

CIMB ISLAMIC EQUITY FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

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INVESTOR LETTER

Dear valued investors,

2011 was ushered in with a lot of optimism. Most analysts, if not all, were positive that the 2010 market rally would have spilt over into this year. However, it seems like the year may not be as predictable as we thought.

Nevertheless, as we all know the market is always cyclical. It goes up and comes down based on the current uncertainties. Ultimately, if you are a long-term investor, the best thing to do is to stay invested and not react emotionally by panic selling. What investors should do is to try to think forward with a plan and have a preferred asset allocation based on their risk tolerance. A well diversified portfolio is also important to mitigate risks in the long-term.

Usually, the source of market volatility is a mix of short and long-term causes. One of several immediate short-term causes has of course been the Standard and Poor's (S&P) ratings downgrade of long-term U.S. Government debt from AAA to AA+. The S&P downgrade had caused a massive downshift of investor's risk appetite that has been underway for several weeks.

We believe that once the current market turmoil subsides, we expect repercussions from the U.S. downgrade to be limited. Some fears that investors have, while certainly understandable in situation like this, are unsupported.

To be fair, here are some positive facts for the US:-

- US treasuries remain one of the safest investments even at AA+ rating;
- Over 60% of global allocated foreign exchange reserves are in USD and they are still highly in demand;
- US Treasuries are the most liquid securities traded in the world and it is hard to find alternatives or substitutes.
- Huge amounts of forced selling of US Treasures have yet to be seen

Overall, given the uncertainty in the markets, we still hold on to our view that the US will not go into a double dip recession. We will continue to remain positive on Asian Equities for second half of 2011 as we believe that strong fund flows into Asian fixed income markets may eventually have a positive spill over effect into the regional equity markets.

On another note, we are happy to announce that CIMB-Principal has garnered a total of 8 awards this year and will maintain our momentum of achievements in the industry for the best profit of our investors.

INVESTOR LETTER (CONTINUED)

We are also happy to announce that CIMB-Principal Asset Management Berhad (“CIMB-Principal”) is now GIPS-compliant.

GIPS or Global Investment Performance Standards are a set of standardized principles that provide guidance on how investment firms should calculate and report their investment results to prospective and current clients.

By being GIPS-compliant, investors can now have a greater level of confidence in the integrity of performance presentations as well as our general practices. We trust this will provide further assurance that the performance and reporting figures we cite are prepared to the highest standards.

With this, we at CIMB-Principal will strive to consistently provide investors with potential capital gains over the long-term and at the same time become the most reliable and trusted fund house in the industry. We look forward to supporting your journey through the interesting financial markets to come.

Yours sincerely

Campbell Tupling

Chief Executive

CIMB-Principal Asset Management Berhad

MANAGER'S REPORT**What is the investment objective of the Fund?**

The investment objective of the Fund is to provide investors with long-term capital growth by investing principally in equities. The Fund also seeks to outperform the benchmark.

Has the Fund achieved its objective?

For the period under review, the Fund is in line with its stated objectives as described under the fund performance review.

What are the Fund investment policy and its strategy?

The Fund will invest a minimum of 70% and up to a maximum of 98% of its Net Asset Value ("NAV") in Shariah-compliant equities in order to gain long-term capital growth. The Fund may opt to invest in Shariah-compliant foreign equities up to maximum of 50% of its NAV. In addition, Shariah-compliant liquid assets may be strategically used if the Investment Manager feels that the market downside risk is high in the short term. In line with its objective, the investment strategy and policy of the Fund is to have diversified portfolio of the Shariah-compliant stocks aimed at outperforming the market at different cycles of the market.

Between 70% to 98% (both inclusive) of the Fund's NAV will be invested in Shariah-compliant equities and at least 2% in Shariah-compliant liquid assets.

The Fund's policies on investments were carried out in accordance with the Deed and it will continue its operations until terminated in accordance with the provisions of the Deed.

Fund category/ type

Equity (Shariah)/ Growth

How long should you invest for?

Recommended 5 years or more

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

High

When was the Fund launched?

8 October 2004

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

RM 55.82 million (75.88 million units)

What is the Fund's benchmark?

50% FTSE Bursa Malaysia EMAS Shariah Index + 50% Dow Jones Islamic Asia Pacific ex Japan

What is the Fund distribution policy?

The Manager has the discretion to distribute part or all of the Fund's distributable income. The distribution (if any) may vary from period to period depending on the investment objective and the performance of the Fund.

What was the net income distribution for the period ended 31 October 2011?

The Fund declared a net income of 4.93 cent per unit for all the unit holders on 27 June 2011.

As a result of distribution, the net asset value per unit had dropped from RM 0.8295 to RM 0.7802.

PERFORMANCE DATA

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

	2011	2010	2009
	%	%	%
Quoted Shariah-Compliant Investments			
- Basic Material	11.69	12.25	-
- Construction	2.05	4.64	4.64
- Consumer Products	7.39	13.98	11.12
- Finance	1.67	-	3.72
- Health Care	0.56	1.54	
- Industrial Products	11.55	11.38	15.16
- IPC	3.44	2.91	-
- Oil & Gas	5.14	4.70	-
- Plantations	6.79	14.42	13.62
- Properties	1.15	1.75	1.54
- Technology	5.95	7.53	9.14
- Telecommunications	6.04	2.54	-
- Trading/Services	18.31	15.30	31.90
- Utilities	1.65	-	-
- Cash and Other Net Assets	16.62	7.06	6.66
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	2011	2010	2009
Net asset value (RM Million)	55.82	72.54	86.58
Units in circulation (Million)	75.88	90.94	123.21
Net asset value per unit (RM)	0.7356 *	0.7977	0.7027 *
Highest NAV per unit (RM)	0.8626	0.8035	0.7453
Lowest NAV per unit (RM)	0.6617	0.6799	0.4807
Total return (%)	(2.00)	13.68	45.37
- Capital growth (%)	(7.84)	13.68	37.46
- Income distribution (%)	6.33	-	5.76
Gross distribution per unit (sen)	4.94	-	4.00
Net distribution per unit (sen)	4.93	-	3.78
Date of distribution	27-Jun-11	-	4-Sep-09
Management expense ratio (%)	2.10	1.80	1.85
Portfolio turnover ratio (times) #	0.95	1.20	1.94

The turnover of the Fund was maintained at almost the same level as the previous year. The turnover was incurred to reposition the Fund in line with sector and stock views.

	Total Return	Annualised
	%	%
- One Year	(2.00)	(2.00)
- Three Years	61.95	17.43
- Five Years	63.76	10.37
- Since inception	88.84	9.41

* Ex-distribution

(Launch date: 8 October 2004)

PERFORMANCE DATA (CONTINUED)

	31.10.2011	31.10.2010	31.10.2009	31.10.2008	31.10.2007
Annual total return (%)	(2.00)	13.68	45.37	(37.33)	61.36

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 have been verified by Mercer (Malaysia) Sdn Bhd (253344-U).

MARKET REVIEW (1 NOVEMBER 2010 TO 31 OCTOBER 2011)

Market momentum was weak in May driven by poor economic data, Euro sovereign debt concerns and maturing of QE2. Korea kept base rates unchanged but China continued to hike the reserve ratio requirement to drain excess liquidity. In June, the PBOC continued to hike the RRR. China's CPI was above expectations while Manufacturing PMI's fell below. Thailand, India, Taiwan and Korea all raised policy rates as they were more concerned about inflation than growth risks.

In July, inflation continued to a key concern in China and the PBOC raised profit rates. The Reserve Bank of India also hiked rates again to combat higher than expected inflation. In Thailand, Puea Thai's majority win in the election lifted investor sentiment. In Indonesia, CPI figures for July started to trend lower to below 5% in contrast to most other Asian countries.

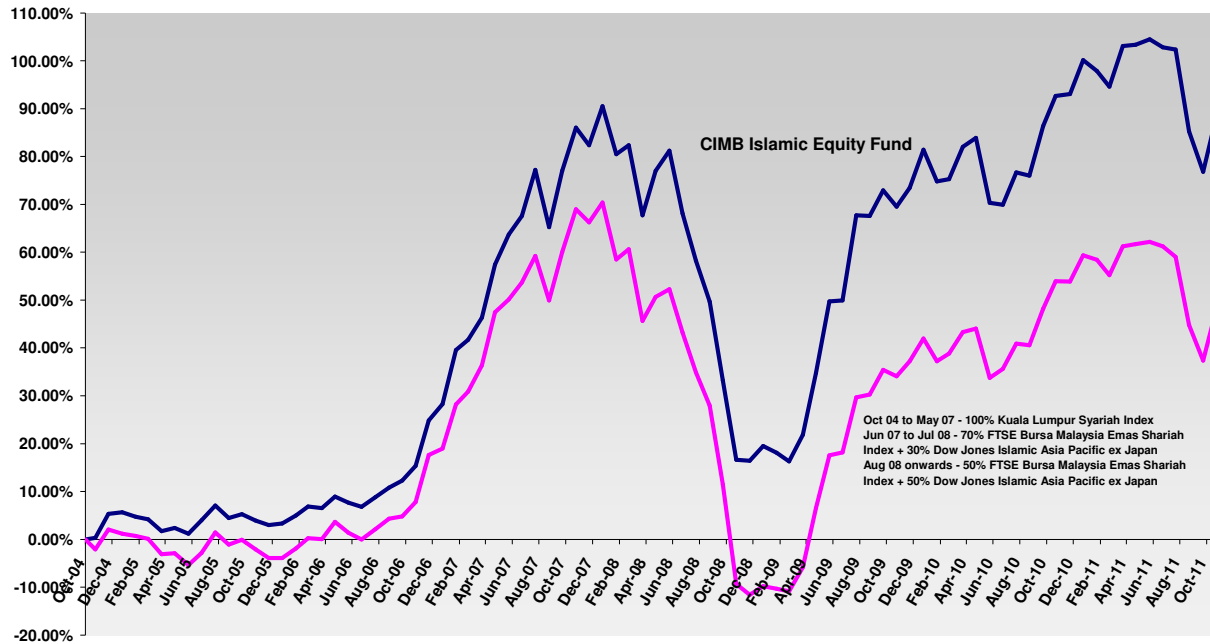
From early August, Asian markets started to focus more on developments in US & Europe. A slew of events hit confidence in equity markets starting with the downgrade of US' credit rating by S&P to AA+, the first time in 70 years on Aug 5. Market began worrying about rising US recession risks, escalating Euro-area stress and inflationary pressure in large emerging markets like China and India.

