank Bhd *	4,168,733	1.56	-	-
AmInvestment Bank Bhd	3,618,290	1.36	9,940	19.86
RHB Investment Bank Berhad	2,462,440	0.92	4,621	9.23
Credit Suisse (Malaysia) Sdn Bhd	2,196,929	0.82	6,928	13.84
CLSA Securities (Malaysia) Sdn Bhd	1,587,284	0.59	3,913	7.82
Bank Islam Malaysia Bhd	1,211,000	0.45	-	-
Hong Leong Investment Bank Bhd	1,014,300	0.38	-	-
HSBC Bank Malaysia Berhad	915,000	0.34	-	-
	266,795,985	100.00	50,065	100.00

*Transactions by the Fund are trades conducted on normal terms with CIMB Bank Berhad and CIMB Investment Bank Berhad, companies related to the Manager amounting to RM2,002,800 (2010: RM4,168,733) and RM1,845,402 (2010 : RM4,349,273) respectively.

19. SEGMENT INFORMATION

The Investment Committee of the Manager makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by this committee that are used to make strategic decisions.

The committee is responsible for the Fund's entire portfolio and considers the business as two sub-portfolio, consisting of a quoted investments portfolio, which focuses on equity and equity-related securities, and a debt portfolio, which focuses on unquoted fixed income securities.

The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of profit income, dividend income and gains on the appreciation in the value of investments.

There were no changes in the reportable operating segment during the financial year.

The segment information provided to the Investment Committee for the reportable operating segment is as follows:

19. SEGMENT INFORMATION (CONTINUED)

For the year ended 31 March 2011:

	Quoted investments sub-portfolio RM	Debt sub-portfolio RM	Total RM
Dividend income	100,363	-	100,363
Profit income	-	649,346	649,346
Net realised gain on sale of financial assets at fair value through profit or loss	1,218,290	118,272	1,336,562
Unrealised gain on financial assets at fair value through profit or loss	(317,372)	347,371	44,832
Net amortisation of premium	-	(77,937)	(77,937)
Transaction costs	(55,637)	-	(55,637)
Total segment income	<u>960,477</u>	<u>1,114,989</u>	<u>2,075,466</u>
Financial assets at fair value through profit or loss	3,302,512	16,481,328	19,783,840
Amount due from brokers	84,490	-	84,489
Dividend receivable	5,485	-	5,485
Total segment assets	<u>3,392,486</u>	<u>16,481,328</u>	<u>19,873,814</u>
Total segment liabilities	<u>-</u>	<u>-</u>	<u>-</u>

For the year ended 31 March 2010:

	Quoted investments sub-portfolio RM	Debt sub-portfolio RM	Total RM
Dividend income	63,947	-	63,947
Profit income	-	606,942	606,942
Net realised gain on sale of investments	1,038,234	102,612	1,140,846
Amortisation of premium	-	(99,773)	(99,773)
Total segment income	<u>1,102,181</u>	<u>609,781</u>	<u>1,711,962</u>
Investments	3,279,364	11,738,788	15,018,152
Profit income receivable from fixed income securities	-	177,181	177,181
Amount due from broker	67,239	-	67,239
Dividend receivable	3,450	-	3,450
Total segment assets	<u>3,350,053</u>	<u>11,915,969</u>	<u>15,266,022</u>
	11,380	-	11,380
Total segment liabilities	<u>11,380</u>	<u>-</u>	<u>11,380</u>

The Fund's management fee, trustee's fees and other expenses are not considered to be segment expenses.

