

BSN DANA DIVIDEN AL IFRAH

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BSN DANA DIVIDEN AL IFRAH

MANAGER'S REPORT

Dear Unit Holders,

Permodalan BSN Berhad act as a Manager and AmanahRaya Trustees Berhad (ART) act as a Trustee for fund BSN Dana Dividen Al-Ifrac are pleased to present the the Annual Report of BSN Dana Dividen Al-Ifrac for financial year ended 31 December 2013.

1. FUND INFORMATION

BSN Dana Dividen Al-Ifrac																				
Fund Category	Income																			
Fund Type	Equity (Islamic)																			
Investment Objective	<p>The fund seeks to provide consistent income* by investing in Shariah-compliant equities with attractive dividend** yield and/or potential dividend yield.</p> <p><i>*Note: Distribution of income will be done by way of reinvestment into additional Units.</i></p> <p><i>**Note: "Attractive dividend" refers to stocks of companies which have provided an average gross dividend of at least 3% for the past 3 years from the latest financial year.</i></p>																			
Performance Benchmark	FTSE Bursa Malaysia EMAS Shariah Index (FBMSHA)																			
Distribution Policy	Subject to the availability of income, the Manager will distribute income once a year.																			
Unit Holdings	<p>On 31 December 2013, a total of 32 people have joined BSN Dana Dividen Al-Ifrac. Breakdown of unit holdings are as follows:</p> <table border="1"><thead><tr><th>Size of Holdings</th><th>No. of Unitholders</th><th>No. Of Units Held</th></tr></thead><tbody><tr><td>5,000 and below</td><td>21</td><td>52,127</td></tr><tr><td>5,001 – 10,000</td><td>0</td><td>0</td></tr><tr><td>10,001 – 50,000</td><td>8</td><td>221,046</td></tr><tr><td>50,001 – 500,000</td><td>2</td><td>181,172</td></tr><tr><td>Above 500,001</td><td>1</td><td>200,000,000</td></tr></tbody></table>		Size of Holdings	No. of Unitholders	No. Of Units Held	5,000 and below	21	52,127	5,001 – 10,000	0	0	10,001 – 50,000	8	221,046	50,001 – 500,000	2	181,172	Above 500,001	1	200,000,000
Size of Holdings	No. of Unitholders	No. Of Units Held																		
5,000 and below	21	52,127																		
5,001 – 10,000	0	0																		
10,001 – 50,000	8	221,046																		
50,001 – 500,000	2	181,172																		
Above 500,001	1	200,000,000																		

BSN DANA DIVIDEN AL IFRAH

2. FUND PERFORMANCE

2.1 Achievement of BSN Dana Dividen Al-Ifrac

For the period ended 31 December 2013, BSN Dana Dividen Al-Ifrac had achieved its investment objective. The fund recorded a net income before taxation of RM5.53m for the year 2013. Net Asset Value (NAV) per unit also increased to RM0.2591 from RM0.2547 a year earlier. Overall, BSN Dana Dividen Al-Ifrac announced a gross income for distribution of 2.30 sen per unit. This was the first time for the fund to announce its dividend distribution.

2.2 Asset Allocation

Asset allocations for BSN Dana Dividen Al-Ifrac are as follows:

Components of Asset Portfolio	%	
	2013	2012
Shariah-compliant investment in equity market	90.37	46.43
Cash	9.63	53.57
Total	100.00	100.00

2.3 Asset Allocation by Sector

Sector	RM	
	2013	2012
Shariah-compliant investment in equity market :		
Construction	2,196,480	-
Consumer Products	6,157,616	4,316,356
Finance	-	758,700
Industrial Products	6,462,294	4,518,400
Plantation	-	2,849,115
Properties	2,229,808	1,059,252
Islamic Real Estate Investment Trust	1,714,503	1,735,774
Trading / Services	32,203,710	9,012,984
Cash	5,429,345	27,980,472

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2.4 Comparative Financial Information for the Period 2 Years

Matters	2013	2012
Net Asset Value (RM)	51,941,671	51,210,448
Net Asset Value per Unit (RM)	0.2591	0.2547
Unit In Circulation	200,500,000	201,100,000
Selling Price per Unit (RM)	0.2591	0.2547
Buying Price per Unit (RM)	0.2591	0.2547
Selling Price per Unit (High) (RM)	0.2822	0.2547
Buying Price per Unit (High) (RM)	0.2822	0.2547
Selling Price per Unit (Low) (RM)	0.2501	0.2458
Buying Price per unit (Low) (RM)	0.2501	0.2458
Total Fund Return (Growth Capital) (%)	10.76	1.88
Total Fund Return(Distribution) (%)	9.03	-
Gross Distribution per Unit (%)	2.30	-
Net Distribution per Unit (%)	2.28	-
Date of payment	16/01/2014	-
Management Expense Ratio (%) :	1.66	0.45
Portfolio Turnover Ratio (%) :	121	33

2.4.1 Management Expense Ratio

The MER for the financial year is higher than previous financial year mainly due to the increase in expenses cost.

2.4.2 Portfolio Turnover Ratio

The PTR for the financial year is higher than previous financial year mainly due to increase in trading activities.