Policy actions such as the US Federal reserve's Operation Twist announced on September 21 (wherein the Fed will sell shorter term Treasury holdings and buy longer term debt and mortgage-backed securities to lower profit rates), ECB's coordinated action with other central banks to conduct dollar liquidity operations all made capital markets more skittish. European government debt concerns featured prominently in 3Q and Greek long yields hit new highs even as Euro-zone parliaments were going through ratification of the assistance package. Italian sukuk yields spiked even though the ECB was buying sukuk in the secondary market. In September, both Asian equity markets and currencies were hit by capital outflows as de-leveraging and risk aversion drove portfolio decisions.

Equities rallied in October as investors grew more confident that arrangements struck at a European Leaders' summit towards the end of the month could defuse the Euro sovereign crisis. The new initiatives involved a 50% haircut for private sector holders of Greek Government Sukuk, a target Euro 106 billion recapitalization of the Euro-zone's banks, and the intention to expand the firepower of the Euro 440 billion European Financial Stability Fund.

FUND PERFORMANCE

	1 Year to 31.10.2011	3 Years to 31.10.2011	5 years to 31.10.2011	Since Inception
Income (%)	6.33	12.45	20.43	20.43
Capital (%)	(7.84)	44.01	35.98	56.81
Total Return (%)	(2.00)	61.95	63.76	88.84
Benchmark (%)	(3.47)	63.91	37.84	48.60
Average Total Return (%)	(2.00)	17.43	10.37	9.41



FUND PERFORMANCE (CONTINUED)

Changes in Net Asset Value (“NAV”)

	31.10.2011	31.10.2010	%changes
Net Asset Value (“NAV”) (RM Million)	55.82*	72.54*	(23.05)
NAV/unit (RM)	0.7356	0.7977	(7.78)

* NAV after distribution

While the NAV per unit of the Fund fell by 7.78% during the 1-year period, the total NAV of the Fund fell almost 23.05% as a result of redemptions.

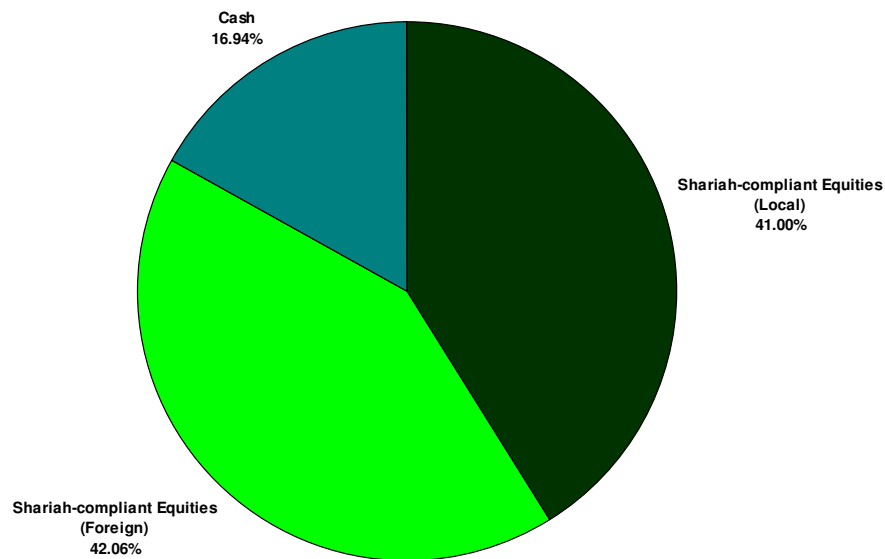
Performance data represents the combined income and capital return as a result of holding units in the fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the fund are reinvested and are net of management and trustee fees. Past performance 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 (Malaysia) Sdn Bhd (253344-U).

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31 October 2011	31 October 2010
Quoted Shariah-Compliant Equities (Local)	41.00	47.07
Quoted Shariah-Compliant Equities (Foreign)	42.06	45.87
Cash	16.94	7.06
TOTAL	100.00	100.00

The equity allocation in the table above reflects the 50-50 split between domestic and regional equities. Both portions remained underinvested at the year end due to the uncertainties caused by the European Sovereign Debt Crisis. Compared to a year ago, equity allocations were lower by 6% and 4% for the domestic and foreign portions respectively.



MARKET OUTLOOK

Global growth risks persist as de-leveraging and fiscal restraints continue. Macro worries have prompted policy makers to act in stemming systemic risks and supporting growth.

The US Fed may consider purchases of mortgage backed securities with QE3 looking increasingly likely. We also expect policy paralysis when the Senate Super-committee meets in November.

EU policy makers have agreed on a package to solve the EMU sovereign debt crisis. The measures involved a 50% hair cut, bank recapitalization and expansion of the European Financial Stability Facility's financial firepower. Although headline inflation remains elevated in many Asian countries, Asian monetary policy is now on hold or on an easing bias. We have already seen policy response from China's Premier Wen Jiabao and policy-makers in addressing credit worries over local government and SME financing with selective easing and the commencement of local government sukuk issuance.

MARKET OUTLOOK (CONTINUED)

On the domestic front, the government’s Economic Transformation Project (“ETP”) and strong domestic consumption is expected to buffer the Malaysia’s economy from the slowing global growth. Expectations of GDP growth for 2012, however, varies widely between 2.8% (CLSA) and 3.8% (CIMB). With slowing economic growth, earnings growth will be a problem. Currently, our expectation of EPS growth for 2012 is at 13.5% but with downside risk. With 2012 PER at 13.4x, there is room for a de-rating in the event that EPS growth falls.

INVESTMENT STRATEGY

Asian markets are likely to remain tactically oriented, as macro uncertainties persist. After the recent short-covering rally, Asian equities may be vulnerable to a correction. Despite talks of policy action, liquidity conditions remain tight while the earnings outlook is mixed. Nevertheless, downside for Asian stocks may be limited by hopes of further policy easing. As the monetary cycle for Asian economies shift towards pro-growth in the coming months, Asian markets may start to find a bottom then.

Given the continued market uncertainty, we continue to prefer large cap, blue-chip stocks over mid cap, value stocks. We favor high-quality growth stocks, instead of cyclical stocks, as we expect Asian economic growth to slow in conjunction with subdued global growth.

As for Malaysia, we are keeping the portfolio defensively positioned with cash levels of 10-15%. In addition, we hold defensive stocks in the Telecommunication and Consumer Staples sectors. The portfolio beta is less than 1.0. But we will not be totally defensive. When opportunities arise, we will overweight individual stocks when we deem them to be undervalued.

UNIT HOLDING STATISTICS

Breakdown of unit holdings by size as at 31 October 2011 are as follows:

Size of unit holding	No. of unit holders	No.of units held (million)	% of units held
5,000 and below	21,505	3.54	4.67
5,001 to 10,000	1,015	7.44	9.80
10,001 to 50,000	1,787	37.14	48.95
50,001 to 500,000	258	23.45	30.90
500,001 and above	3	4.31	5.68
	24,568	75.88	100.00

SOFT COMMISSIONS AND REBATES

Dealings on investments of the Fund through brokers or dealers will be on terms, which are best available for the Fund. Any rebates from brokers or dealers will be directed to the account of the Fund.

The Investment Manager may from time to time receive and retain soft commissions in the form of subscription for real-time services or advisory services that assist in the decision-making process relating to the Fund's investments from brokers or dealers.

During the financial year under review, the management company did not receive any rebates and soft commissions from brokers or dealers.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
CIMB ISLAMIC EQUITY 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 14 to 57](#) 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 October 2011 and of its financial performance, changes in equity and cash flows of the Fund for the financial year then ended in accordance with Financial Reporting Standards in Malaysia.

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
30 December 2011

**TRUSTEE'S REPORT TO THE UNITHOLDERS OF
CIMB ISLAMIC EQUITY FUND**

We, AmanahRaya Trustees Berhad, have acted as Trustee of CIMB Islamic Equity Fund for the financial year ended 31 October 2011. In our opinion, CIMB-Principal Asset Management Berhad, the Manager, has managed CIMB Islamic Equity Fund in accordance with the limitations imposed on the investment powers of the management company and the Trustee under the Deed, other provisions of the Deed, the applicable Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws for the financial year ended 31 October 2011.

We are of the opinion that:

- a) the procedures and processes employed by the Manager to value and/or price the units of CIMB Islamic Equity Fund are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirement;
- b) creation and cancellation of units are carried out in accordance with the Deed and other regulatory requirement; and
- c) the distribution of returns made by CIMB Islamic Equity Fund as declared by the Manager is in accordance with the investment objective of CIMB Islamic Equity Fund.

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD

HABSAH BINTI BAKAR

Chief Executive Officer

Kuala Lumpur
30 December 2011

**SHARIAH ADVISOR REPORT TO THE UNIT HOLDERS OF
CIMB ISLAMIC EQUITY FUND**

We have acted as the Shariah Advisor of CIMB Islamic Equity Fund. Our responsibility is to ensure that the procedures and processes employed by CIMB-Principal Asset Management Berhad and the provision of the Principal Master Deed dated 15th May 2008, a Third Supplemental Master Deed dated 25th June 2008, a Sixth Supplemental Master Deed dated 14th July 2008 and a Seventh Supplemental Master Deed dated 19th November 2008 (collectively referred to as the “Deed”) are in accordance with the Shariah.

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

In addition, we also confirm that the investment portfolio of CIMB Islamic Equity Fund comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission (“SACSC”) with the exception of AEON which has been disposed on **13 June 2011**. 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 with the exception of NVDRs PTT Chemical Public Company, PTT Exploration and Production Public Company Limited, Advance Info Service Public Company Limited, and L.P.N Development Public Company Limited . However the said securities have been disposed on **28 December 2011**.