19. SEGMENT INFORMATION (CONTINUED)

A reconciliation of total segmental income to the total comprehensive income is provided as follows:

	2011 RM	2010 RM
Total segmental income	2,075,466	1,711,962
Profit income from deposits with licensed financial institutions	56,091	25,284
Other fees and expenses	(239,953)	(203,729)
Net profit before taxation	1,891,604	1,533,517
Taxation	(10,672)	(161)
Net profit after taxation and total comprehensive income	1,880,932	1,533,356

Reportable operating segment's assets and liabilities are reconciled to total assets and total liabilities as follows:

	2011 RM	2010 RM
Total segment assets	19,873,814	15,266,022
Cash and cash equivalents	1,147,560	1,233,251
Amount due from Manager	20,097	22,911
Profit receivable from deposit with a licensed financial institutions	-	70
Tax recoverable	48,296	46,656
Total assets	21,089,767	16,568,910
Total segment liabilities	-	11,380
Amount due to manager	90,271	22,916
Amount due to trustee	1,450	1,160
Accrued management fee	20,715	16,566
Distribution payable	55,595	54,417
Other payables and accrued expenses	15,800	13,538
Total liabilities	183,831	119,977

The Fund's other receivables and other payables and accrued expenses are not considered to be segment assets and segment liabilities respectively and are managed by the administration function.

20. CHANGES IN ACCOUNTING POLICIES

(a) Amendment FRS 132 “Financial Instruments: Presentation”

In the previous financial year, the Fund had classified its puttable instruments as liabilities and distribution to unitholders of the puttable instruments as finance costs in accordance with FRS 132, 'Financial instruments: Presentation'. However, the FRS 132 (amendment), 'Financial instruments: Presentation', and FRS 101 (amendment), 'Presentation of financial statements' - 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2010) (the 'amendment') requires puttable financial instruments that meet the definition of a financial liability to be classified as equity where certain strict criteria are met. As a result, distribution to unitholders of these puttable instruments shall be debited by the entity directly to equity.

Those criteria include: (i) the puttable instruments must entitle the holder to a pro-rata share of net assets; (ii) the puttable instruments must be the most subordinated class and that class's features must be identical; (iii) there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and (iv) the total expected cash flows from the puttable instrument over its life must be based substantially on the profit or loss of the issuer. As a result, the prior year financial statements are restated from amounts previously reported to conform with the amendment. The amendment has been applied retrospectively.

The effects as a result of adoption of the amendment on the statement of financial position and statement of comprehensive income for the prior periods are set out below.

	As previously stated	Adjustment	As restated
<u>1 April 2009</u>	RM	RM	RM
Statement of Financial Position			
Financial liability	16,649,636	(16,649,636)	-
Unitholders' capital	-	16,806,427	16,806,427
Retained earnings	-	287,097	287,097
Fair value reserve	-	(443,888)	(443,888)
	<u>-</u>	<u>16,649,636</u>	<u>16,649,636</u>
Statement of Comprehensive Income			
Finance cost	758,543	(758,543)	-
Total comprehensive income for the financial year	<u>(1,417,954)</u>	<u>758,543</u>	<u>(659,411)</u>

20. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Amendment FRS 132 “Financial Instruments: Presentation” (continued)

31 March 2010

Statement of Financial Position

Financial liability	16,448,933	(16,448,933)	-
Unitholders' capital	-	14,861,889	14,861,889
Retained earnings	-	1,028,146	1,028,146
Fair value reserve	-	558,898	558,898
	<u>-</u>	<u>16,448,933</u>	<u>16,448,933</u>

Statement of Comprehensive Income

Finance cost	792,307	(792,307)	-
Total comprehensive income for the financial year	<u>741,049</u>	<u>792,307</u>	<u>1,533,356</u>

(a) Amendment FRS 132 “Financial Instruments: Presentation” (continued)

Effect of changes in accounting policy on the statement of financial position as at 31 March 2011 and statement of comprehensive income for the financial year ended 31 March 2011 are set out below.

	Previous accounting policy RM	Change in accounting policy RM	Revised accounting policy RM
Statement of financial position			
Financial liability	<u>20,905,936</u>	<u>(20,905,936)</u>	<u>-</u>
Unitholders' capital	-	18,492,931	18,492,931
Retained earnings	-	1,809,275	1,809,275
Fair value reserve	-	603,730	603,730
	<u>-</u>	<u>20,905,936</u>	<u>20,905,936</u>
Statement of Comprehensive Income			
Finance cost	1,054,971	(1,054,971)	-
Total comprehensive income for the financial year	<u>825,961</u>	<u>1,054,971</u>	<u>1,880,932</u>

20. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) FRS 139 “Financial Instruments: Recognition and Measurement”

In the previous financial year, unrealised gains or losses from the financial instruments are recognised in the statement of financial position as investments while the corresponding effect are transferred to the fair value reserve included in the capital and reserves attributable to equity holders of the fund.