For and on-behalf of Shariah Advisor
CIMB Islamic Bank Berhad

ABDUL GHANI ENDUT

Head, Shariah Department / Designated Person Responsible for Shariah Advisory

Kuala Lumpur
30 December 2011

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB ISLAMIC EQUITY FUND

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of CIMB Islamic Equity Fund in pages 14 to 57 which comprise the statement of financial position as at 31 October 2011 of the Fund, and the statements of comprehensive income, changes in equity and cash flows of the Fund for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 18.

The Manager's Responsibility for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards ("FRS") in Malaysia, 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 so as to give a true and fair view of the financial position of the Fund as of 31 October 2011 and of its financial performance and cash flows for the year then ended.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB ISLAMIC EQUITY FUND (CONTINUED)**

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

OTHER MATTERS

This report is made solely to the unit holders of the Fund as a whole 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
30 December 2011

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

	Note	2011 RM	2010 RM
NET INVESTMENT INCOME			
Dividend income	4	1,743,838	1,947,316
Profit income		59,546	35,140
Net loss on financial assets at fair value through profit or loss	9	(912,949)	-
Net realised gain on sale of investments		-	9,839,727
Net foreign currency exchange loss		(202,716)	(336,680)
		<u>687,719</u>	<u>11,485,503</u>
EXPENSES			
Management fee	5	980,301	1,167,445
Trustee and custodian fees	6	83,053	139,613
Transaction cost		558,589	-
Audit fee		5,800	5,800
Tax agent's fee		43,229	18,958
Other expenses		45,099	75,295
		<u>1,716,071</u>	<u>1,407,111</u>
(LOSS)/PROFIT BEFORE TAXATION		(1,028,352)	10,078,392
Taxation	8	(68,350)	(578,449)
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		<u>(1,096,702)</u>	<u>9,499,943</u>
(Loss)/profit after taxation is made up as follows:			
Realised amount		7,203,946	9,796,898
Unrealised amount		(8,300,648)	(296,955)
		<u>(1,096,702)</u>	<u>9,499,943</u>

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

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

	Note	2011 RM	2010 As restated RM	2009 As restated RM
CURRENT ASSETS				
Financial assets at fair value through profit or loss	9	46,513,919	-	-
Quoted investments	10	-	67,417,551	80,819,131
Cash and cash equivalents (Shariah-compliant)	11	10,301,906	4,898,735	5,925,371
Amount due from stockbrokers		-	545,580	2,146,004
Amount due from Manager		18,966	105,079	233,788
Dividend receivable		68,082	-	22,090
Profit income receivable		-	456	937
Other receivable		-	1,000	1,000
Tax recoverable		167,460	294,412	263,229
TOTAL ASSETS		<u>57,070,333</u>	<u>73,262,813</u>	<u>89,411,550</u>
CURRENT LIABILITIES				
Amount due to stockbrokers		843,822	202,031	2,412,361
Amount due to Manager		286,851	376,184	262,203
Accrued management fee		66,881	86,895	113,560
Amount due to Trustee and custodian		2,675	3,476	4,542
Other payables and accruals		46,570	53,228	25,962
TOTAL LIABILITIES		<u>1,246,799</u>	<u>721,814</u>	<u>2,818,628</u>
NET ASSET VALUE OF THE FUND	12	<u>55,823,534</u>	<u>72,540,999</u>	<u>86,592,922</u>
EQUITY				
Unitholders' capital		28,024,283	39,464,404	63,336,094
Retained earnings		27,799,251	21,210,631	11,710,688
Fair value reserve		-	11,865,964	11,546,140
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>55,823,534</u>	<u>72,540,999</u>	<u>86,592,922</u>
Number of units in circulation	12	<u>75,884,029</u>	<u>90,939,329</u>	<u>123,208,665</u>
Net asset value per unit (RM)		<u>0.7356</u>	<u>0.7977</u>	<u>0.7028</u>

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

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

	Unitholders' capital RM	Retained earnings RM	Fair value reserve RM	RM
Balance as at 1 November 2010, as previously stated	-	-	-	-
Prior year adjustment for adoption of amendments to FRS 132	39,464,404	21,210,631	11,865,964	72,540,999
18(a)	39,464,404	21,210,631	11,865,964	72,540,999
Balance as at 1 November 2010, restated after adoption of amendments to FRS 132	39,464,404	21,210,631	11,865,964	72,540,999
Adjustment for adoption of FRS 139	-	11,865,964	(11,865,964)	-
18(b)	-	11,865,964	(11,865,964)	-
Balance as at 1 November 2010, restated after adoption of FRS 139	39,464,404	33,076,595	-	72,540,999
Movement in unitholders' contribution:				
Creation of units arising from applications	20,077,360	-	-	20,077,360
Creation of units arising from distribution	4,037,976	-	-	4,037,976
Cancellation of units	(35,555,457)	-	-	(35,555,457)
Total comprehensive loss for the financial year	-	(1,096,702)	-	(1,096,702)
Distribution	-	(4,180,642)	-	(4,180,642)
7	-	(4,180,642)	-	(4,180,642)
Balance as at 31 October 2011, restated	28,024,283	27,799,251	-	55,823,534
Balance as at 1 November 2009, as previously stated	-	-	-	-
Prior year adjustment for adoption of amendments to FRS 132	63,336,094	11,710,688	11,546,140	86,592,922
18(a)	63,336,094	11,710,688	11,546,140	86,592,922
Balance as at 1 November 2009, restated after adoption of amendments to FRS 132	63,336,094	11,710,688	11,546,140	86,592,922
Movement in unitholders' contribution:				
Creation of units arising from Applications	3,671,427	-	-	3,671,427
Cancellation of units	(27,543,117)	-	-	(27,543,117)
Total comprehensive income for the financial year	-	9,499,943	-	9,499,943
Change in fair value reserve	-	-	319,824	319,824
Balance as at 31 October 2010, restated	39,464,404	21,210,631	11,865,964	72,540,999

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

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

	Note	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of Shariah-compliant investments		91,269,701	112,019,722
Purchases of Shariah-compliant investments		(70,570,225)	(89,173,120)
Dividend received		1,511,326	1,609,017
Profit income received from Shariah-compliant deposit with licensed financial institutions and hibah received		59,996	35,621
Management fee paid		(1,000,315)	(1,194,110)
Trustee fee paid		(83,854)	(140,679)
Payment for other fees and expenses		(99,779)	(72,787)
Taxation refund		193,947	(379,803)
Realised foreign exchange loss		(226,225)	(39,719)
Net cash inflow from operating activities		<u>21,054,572</u>	<u>22,664,142</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from unit created		20,202,972	3,800,136
Payment for cancellation of units		(35,644,791)	(27,429,136)
Distribution paid		(182,165)	-
Net cash outflow from financing activities		<u>(15,623,984)</u>	<u>(23,629,000)</u>
Net increase/(decrease) in cash and cash equivalents		5,430,588	(964,858)
Effect of foreign exchange differences		(27,417)	(61,778)
Cash and cash equivalents at the beginning of the financial year		<u>4,898,735</u>	<u>5,925,371</u>
Cash and cash equivalents at the end of the financial year	11	<u>10,301,906</u>	<u>4,898,735</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY

CIMB Islamic Equity Fund ("the Fund") is governed by a Principal Master Deed dated 15 May 2008, a Third Supplemental Master deed dated 26 June 2008, a Fourth Supplemental Master Deed dated 25 June 2008, a Fifth 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 Deed"), between CIMB-Principal Asset Management Berhad (the "Manager") and AmanahRaya Trustees Berhad (the "Trustee").

The objective of the Fund is to provide investors with long-term capital growth by investing in Shariah-compliant investments. The Fund invests principally a diversified portfolio of Shariah-compliant equities and Shariah-compliant fixed income investments.

All investments will be subject to the Securities Commission ("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. Its principal activities are the management of unit trust funds and fund management activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used 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.

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).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

- 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.
- 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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 18(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 derivatives in its balance sheet as either assets or liabilities 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. Because all derivatives, other than those that are designated hedging instruments, are considered held for trading, 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 18(b).

In respect of FRS 7 and FRS 139, the Fund has applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the standards on the financial statements of the Fund. Comparative related to financial instruments have not been adjusted and therefore the corresponding balances are not comparable.

- (ii) The new standards, amendments and interpretations to published standards which are relevant to the Fund and have not been early adopted are:

- 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and liabilities**Classification

The Fund designates its Shariah-compliant quoted investment 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 amount due from Manager, dividend receivable, cash and cash equivalents.

The Fund classifies amount due to stockbrokers, amount due to Manager, accrued management fee, amount due to Trustee and custodian, 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. Shariah-compliant quoted investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

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

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 including the effects of currency translation are presented in the statement of comprehensive income in the financial period in which they arise.

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 payments is established.

Shariah-compliant quoted investments are valued at the bid prices quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

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 securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and liabilities (continued)

Recognition and measurement (continued)

Financing and receivables and other financial liabilities are subsequently carried at amortised cost using the effective profit 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 profit rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'financing and receivables' or a 'held-to-maturity investment' has a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract. 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 earned from Shariah-compliant deposits is recognised based on effective profit rate method on an accrual basis.

Realised gain or loss on disposal of Shariah-compliant quoted investments is calculated based on sales proceeds less cost of Shariah-compliant quoted investments which is determined on a weighted average cost basis.

(d) Foreign currencies

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currencies (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

(e) 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 ("NAV"). The outstanding units are carried at the redemption amount that is payable at the statement of financial position date if the unitholder exercises the right to return the unit to the Fund.

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

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

(f) Cash and cash equivalents (Shariah-compliant)

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 amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Taxation

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

Tax on dividend income from foreign Shariah-compliant quoted investments is based on the tax regime of the respective countries that the Fund invests in.

(h) Amount due from/to stockbrokers

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(h) Amount due from/to stockbrokers (continued)**

These amounts are recognised initially 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 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.

(i) Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include the bid-ask spread, fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

(j) Distribution

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

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(I) Financial instruments**

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

Financial instruments as at 31 October 2011 are as follows:

	Financing and receivables RM	Financial assets at fair value through profit or loss RM	Total RM
Financial assets at fair value through profit or loss (Note 9)	-	46,513,919	46,513,919
Cash and cash equivalents (Note 11)	10,301,906	-	10,301,906
Amount due from Manager	18,966	-	18,966
Dividend receivable	68,082	-	68,082
	<u>10,388,954</u>	<u>46,513,919</u>	<u>56,902,873</u>

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

(m) Critical accounting estimates and judgements 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 amounts of assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported financial period. 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 judgments 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 Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Funds' results and financial position are tested for sensitivity to changes in the underlying parameters.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to achieve medium to long-term growth in both capital and income by investing in Shariah-compliant investments. The Fund invests principally a diversified portfolio of Shariah-compliant equities and Shariah-compliant fixed income investments.

The Fund is exposed to a variety of risks which include market risk (price risk, profit rate risk and currency risk), credit risk, liquidity risk, single issuer risk, reclassification of Shariah status risk, non-compliance risk and capital risk.

Financial risk management is carried out through internal control process 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 Shariah-compliant quoted investment will fluctuate because of changes in market prices (other than those arising from profit rate risk and currency risk).

Any irregular fluctuation of the value of a particular Shariah-compliant quoted investment may affect the unit price. The impact is however minimized as the Fund invest in a wide portfolio of investments, this spreading the element of 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 October 2011, the Fund's overall exposure to price risk was as follows:

	2011 RM
Financial assets at fair value through profit or loss	46,513,919

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

% Change in price of Shariah-compliant quoted investment	Market value RM	Change in net asset value RM
-5%	44,188,223	(2,325,696)
0%	46,513,919	-
5%	48,839,615	2,325,696

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(a) Market risk (continued)****(ii) Profit rate risk**

Profit rate risk is the risk that the value of the Fund's investments and its return will fluctuate because of changes in market profit rates.

Profit rate is a general economic indicator that will have an impact on the management of the Fund. In general when profit rates rise, the Sukuk price will tend to fall and vice versa. Therefore, the NAV of the fund may also tend to fall when such profit rates rise or are expected to rise. However, the investors should be aware that should a Fund hold a Sukuk till maturity such price fluctuation will dissipate as it approaches maturity, and thus the growth of NAV shall not be affected at maturity. In order to mitigate profit exposure of the fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future profit rate trend of the Manager, which is based on its continuous fundamental research and analysis.

For the financial period ended 31 October 2011, the Fund is not exposed to a material level of profit rate risk as the deposits with financial institutions are placed on a short term basis.

(iii) Currency risk

The Fund's investments are denominated in foreign currencies. Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Manager will evaluate the likely directions of a foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as profit rate differentials, balance of payments position, debt levels, and technical chart considerations.

Part of the Shariah-compliant quoted investments is denominated in foreign currencies. Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Manager will evaluate the likely direction of a foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as profit rate differentials, balance of payments position, debt levels, and technical chart considerations. The following table sets out the foreign currency risk concentrations of the Fund as at 31 October 2011 arising from the denomination of the Fund's financial instruments in foreign currency.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(iii) Currency risk (continued)

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Dividend receivable	Total
	RM	RM	RM	RM
AUD	4,848,385	23,820	39,060	4,911,265
HKD	6,136,510	13,786	4,022	6,154,318
IDR	405,519	-	-	405,519
INR	2,073,234	38,896	2,370	2,114,500
KRW	2,825,133	388	-	2,825,521
SGD	2,753,668	-	6,612	2,760,280
THB	777,138	-	-	777,138
TWD	3,468,832	1,850,124	-	5,318,956
PHP	174,661	5	-	174,666
USD	-	4,820,999	-	4,820,999
	<u>23,463,080</u>	<u>6,748,018</u>	<u>52,064</u>	<u>30,263,162</u>

The table below summarises the sensitivity of the Fund's net asset value to movements in foreign exchange movements as at 31 October 2011. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, which is the standard deviation of the daily fluctuation of the exchange rates against MYR from the date of constitution of the Fund to 31 October 2011, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any fluctuation in foreign exchange rate will result in a corresponding increase/decrease in the net assets attributable to unit holders by approximately 5%. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate	Impact on net income before tax	Impact on net asset value
	%	RM	RM
AUD	5	245,563	245,563
HKD	5	307,716	307,716
IDR	5	20,276	20,276
INR	5	105,725	105,725
KRW	5	141,276	141,276
SGD	5	138,014	138,014
THB	5	38,857	38,857
TWD	5	265,948	265,948
PHP	5	8,733	8,733
USD	5	241,050	241,050

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The major classes of financial assets of the Fund are cash and cash equivalents.

The following table sets out the credit risk concentrations of the Fund as at 31 October 2011:

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

Industry	Cash and cash equivalents RM	Amount due from manager RM	Dividend receivable RM	Total RM
Basic materials	-	-	31,292	31,292
Consumer product	-	-	9,851	9,851
Finance	10,301,906	-	-	10,301,906
Industrials	-	-	15,253	15,253
Trading & services	-	-	11,686	11,686
Others	-	18,966	-	18,966
	<u>10,301,906</u>	<u>18,966</u>	<u>68,082</u>	<u>10,388,954</u>

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

(c) Liquidity risk

Liquidity risk can be defined as the ease with which the security can be sold at or near its fair value depending on the volume traded in the market. If a security encounters a liquidity crunch, the security may need to be sold at a discount to the market fair value of the security. This in turn would depress the NAV and/or growth of the fund. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the funds with more apparent liquidity risk, the Manager will continuously conduct research and analysis work to actively manage the asset allocations.

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 on the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

	Less than 1 month RM	Less than 1 year RM
At 31 October 2011		
Amount due to stockbrokers	843,822	-
Amount due to Manager	286,851	-
Accrued management fee	66,881	-
Amount due to Trustee and custodian	2,675	-
Other payables and accruals	-	46,570
	<u>1,200,229</u>	<u>46,570</u>
Contractual cash out flows	<u>1,200,229</u>	<u>46,570</u>

(d) Country risk

When a Fund invests into foreign markets, the foreign investments portion may be affected by risks specific to a country in which it invests in. Such risk includes changes in the country's economic fundamentals, social and political stability, currency movements and foreign investment policies. The factors may have impact on the prices of the Fund's investment in that country and consequently may also affect the fund's NAV and its growth. To mitigate these risks, the Manager will select securities and collective investment schemes that spread across countries within its portfolio in an attempt to avoid such events. The decision on the diversification will be based on its constant fundamental research and analysis on the global markets.

(e) 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.

(f) Reclassification of Shariah status risk

The risk refers to the risk that the currently held Shariah-compliant securities in the portfolio of Shariah-compliant funds may be reclassified to be non Shariah-compliant in the periodic review of the securities by the relevant Shariah Advisor. If this occurs, the value of the Fund may be adversely affected where the Manager will take the necessary steps to dispose of such securities in accordance with the advice from the Shariah Advisor.

(g) 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. DIVIDEND INCOME

	2011 RM	2010 RM
Dividend income from Shariah-compliant investments in:		
- Local equities	894,859	1,102,391
- Foreign equities	848,979	844,925
	<u>1,743,838</u>	<u>1,947,316</u>

5. MANAGEMENT FEE

In accordance with Clause 24(1) of the Master Deed dated 15 May 2008, the Manager is entitled to a maximum management fee of 3.00% (2010: 3.00%) per annum calculated daily based on the net asset value of the Fund.

For the financial year ended 31 October 2011, the management fee is recognised at a rate of 1.50% (2010: 1.50%) per annum.

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

6. TRUSTEE AND CUSTODIAN FEES

In accordance with Clause 24(2) of the Master Deed dated 15 May 2008, the Trustee is entitled to a maximum fee of 0.06% (2010: 0.06%) per annum calculated daily based on the net asset value of the Fund, subject to a minimum fee of RM18,000 (2010: RM18,000) per annum.

The foreign custodian fee ranges from a minimum of 0.01% per annum to a maximum of 0.38% per annum on the net asset value of the respective foreign portfolio, depending on the country invested, and is charged monthly in arrears and subject to a minimum fee of USD1,500 per month

For the financial year ended 31 October 2011 the trustee and foreign custodian fees are recognised at a rate of 0.06% (2010: 0.06%) and 0.01% to 0.38% (2010: 0.01% to 0.38%) per annum respectively.

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

7. DISTRIBUTION

	2011 RM	2010 RM
Distribution to unitholders is derived from the following sources:		
Dividend income	628,331	-
Profit income	21,455	-
Net realised gain on sale of investments	2,608,124	-
Net foreign currency exchange loss	(73,042)	-
Previous year's realised income	1,638,727	-
	<u>4,823,595</u>	<u>-</u>
Less:		
Expenses	(618,326)	-
Taxation	(24,627)	-
	<u>4,180,642</u>	<u>-</u>
Distribution on 27 June 2011		
Net distribution per unit (sen)	4.93	-
Gross distribution per unit (sen)	4.94	-
	<u>4.93</u>	<u>-</u>
	<u>4.94</u>	<u>-</u>

Net distribution above is sourced from current year and previous 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 expenses 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.

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purpose of determining amount available for distribution, distribution equalisation is included in the computation of realised gains or income available for distribution.