However, the FRS 139 (new standard) ‘Financial Instruments: Recognition and Measurement’ (effective 1 January 2010) (the ‘Standard’) requires the Fund to recognise all investments in its statement of financial position as assets and shall measure them at fair value (except for a derivative that is linked to and that must be settled by delivery of an unquoted equity instrument whose fair value cannot be measured reliably) at the beginning of the financial period in which this standard is initially applied. The unrealised gains or losses transferred to the fair value reserve in the previous financial period shall be recognised as an adjustment of the balance of retained earnings at the beginning of the financial period in which this Standard is initially applied (other than for a derivative that is a designated hedging instrument).

The effects as a result of adoption of the new standard on the opening balances of the statement of financial position at the beginning of the financial period are set out below:

<u>As at 1 April 2010</u>	As restated after adoption of amendments to FRS 132 (Note 21(a)) RM	Adjustment RM	As restated RM
Unitholders' capital	14,861,889	-	14,861,889
Retained earnings	1,028,146	558,898	1,587,044
Fair value reserve	558,898	(558,898)	-
	<u>16,448,933</u>	<u>-</u>	<u>16,448,933</u>

20. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) FRS 139 “Financial Instruments: Recognition and Measurement” (continued)

Effect of changes in accounting policy on the statement of financial position as at 31 March 2011 and statement of comprehensive income for the financial year ended 31 March 2011 are set out below.

	Previous accounting policy RM	Change in accounting policy RM	Revised accounting policy RM
Statement of Financial Position			
Financial assets at fair value through profit or loss	-	19,783,840	19,783,840
Quoted investments	3,302,512	(3,302,512)	-
Unquoted fixed income securities	16,179,550	(16,481,328)	-
Deposits with licensed financial institutons	1,127,000	83	1,127,083
Profit income receivable from unquoted fixed income securities	301,778	(301,778)	-
Profit income receivable from deposits with licensed financial insitutions	83	(83)	-
Fair value reserve	<u>603,730</u>	<u>(603,730)</u>	<u>-</u>
Statement of Comprehensive Income			
Net realised gain on sale of financial assets at fair value through profit or loss	1,295,759	40,803	1,336,562
Unrealised gain on financial assets at fair value through profit or loss	-	44,832	44,832
Transaction costs	-	(55,637)	(55,637)
Profit from unquoted fixed income securities	727,283	(77,937)	649,346
Net amortisation of premium	(77,937)	77,937	-
Distribution	(1,054,971)	1,054,971	-
Total comprehensive income for the financial year	<u>795,963</u>	<u>1,084,969</u>	<u>1,880,932</u>

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04-3702156
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- Ground Floor, No. 298-B, Jalan Tok Hakim, 15000
Kota Bharu, Kelantan 09-7471190
09-7471172
- 30A, First Floor, Persiaran Greentown 1,
Greentown Business Centre, 30450 Ipoh, Perak. 05-2439001
05-2439002
- No 13B, 2nd Floor, Jalan Mamanda 7/1,
Off Jalan Ampang, 68000 Ampang, Selangor. 03-42702970
- 39-3 & 41-3, Jalan Radin Anum, Bandar Baru Sri Petaling,
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- 61, Jalan Melaka Raya 24, Taman Melaka Raya, 75000 Melaka. 06-2811111
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- 2-6A, Jalan PJU 8/3A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor 03-7725 6320
- 12A-3 (2nd Floor), Block C, Jalan PJU 5/17 Dataran Sunway, Kota Damansara, 47810 Petaling Jaya Selangor 03-6141 6369
- UNIT A-2-5 & A-3-5, Block A, Pusat Perdagangan Pelangi, Pelangi Damansara, PJU 6 Persiaran Surian, 47800 Petaling Jaya Selangor 03-7725 2880
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