8. TAXATION

	2011 RM	2010 RM
Current taxation:		
-Malaysian tax	52,169	51,564
-Foreign tax	16,181	527,253
Overprovision in prior financial years	-	(368)
	<u>68,350</u>	<u>578,449</u>
	<u>68,350</u>	<u>578,449</u>

8. TAXATION (CONTINUED)

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

	2011 RM	2010 RM
(Loss)/profit before taxation	(1,028,352)	10,078,392
Taxation at Malaysian statutory rate of 25% (2010: 25%)	(257,088)	2,519,598
Tax effects of:		
Investment income not subject to tax	(94,259)	(2,788,997)
Expenses not deductible for tax purposes	173,999	43,635
Restriction on tax deductible expenses for unit trust funds	229,517	277,328
Effect of foreign tax on foreign taxable income	16,181	527,253
(Over)/underprovision in prior financial years	-	(368)
Taxation	<u>68,350</u>	<u>578,449</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011 RM
Designated at fair value through profit or loss at inception	
- Shariah-compliant quoted investment- Local	23,050,837
- Shariah-compliant quoted investment- Foreign	23,463,082
	<u>46,513,919</u>
Net loss on financial assets at fair value through profit or loss	
- Realised gain on disposals*	7,238,452
- Change in unrealised fair value loss	(8,151,401)
	<u>(912,949)</u>

* Includes realised gain on disposals of non Shariah-compliant security of AEON Sdn Bhd which has been disposed on 13 June 2011. A gain arising from the disposal is to be channelled to charitable organisations as approved by Shariah Advisor. All costs related to its disposals are to be borne by the Manager.

Counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 October 2011				
SHARIAH-COMPLIANT SECURITIES – LOCAL				
Basic Materials				
Petronas Chemicals Group Berhad	198,800	1,149,696	1,282,260	2.30
Construction				
Malaysia Marine and Heavy Engineering Berhad	79,300	380,608	499,590	0.89
YTL Corporation Berhad	133,570	204,896	199,019	0.36
	<u>212,870</u>	<u>585,504</u>	<u>698,609</u>	<u>1.25</u>

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

Counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 October 2011				
SHARIAH-COMPLIANT SECURITIES – LOCAL (CONTINUED)				
Consumer Products				
Genting Plantations Berhad	54,100	340,097	397,635	0.71
Tan Chong Motor Holdings Berhad	117,800	407,566	530,100	0.95
Tradewinds Malaysia Berhad	25,400	247,789	226,060	0.40
UMW Holdings Berhad	53,600	384,488	355,368	0.64
Airasia Berhad	299,300	701,315	1,167,270	2.09
Parkson Holdings Berhad	66,319	362,187	371,386	0.67
	<u>616,519</u>	<u>2,443,442</u>	<u>3,047,819</u>	<u>5.46</u>
Finance				
Bank Islam Malaysia Berhad	<u>352,300</u>	<u>608,454</u>	<u>715,169</u>	<u>1.28</u>
Industrials				
Petronas Gas Berhad	72,900	874,604	954,990	1.71
Supermax Corporation Berhad	83,200	339,875	307,840	0.55
UEM Land Berhad	178,633	321,701	394,779	0.71
Eastern and Oriental Berhad	85,500	132,095	121,410	0.22
Gamuda Berhad	21,400	66,243	72,760	0.13
IJM Corporation Berhad	112,760	469,101	642,732	1.15
IJM Land Berhad	54,000	85,831	125,280	0.22
IOI Corporation Berhad	276,217	1,300,090	1,450,139	2.60
Kuala Lumpur Kepong Berhad	64,300	963,201	1,354,158	2.43
Lion Industries Corporation	53,400	87,719	81,702	0.15
Malaysian Resources Corporation Berhad	114,500	200,358	232,435	0.42
MSM Malaysia Holdings Berhad	69,700	328,338	350,591	0.63
Sime Darby Berhad	245,944	1,993,460	2,188,902	3.92
YTL Cement Berhad	26,700	144,853	122,286	0.22
	<u>1,459,154</u>	<u>7,307,469</u>	<u>8,400,004</u>	<u>15.06</u>
Infrastructure Project Companies				
Maxis Berhad	82,500	440,799	441,375	0.79
Time Dotcom Berhad	302,800	201,830	189,250	0.34
	<u>385,300</u>	<u>642,629</u>	<u>630,625</u>	<u>1.13</u>
Oil and Gas				
Dayang Enterprise Holdings Berhad	11,200	20,006	19,600	0.04
Dialog Group Berhad	207,514	261,260	500,109	0.90
Kencana Petroleum Berhad	184,834	250,997	478,720	0.86
Sapura Crest Petroleum Berhad	120,900	302,365	490,854	0.88
	<u>524,448</u>	<u>834,628</u>	<u>1,489,283</u>	<u>2.68</u>

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

Counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 October 2011				
SHARIAH-COMPLIANT SECURITIES – LOCAL (CONTINUED)				
Plantations				
TH Plantations Berhad	217,200	429,881	456,120	0.82
Tradewinds Plantation Berhad	39,100	150,871	134,504	0.24
	<u>256,300</u>	<u>580,752</u>	<u>590,624</u>	<u>1.06</u>
Telecommunications				
Axiata Group Berhad	306,350	1,025,826	1,494,988	2.68
Digi.com Berhad	40,800	1,039,882	1,293,360	2.32
Telekom Malaysia Berhad	221,100	894,963	937,464	1.68
	<u>568,250</u>	<u>2,960,671</u>	<u>3,725,812</u>	<u>6.68</u>
Trading and Services				
KPJ Healthcare Berhad	53,100	184,154	223,020	0.40
Media Chinese International Limited	87,300	96,644	98,649	0.18
Petronas Dagangan Berhad	56,900	535,310	927,470	1.66
Pos Malaysia Berhad	66,600	215,805	186,480	0.33
QSR Brands Berhad	35,300	178,238	200,504	0.36
	<u>299,200</u>	<u>1,210,151</u>	<u>1,636,123</u>	<u>2.93</u>
Utilities				
Tenaga Nasional Berhad	139,550	818,441	834,509	1.49
TOTAL SHARIAH-COMPLIANT SECURITIES – LOCAL	<u>5,012,691</u>	<u>19,141,837</u>	<u>23,050,837</u>	<u>41.00</u>

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

Counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 October 2011				
SHARIAH-COMPLIANT SECURITIES				
– FOREIGN				
AUSTRALIA				
Basic Materials				
Alumina Limited	59,877	443,501	287,911	0.52
BHP Billiton Limited	11,555	1,307,563	1,419,051	2.54
Incitec Pivot Limited	8,583	83,285	97,599	0.17
Newcrest Mining Limited	1,668	185,388	181,650	0.33
Orica Limited	1,930	143,312	163,030	0.29
OZ Minerals Limited	3,057	130,362	115,408	0.21
	<u>86,670</u>	<u>2,293,411</u>	<u>2,264,649</u>	<u>4.06</u>
Health Care				
Cochlear Limited	429	96,864	81,634	0.15
CSL Limited	2,447	223,056	229,439	0.41
	<u>2,876</u>	<u>319,920</u>	<u>311,073</u>	<u>0.56</u>
Industrials				
Brambles Limited	8,040	132,451	172,922	0.31
James Hardie Industries S.E.	2,760	47,428	55,864	0.10
Seek Limited	4,180	27,625	84,470	0.15
Toll Holdings Limited	5,196	71,417	82,212	0.15
	<u>20,176</u>	<u>278,921</u>	<u>395,468</u>	<u>0.71</u>
Oil and Gas				
Linc Energy Limited	22,839	221,626	154,339	0.28
Santos Limited	7,849	368,749	330,488	0.59
Woodside Petroleum Limited	1,635	198,989	194,205	0.35
	<u>32,323</u>	<u>789,364</u>	<u>679,032</u>	<u>1.22</u>
Telecommunications				
Telstra Corporation Limited	42,506	386,086	428,103	0.77
Utilities				
AGL Energy Limited	4,071	180,202	190,458	0.34
Origin Energy Limited	6,938	305,148	324,363	0.58
	<u>11,009</u>	<u>485,350</u>	<u>514,821</u>	<u>0.92</u>
TOTAL AUSTRALIA SHARIAH-COMPLIANT SECURITIES	<u>195,560</u>	<u>4,553,052</u>	<u>4,593,146</u>	<u>8.24</u>

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

Counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 October 2011				
SHARIAH-COMPLIANT SECURITIES				
– FOREIGN				
(CONTINUED)				
HONG KONG				
Basic Materials				
China Coal Energy Company Limited	144,000	582,464	561,546	1.01
Yanzhou Coal Mining Company Limited	44,000	343,963	347,852	0.62
Zijin Mining Group Company Limited	258,000	485,551	342,829	0.61
	<u>446,000</u>	<u>1,411,978</u>	<u>1,252,227</u>	<u>2.24</u>
Consumer Products				
GOME Electrical Appliances Holdings Limited	203,000	278,868	194,504	0.35
Lifestyle International Holdings Limited	58,000	534,861	482,544	0.86
Sa Sa International Holdings Limited	234,000	391,540	434,574	0.78
Trinity Limited	82,000	249,388	230,530	0.41
	<u>577,000</u>	<u>1,454,657</u>	<u>1,342,152</u>	<u>2.40</u>
Industrials				
China Merchants Holdings Company Limited	42,000	374,366	403,251	0.72
COSCO Pacific Limited	78,000	375,534	338,925	0.61
	<u>120,000</u>	<u>749,900</u>	<u>742,176</u>	<u>1.33</u>
Oil and Gas				
CNOOC Limited	89,000	486,200	535,515	0.96
Kunlun Energy Company Limited	85,100	458,604	371,118	0.66
	<u>174,100</u>	<u>944,804</u>	<u>906,633</u>	<u>1.62</u>
Technology				
Alibaba.com Limitd	118,000	377,972	430,378	0.77
China Mobile Limited	38,400	1,191,248	1,130,285	2.02
	<u>156,400</u>	<u>1,569,220</u>	<u>1,560,663</u>	<u>2.79</u>
Utilities				
Hong Kong and China Gas Company Limited	12,500	83,640	86,943	0.16
Power Assets Holdings Limited	10,500	234,984	245,718	0.44
	<u>23,000</u>	<u>318,624</u>	<u>332,661</u>	<u>0.60</u>
TOTAL HONG KONG SHARIAH-COMPLIANT SECURITIES	1,496,500	6,449,183	6,136,512	10.98

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

Counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 October 2011				
SHARIAH-COMPLIANT SECURITIES				
– FOREIGN				
(CONTINUED)				
INDIA				
Basic Materials				
Sesa Goa Limited	7,631	114,312	99,526	0.18
Sterlite Industries India Limited	37,671	400,970	301,757	0.54
	<u>45,302</u>	<u>515,282</u>	<u>401,283</u>	<u>0.72</u>
Consumer Products				
Bajaj Auto Limited	823	77,168	89,551	0.16
Industrials				
Bharat Heavy Electricals Limited	9,320	214,544	186,303	0.33
Oil and Gas				
Gail India Limited	5,631	161,397	149,787	0.27
Oil & Natural Gas Corporation Limited	10,479	191,103	183,007	0.33
Reliance Industries Limited	12,153	950,138	670,820	1.20
	<u>28,263</u>	<u>1,302,638</u>	<u>1,003,614</u>	<u>1.80</u>
Technology				
Infosys Limited	1,327	170,713	240,184	0.43
Tata Consultancy Services Limited	2,170	137,608	152,299	0.27
	<u>3,497</u>	<u>308,321</u>	<u>392,483</u>	<u>0.70</u>
TOTAL INDIA SHARIAH-COMPLIANT SECURITIES	<u>87,205</u>	<u>2,417,953</u>	<u>2,073,234</u>	<u>3.71</u>
INDONESIA				
Basic Materials				
Pt Adaro Energy Tbk	364,500	333,088	255,239	0.46
Pt Tambang Batubara Bukit Asam Tbk	26,000	187,041	164,981	0.30
	<u>390,500</u>	<u>520,129</u>	<u>420,220</u>	<u>0.76</u>
Telecommunications				
Pt Telekomunikasi Tbk	94,000	238,504	240,538	0.43
TOTAL INDONESIA SHARIAH-COMPLIANT SECURITIES	<u>484,500</u>	<u>758,633</u>	<u>660,758</u>	<u>1.19</u>

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

Counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 October 2011				
SHARIAH-COMPLIANT SECURITIES				
– FOREIGN				
(CONTINUED)				
PHILIPPINES				
Telecommunications				
Philippine Long Distance Telephone Company	1,015	163,581	174,661	0.31
TOTAL PHILIPPINES SHARIAH-COMPLIANT SECURITIES	1,015	163,581	174,661	0.31
SINGAPORE				
Basic Materials				
Sakari Resources Limited	57,000	340,317	333,273	0.60
Consumer Products				
Golden Agri-Resources Limited	182,000	262,932	289,409	0.52
Industrials				
Keppel Corporation Limited	30,000	712,788	696,490	1.25
Sembcorp Industries Limited	69,000	838,346	707,279	1.27
Sembcorp Marine Limited	22,000	273,581	227,124	0.41
	121,000	1,824,715	1,630,893	2.93
Telecommunications				
M1 Limited	51,000	310,259	306,925	0.55
StarHub Limited	28,000	195,174	193,168	0.35
	79,000	505,433	500,093	0.90
TOTAL SINGAPORE SHARIAH-COMPLIANT SECURITIES	439,000	2,933,397	2,753,668	4.95

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

Counter	Quantity units	Aggregate cost RM	Market Value RM	Percentage of net asset value %
As at 31 October 2011				
SHARIAH-COMPLIANT SECURITIES				
– FOREIGN				
(CONTINUED)				
SOUTH KOREA				
Basic Materials				
LG Chem Limited	591	595,267	593,312	1.06
OCI Company Limited	166	165,909	106,674	0.19
POSCO	112	101,786	120,161	0.22
	<u>869</u>	<u>862,962</u>	<u>820,147</u>	<u>1.47</u>
Consumer Products				
Hyundai Mobis Company Limited	930	695,937	828,476	1.48
Industrials				
Hyundai Engineering and Construction Company Limited	992	206,872	196,714	0.35
Technology				
Samsung Electronics Company Limited	367	678,630	979,796	1.76
TOTAL SOUTH KOREA SHARIAH- COMPLIANT SECURITIES	<u>3,158</u>	<u>2,444,401</u>	<u>2,825,133</u>	<u>5.06</u>
TAIWAN				
Basic Materials				
Formosa Chemicals & Fibre Corporation	29,000	239,269	259,586	0.47
Formosa Plastics Corporation	63,000	505,519	573,596	1.03
	<u>92,000</u>	<u>744,788</u>	<u>833,182</u>	<u>1.50</u>
Consumer Products				
Giant Manufacturing Company Limited	10,000	110,052	119,691	0.21
Industrials				
Hon Hai Precision Industry Company Limited	2,300	22,826	19,600	0.04
Largan Precision Company Limited	2,000	175,944	139,333	0.25
	<u>4,300</u>	<u>198,770</u>	<u>158,933</u>	<u>0.29</u>

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

Counter	Quantity units	Aggregate cost RM	Market Value RM	Percentage of net asset value %
As at 31 October 2011				
SHARIAH-COMPLIANT SECURITIES				
– FOREIGN				
(CONTINUED)				
TAIWAN (continued)				
Oil and Gas				
Formosa Petrochemical Corporation	5,000	41,031	48,388	0.09
Technology				
High Tech Computer Corporation	4,570	443,711	320,713	0.57
MediaTek Incorporation	6,000	222,314	195,188	0.35
Taiwan Semiconductor Manufacturing Company Limited	123,539	734,085	930,160	1.67
United Microelectrics Corporation	57,000	64,365	77,845	0.14
	191,109	1,464,475	1,523,906	2.73
Telecommunications				
Chunghwa Telecom Company Limited	41,200	335,380	423,583	0.76
Taiwan Mobile Company Limited	16,200	140,931	142,856	0.26
	57,400	476,311	566,439	1.02
TOTAL TAIWAN SHARIAH- COMPLIANT SECURITIES	359,809	3,035,427	3,250,539	5.84
THAILAND				
Basic Materials				
PTT Chemical Public Company Limited-NVDR **	31,880	232,381	207,979	0.37
Finance				
L.P.N. Development Public Company Limited-NVDR **	217,000	236,075	218,293	0.39

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

Counter	Quantity units	Aggregate cost RM	Market Value RM	Percentage of net asset value %
As at 31 October 2011				
SHARIAH-COMPLIANT SECURITIES				
– FOREIGN				
(CONTINUED)				
THAILAND (continued)				
Oil and Gas				
PTT Exploration and Production Public Company Limited-NVDR **	14,500	221,701	232,516	0.42
Telecommunications				
Advanced Info Service Public Company Limited-NVDR **	25,900	294,520	336,643	0.60
TOTAL THAILAND SHARIAH- COMPLIANT SECURITIES	289,280	984,677	995,431	1.78
TOTAL SHARIAH-COMPLIANT SECURITIES – FOREIGN	3,356,027	23,740,304	23,463,082	42.06
TOTAL SYARIAH COMPLIANT INVESTMENTS	8,368,718	42,882,141	46,513,919	83.06
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
-LOCAL QUOTED SECURITIES		3,909,000		
-FOREIGN SECURITIES		(400,230)		
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		123,008		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		46,513,919		

* Includes realised gain on disposal of non Shariah-compliant security of AEON Co. Berhad which has been disposed on 13 June 2011. The gain arising from the disposal is to be channelled to charitable organisations as approved by Shariah Advisor. All costs related to its disposals are to be borne by the Manager.

** These securities are not classified as Shariah-compliant. The non Shariah-compliant securities were subsequently disposed of on 28 December 2011. The gains arising from the disposal is to be channelled to charitable organisations as approved by Shariah Advisor. All costs related to its disposals are to be borne by the Manager.

9. QUOTED SHARIAH-COMPLIANT INVESTMENTS

Counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 October 2010				
SHARIAH-COMPLIANT SECURITIES - LOCAL				
Consumer Products				
PPB Group Berhad	81700	916,835	1,568,640	2.16
Tan Chong Motor Hldgs Berhad	192500	548,133	1,089,550	1.5
UMW Holdings Berhad	91700	602,067	621,726	0.86
	<u>365,900</u>	<u>2,067,035</u>	<u>3,279,916</u>	<u>4.52</u>
Construction				
Gamuda Berhad	243,200	682,378	924,160	1.27
IJM Corporation Berhad	175,860	596,121	990,092	1.36
Malaysian Resources Corp Berhad	121,800	174,245	253,344	0.35
WCT Berhad	250,700	609,510	774,663	1.07
YTL Corporation Berhad	53,474	389,379	422,445	0.58
	<u>845,034</u>	<u>2,450,623</u>	<u>3,364,704</u>	<u>4.63</u>
Industrial Products				
APM Automotive Hldg Berhad	74,800	330,801	389,708	0.54
Lafarge Malayan Cement Berhad	45,500	236,173	364,000	0.5
Lion Industries Corporation	295,500	445,021	585,090	0.81
Parkson Holdings Berhad	44,673	213,680	264,911	0.37
Supermax Corporation Berhad	52,100	216,621	234,450	0.32
UEM Land Holdings Berhad	156,400	176,266	347,208	0.48
	<u>668,973</u>	<u>1,618,562</u>	<u>2,185,367</u>	<u>3.01</u>
Infrastructure Project Companies				
Digi.com Berhad	38,200	880,698	967,988	1.33
Maxis Berhad	101,200	537,640	535,348	0.74
Time Dotcom Berhad	278,500	164,169	199,128	0.28
YTL Power International Berhad	174,400	384,442	408,096	0.56
	<u>592,300</u>	<u>1,966,949</u>	<u>2,110,560</u>	<u>2.91</u>
Plantations				
Genting Plantations Berhad	132,900	815,414	1,141,611	1.57
IOI Corporation Berhad	584,017	2,737,594	3,398,979	4.69
Kuala Lumpur Kepong Berhad	99,000	1,291,620	1,960,200	2.7
Sime Darby Berhad	448,044	3,416,292	3,956,229	5.46
	<u>1,263,961</u>	<u>8,260,920</u>	<u>10,457,019</u>	<u>14.42</u>

9. QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTINUED)

Counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 October 2010 (Continued)				
SHARIAH-COMPLIANT SECURITIES – LOCAL (CONTINUED)				
Properties				
IJM Land Berhad	149,900	224,250	415,223	0.57
Mah Sing Group Berhad	192,300	354,281	363,447	0.68
SP Setia Berhad	94,200	396,083	488,898	0.67
YNH Property Berhad	1	1	2	0.00
	<u>436,401</u>	<u>974,615</u>	<u>1,267,570</u>	<u>1.75</u>
Technology				
Unisem (M) Berhad	146,500	275,425	272,490	0.38
Unisem (M) Berhad - CW	193,352	88,267	102,477	0.14
	<u>339,852</u>	<u>363,692</u>	<u>374,967</u>	<u>0.52</u>
Trading/Services				
Airasia Berhad	210,800	342,002	520,676	0.72
Axiata Group Berhad	752,850	2,038,919	3,380,297	4.66
Dialog Group Berhad	322,914	261,985	419,788	0.58
Faber Group Berhad	53,500	138,635	155,685	0.21
Kencana Petroleum Berhad	501,634	634,416	958,121	1.32
KPJ Healthcare Berhad	40,100	119,713	148,771	0.21
Malaysia Marine And Heavy Engineering Holdings Berhad	56,100	245,777	253,011	0.35
MMC Corporation Berhad	157,000	392,485	483,560	0.67
MISC Berhad	61,100	540,811	536,458	0.74
Petronas Dagangan Berhad	91,900	782,230	1,003,548	1.38
Pos Malaysia Berhad	69,300	223,614	224,532	0.31
QSR Brands Berhad	63,300	313,889	334,224	0.46
SapuraCrest Petroleum Berhad	208,100	337,829	520,250	0.72
Tenaga Nasional Berhad	245,800	1,777,539	2,163,040	2.98
	<u>2,834,398</u>	<u>8,149,844</u>	<u>11,101,961</u>	<u>15.3</u>
TOTAL QUOTED SHARIAH- COMPLIANT INVESTMENTS - LOCAL	<u>7,346,819</u>	<u>25,853,250</u>	<u>34,142,064</u>	<u>47.07</u>

9. QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTINUED)

Counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 October 2010 (Continued)				
SHARIAH-COMPLIANT SECURITIES – FOREIGN				
AUSTRALIA				
Basic Materials				
BHP Billiton Limited	23,220	2,519,473	2,965,701	4.09
BlueScope Steel Limited	111,600	744,351	678,346	0.94
Incitec Pivot Limited	32,560	315,947	369,038	0.51
Newcrest Mining Limited	6,000	648,850	730,501	1.01
	<u>173,380</u>	<u>4,228,621</u>	<u>4,743,586</u>	<u>6.54</u>
Health Care				
CSL Limited	5,780	533,413	578,153	0.80
Industrials				
Leighton Holdings Limited	3,330	330,703	372,352	0.51
Seek Limited	30,500	690,185	671,865	0.93
	<u>33,830</u>	<u>1,020,888</u>	<u>1,044,217</u>	<u>1.44</u>
Oil & Gas				
Woodside Petroleum Limited	5,270	666,343	698,464	0.96
Telecommunications				
Telstra Corporation Limited	46,200	410,498	375,835	0.52
TOTAL AUSTRALIA EQUITIES	<u>264,460</u>	<u>6,859,763</u>	<u>7,440,255</u>	<u>10.26</u>
HONG KONG				
Basic Materials				
China Coal Energy Company	102,000	478,708	548,360	0.76
Zijin Mining Group Co Limited	122,000	363,885	357,798	0.49
	<u>224,000</u>	<u>842,593</u>	<u>906,158</u>	<u>1.25</u>
Consumer Goods				
Belle International Holdings Limited	128,000	708,782	718,950	0.99
Geely Automobile Holdings Limited	579,000	875,985	1,015,128	1.4
Li & Fung Limited	20,000	322,079	328,583	0.45
Golden Eagle Retail Group	50,000	356,126	413,236	0.57
MTR Corporation Limited	28,000	315,880	331,391	0.46
	<u>805,000</u>	<u>2,578,852</u>	<u>2,807,288</u>	<u>3.87</u>
Industrials				
COSCO Pacific Limited	70,000	365,944	339,816	0.47

10. QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTINUED)

Counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 October 2010 (Continued)				
SHARIAH-COMPLIANT SECURITIES – FOREIGN (CONTINUED)				
HONG KONG (CONTINUED)				
Oil & Gas				
CNOOC Limited	104,000	549,534	670,100	0.92
PetroChina Company Limited	137,000	530,236	519,963	0.72
	<u>241,000</u>	<u>1,079,770</u>	<u>1,190,063</u>	<u>1.64</u>
Telecommunications				
China Mobile Limited	22,000	788,778	696,844	0.96
	<u>22,000</u>	<u>788,778</u>	<u>696,844</u>	<u>0.96</u>
TOTAL HONG KONG EQUITIES	<u>1,362,000</u>	<u>5,655,937</u>	<u>5,940,169</u>	<u>8.19</u>
INDIA				
Basic Materials				
Steel Authority Of India Limited	22,370	353,551	304,019	0.42
Sterlite Industries (India) Limited	30,000	378,394	354,165	0.49
	<u>52,370</u>	<u>731,945</u>	<u>658,184</u>	<u>0.91</u>
Consumer Goods				
Bajaj Auto Limited	3,395	337,681	359,077	0.49
Maruti Suzuki India Limited	7,400	707,196	803,729	1.11
	<u>10,795</u>	<u>1,044,877</u>	<u>1,162,806</u>	<u>1.6</u>
Health Care				
Dr Reddys Labs	4,640	379,471	539,038	0.74
	<u>4,640</u>	<u>379,471</u>	<u>539,038</u>	<u>0.74</u>
Industrials				
Crompton Greaves Limited	32,300	589,120	718,885	0.99
Larsen & Toubro Limited	7,228	882,556	1,025,986	1.42
	<u>39,528</u>	<u>1,471,676</u>	<u>1,744,871</u>	<u>2.41</u>
Oil & Gas				
Reliance Industries Limited	14,600	1,142,880	1,120,368	1.54
	<u>14,600</u>	<u>1,142,880</u>	<u>1,120,368</u>	<u>1.54</u>
Technology				
Infosys Technologies Limited	5,276	634,793	1,097,508	1.51
	<u>5,276</u>	<u>634,793</u>	<u>1,097,508</u>	<u>1.51</u>
Telecommunications				
Bharti Airtel Limited	16,630	325,462	379,089	0.52
	<u>16,630</u>	<u>325,462</u>	<u>379,089</u>	<u>0.52</u>
TOTAL INDIA EQUITIES	<u>143,839</u>	<u>5,731,104</u>	<u>6,701,864</u>	<u>9.23</u>

10. QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTINUED)

Counter	Quantity units	Aggregate cost RM	Market Value RM	Percentage of net asset value %
As at 31 October 2010 (Continued)				
SHARIAH-COMPLIANT SECURITIES – FOREIGN (CONTINUED)				
INDONESIA				
Basic Materials				
Timah Tbk Pt	751,000	720,612	744,628	1.03
Industrials				
Semen Gresik Persero Tbk	211,500	694,318	721,092	0.99
TOTAL INDONESIA EQUITIES	962,500	1,414,930	1,465,720	2.02
SINGAPORE				
Consumer Goods				
Golden Agri-Resources Limited	340,000	404,761	530,975	0.73
Osim International Limited	139,000	368,725	387,395	0.53
SMRT Corporation Limited	69,000	343,472	339,848	0.47
	548,000	1,116,958	1,258,218	1.73
Industrials				
Keppel Co. Limited	16,000	326,845	383,647	0.53
TOTAL SINGAPORE EQUITIES	564,000	1,443,803	1,641,865	2.26
SOUTH KOREA				
Basic Materials				
Posco	254	324,610	324,315	0.45
Consumer Goods				
Amorepacific Corporation	279	693,451	801,915	1.11
Hyundai Mobis	1,073	503,942	830,326	1.14
	1,352	1,197,393	1,632,241	2.25
Industrials				
Hyundai Engineering&Constructi	1,905	375,797	396,443	0.55
Samsung Electro-Mechanics	836	280,808	285,341	0.39
Samsung SDI Co. Limited	1,440	639,591	614,868	0.85
	4,181	1,296,196	1,296,652	1.79
Technology				
Samsung Electronics Co. Limited	1,000	1,774,320	2,058,957	2.84
TOTAL SOUTH KOREA EQUITIES	6,787	4,592,519	5,312,165	7.33

10. QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTINUED)

Counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 October 2010 (Continued)				
SHARIAH-COMPLIANT SECURITIES – FOREIGN (CONTINUED)				
TAIWAN				
Basic Materials				
Formosa Plastics Corporation	46,000	325,186	409,938	0.57
Nan Ya Plastics Corporation	53,000	325,305	366,882	0.50
Taiwan Fertilizer Corporation Limited	69,000	573,231	731,866	1.01
	<u>168,000</u>	<u>1,223,722</u>	<u>1,508,686</u>	<u>2.08</u>
Industrials				
Hon Hai Precision Industry Co.	<u>46,024</u>	<u>502,431</u>	<u>541,887</u>	<u>0.75</u>
Technology				
High Tech Computer Corporation	11,400	604,687	799,556	1.1
MediaTek Incorporation	7,617	328,449	297,653	0.41
Taiwan Semiconductor Manufacturer	130,539	747,212	832,082	1.15
	<u>149,556</u>	<u>1,680,348</u>	<u>1,929,291</u>	<u>2.66</u>
Telecommunications				
Chunghwa Telecom Corporation Limited	<u>54,000</u>	<u>345,981</u>	<u>392,440</u>	<u>0.54</u>
TOTAL TAIWAN EQUITIES	<u>417,580</u>	<u>3,752,482</u>	<u>4,372,304</u>	<u>6.03</u>

10. QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTINUED)

Counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 October 2010 (Continued)				
SHARIAH-COMPLIANT SECURITIES – FOREIGN (CONTINUED)				
THAILAND				
Oil & Gas				
PTT Explor & Prod Public Co. Limited - NVDR	22,600	330,584	401,145	0.55
TOTAL THAILAND EQUITIES	22,600	330,584	401,145	0.55
TOTAL QUOTED SHARIAH- COMPLIANT INVESTMENTS - FOREIGN	3,743,766	29,781,122	33,275,487	45.87
TOTAL QUOTED SHARIAH- COMPLIANT INVESTMENTS	11,090,585	55,634,372	67,417,551	93.34
FAIR VALUE RESERVE				
- LOCAL INVESTMENTS		8,288,814		
- FOREIGN INVESTMENTS		3,577,150		
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		(82,785)		
TOTAL MARKET VALUE OF QUOTED SHARIAH- COMPLIANT INVESTMENTS		67,417,551		

11. CASH AND CASH EQUIVALENTS (SHARIAH-COMPLIANT)

	2011 RM	2010 RM
Deposits with licensed financial institutions	3,532,949	2,071,000
Bank balances	6,768,957	2,827,735
	<u>10,301,906</u>	<u>4,898,735</u>

11. CASH AND CASH EQUIVALENTS (SHARIAH-COMPLIANT) (CONTINUED)

Weighted average effective profit rates per annum are as follows:

	2011	2010
	%	%
Deposits with licensed financial institutions	2.94	2.67

Deposits with licensed financial institutions of the Fund have an average maturity of 3 days (2010: 2 days).

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

	No. of units	2011	No. of units	2010
		RM		RM
At the beginning of the financial year	90,939,329	72,540,999	123,208,665	86,592,922
Add: Creation arising from applications	24,488,906	20,077,360	4,956,137	3,671,427
Add: Creation arising from distribution	5,175,565	4,037,976	-	-
Less: Cancellation of units	(44,719,771)	(35,555,457)	(37,225,473)	(27,543,117)
Total comprehensive (loss)/ income for the financial year	-	(1,096,702)	-	9,499,943
Distribution	-	(4,180,642)	-	-
Net change in fair value reserve	-	-	-	319,824
At the end of the financial year	<u>75,884,029</u>	<u>55,823,534</u>	<u>90,939,329</u>	<u>72,540,999</u>
Approved size of Fund	<u>700,000,000</u>		<u>700,000,000</u>	

As at 31 October 2011, the number of units not yet issued by the Fund is 624,115,971 (2010: 609,060,671)

13. MANAGEMENT EXPENSE RATIO ("MER")

	2011	2010
MER	2.10	1.80

13. MANAGEMENT EXPENSE RATIO (“MER”) (CONTINUED)

MER is derived from the following calculation:

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

- A = Management fee
- B = Trustee and custodian fees
- C = Transaction cost
- D = Audit fee
- E = Tax agent’s fee
- 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 RM81,573,871 (2010: RM78,124,304)

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	2011	2010
PTR (times)	0.95	1.20

PTR represents the average of total acquisitions and disposals of investments in the Fund for the financial year over the Fund’s average net asset value calculated on a daily basis.

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

where:

- total acquisition for the financial year = RM71,208,551 (2010: RM86,962,790)
- total disposal for the financial year = RM83,837,606 (2010: RM100,579,571)

15. 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	Subsidiaries and associated companies of the ultimate holding company of the Manager

15. **UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)**

Units held by the Manager and parties related to the Manager

	No. of units	2011 RM	No. of units	2010 RM
Manager				
CIMB-Principal Asset Management Berhad	13,047	9,597	42,648	34,020

The above units are legally held and were transacted at the prevailing market price. The units are held beneficially by the Manager for booking purposes. Other than the above, there were no units held by Directors or parties related to the Manager.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated. Profit and Hibah rates on Shariah-compliant deposits were at normal commercial rates:

	2011 RM	2010 RM
<u>Significant related party transactions</u>		
Profit and Hibah from Shariah-compliant deposits:		
- CIMB Islamic Bank Berhad	29,834	15,995
<u>Significant related party balances</u>		
Shariah-compliant deposits:		
- CIMB Islamic Bank Berhad	1,242,099	1,000,000
Bank balances		
- CIMB Islamic Bank Berhad	20,939	20,728

16. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the financial year ended 31 October 2011 are as follows:

	Values of trades RM	Percentage of total trades %	Brokerage Fees RM	Percentage of total Brokerage Fees %
CIMB Islamic Bank #	28,975,716	17.17	-	-
Hong Leong Islamic Bank Berhad	18,611,238	11.03	-	-
CIMB Investment Bank Berhad #	15,160,200	8.98	49,167	16.51
Citigroup Global Markets Limited	14,205,563	8.42	21,647	7.27
RHB Bank Islamic Berhad	8,390,152	4.97	-	-
Macquarie Securities Singapore	7,807,667	4.63	42,188	14.17
Bank Islam Malaysia Berhad	6,722,357	3.98	-	-
EonCap Islamic Bank Berhad	5,417,639	3.21	-	-
Credit Suisse Securities Hong Kong Limited	3,922,870	2.32	22,637	7.60
Credit Suisse Sendirian Berhad	2,604,844	1.54	23,091	7.75
Others	56,973,661	33.75	139,082	46.70
	<u>168,791,907</u>	<u>100.00</u>	<u>297,812</u>	<u>100.00</u>

Details of transactions with the top 10 brokers/dealers for the financial year ended 31 October 2010 are as follows:

Brokers/dealers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Islamic Bank Berhad #	146,637,000	31.08	-	-
Hong Leong Islamic Bank Berhad	42,701,000	9.05	-	-
RHB Bank Islamic Berhad	32,273,000	6.84	-	-
Bank Islam Malaysia Berhad	21,371,000	4.53	-	-
CIMB Investment Bank Berhad #	20,854,715	4.42	52,982	10.85
Macquarie Securities Singapore	17,660,836	3.74	47,251	9.67
CLSA Hong Kong Limited	15,929,806	3.38	46,243	9.47
EonCap Islamic Bank Berhad	14,149,000	3.00	-	-
Credit Suisse Securities Hong Kong Limited	13,307,654	2.82	17,394	3.56
Austock Securities Limited	13,013,963	2.76	35,740	7.32
Others	133,979,200	28.39	288,817	59.13
	<u>471,877,174</u>	<u>100.00</u>	<u>488,427</u>	<u>100.00</u>

Included in transactions by the Fund are trades conducted on normal terms with CIMB Investment Bank Berhad and CIMB Islamic Bank, fellow subsidiaries to the Manager amounting to RM 15,160,200 and RM 28,975,716 respectively (2010: RM 20,854,715 and RM 146,637,000).

17. SEGMENT INFORMATION

The internal reporting provided to the CEO for the fund’s assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of FRS. The CEO is responsible for the performance of the fund and considers the business to have a single operating segment.

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 and dividend income earned from investments and gains on the appreciation in the value of investments

18. 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 years are set out below.

	As previously stated RM	Adjustment RM	As restated RM
<u>1 November 2009</u>			
Statement of Financial Position			
Financial liability	86,592,922	(86,592,922)	-
Unitholders' capital	-	63,336,094	63,336,094
Retained earnings	-	11,710,688	11,710,688
Fair value reserve	-	11,546,140	11,546,140
	-	86,592,922	86,592,922

18. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Amendment FRS 132 "Financial Instruments: Presentation" (continued)

	As previously stated RM	Adjustment RM	As restated RM
<u>1 November 2009</u>			
Statement of Comprehensive Income			
Finance cost	4,482,376	(4,482,376)	-
Total comprehensive loss for the financial year	<u>(1,856,038)</u>	<u>4,482,376</u>	<u>2,626,338</u>

31 October 2010**Statement of Financial Position**

Financial liability	<u>72,540,999</u>	<u>(72,540,999)</u>	<u>-</u>
Unitholders' capital	-	39,464,404	39,464,404
Retained earnings	-	21,210,631	21,210,631
Fair value reserve	<u>-</u>	<u>11,865,964</u>	<u>11,865,964</u>
	<u>-</u>	<u>72,540,999</u>	<u>72,540,999</u>

No effect of changes to the Statement of Comprehensive Income for the financial year ended 31 October 2010.

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

	As previously stated RM	Adjustment RM	As restated RM
<u>31 October 2011</u>			
Statement of Financial Position			
Financial liability	<u>55,823,534</u>	<u>(55,823,534)</u>	<u>-</u>
Unitholders' capital	-	28,024,283	28,024,283
Retained earnings	-	23,963,008	23,963,008
Fair value reserve	<u>-</u>	<u>3,836,243</u>	<u>3,836,243</u>
	<u>-</u>	<u>55,823,534</u>	<u>55,823,534</u>
Statement of Comprehensive Income			
Finance cost	4,180,642	(4,180,642)	-
Total comprehensive income for the financial year	<u>(5,277,344)</u>	<u>4,180,642</u>	<u>(1,096,702)</u>

18. 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 year are set out below.

	As restated after adoption of amendments to FRS 132 (Note 18(a)) RM	Adjustment RM	As restated RM
<u>1 November 2010</u>			
Statement of Financial Position			
Unitholders' capital	39,464,404	-	39,464,404
Retained earnings	21,210,631	11,865,964	33,076,595
Fair value reserve	11,865,964	(11,865,964)	-
	<u>72,540,999</u>	-	<u>72,540,999</u>

18. 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 October 2011, statement of comprehensive income and statement of changes in equity for the financial year 31 October 2011 are set out below.

	As restated after adoption of amendments to FRS 132 (Note 18(a)) RM	Adjustment RM	As restated RM
<u>31 October 2011</u>			
Statement of Financial Position			
Financial assets at fair value through profit or loss	-	46,513,919	46,513,919
Shariah-compliant quoted investment	46,513,919	(46,513,919)	-
Deposits with licensed financial institutions	3,532,000	949	3,532,949
Profit receivable	949	(949)	-
Fair value reserve	(12,185,781)	12,185,781	-

	As restated after adoption of amendments to FRS 132 (Note 18(a)) RM	Adjustment RM	As restated RM
Statement of Comprehensive Income			
Net loss on financial assets at fair value through profit or loss	-	(912,949)	(912,949)
Net realised gain on sale of Investments	6,850,640	(6,850,640)	-
Net foreign currency exchange loss	(168,235)	(34,481)	(202,716)
Transaction costs	-	(558,589)	(558,589)
Total comprehensive loss for the year	6,933,019	(8,029,721)	(1,096,702)

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