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BASES OF CALCULATION

i. Portfolio Composition

Content portfolio is calculated according to the market price on 31 December 2013.

ii. Net Asset Value (NAV)

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

iii. Selling Price per Unit

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

iv. Buying Price per Unit

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

v. Capital Growth

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

vi. Distribution

The distribution of income is the annual gross revenues of:

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

vii. Management Expense Ratio

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

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

viii. Portfolio Turnover Ratio

The calculation is as follows:

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

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

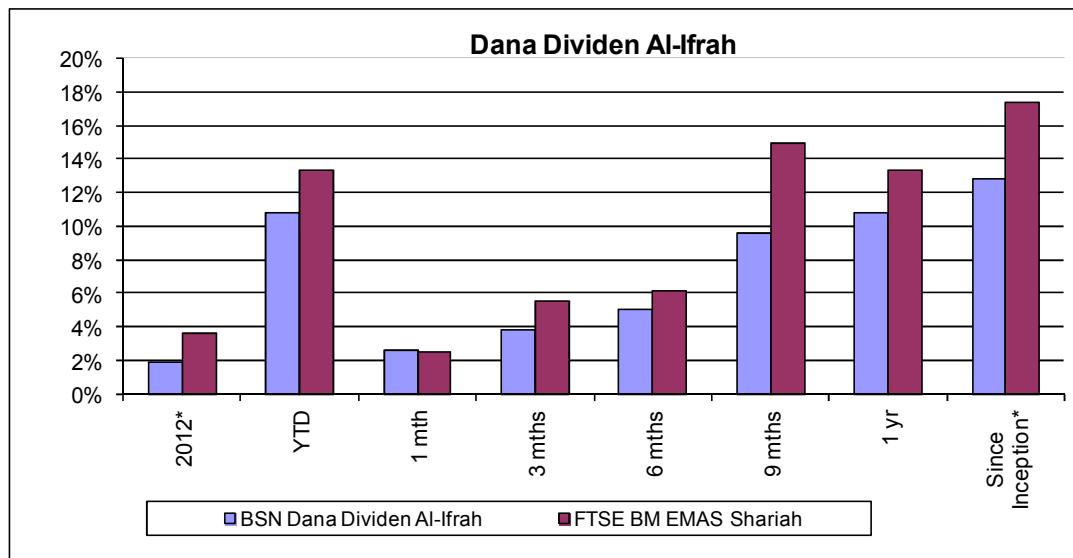
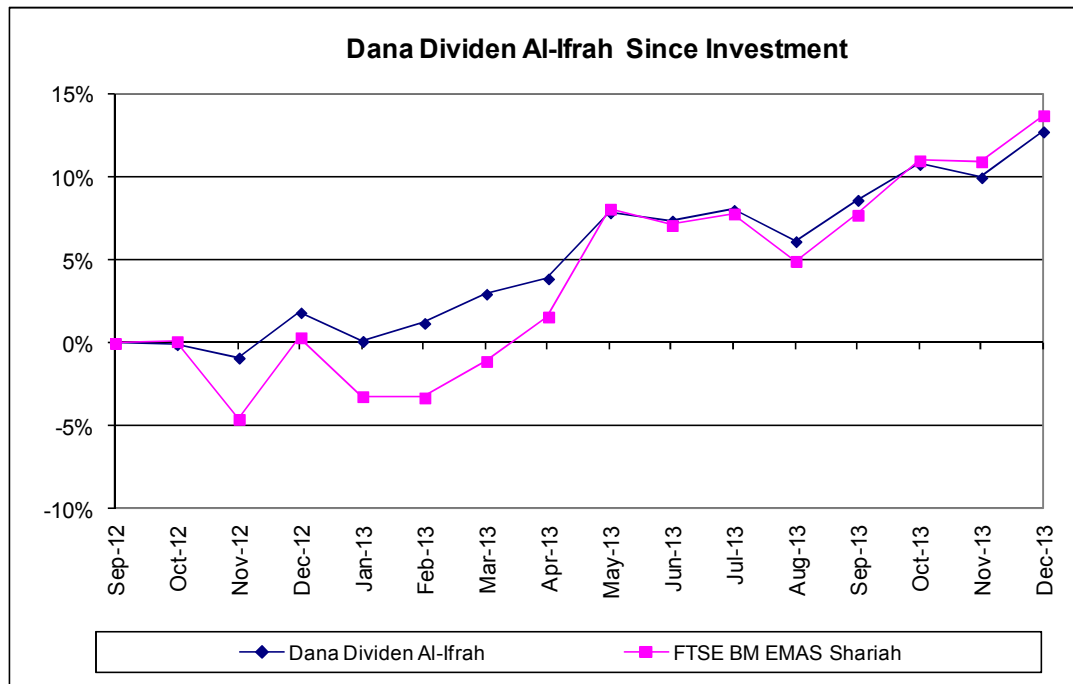
Unit prices and investment returns may go down, as well as up.

BSN DANA DIVIDEN AL IFRAH

3. MANAGER'S REPORT

3.1 Fund and Benchmark Performance

For the year 2013, the fund recorded a return of 10.76% compared to benchmark return of 13.29%. Total return for the fund was smaller than its benchmark return due to its defensive strategy as well as the volatility of the market during the year, including the jittery of General Election which was held on early May 2013.



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BSN Dana Dividen Al-Ifrac		
	BSN Dana Dividen Al-Ifrac	FTSE BM EMAS Shariah
2012*	1.88	3.62
YTD	10.76	13.29
1 mth	2.58	2.49
3 mths	3.87	5.55
6 mths	5.07	6.16
9 mths	9.55	14.92
1 yr	10.76	13.29
Since Inception*	12.84	17.39
Since Investment**	12.71	13.68

**starts from 12 October 2012

* starts from 12 September 2012

Source: All performance figures have been verified by Perkasa Normandy Managers Sdn Bhd.

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

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

3.2 Investment Strategy

In 2013, the fund kept its defensive investment strategy and maintained the ability to build positions on dips and bouts of market weakness. Few catalysts were seen in 2013 including General Election, US Quantitative Easing (QE), and also Euro area crisis as well as Budget 2014. The market saw Barisan Nasional returned to power albeit with lesser parliament seats compare to the previous GE, giving a mandate to PM Datuk Seri Najib Abdul Razak to continue his economic and government transformation policies (ETP and GTP).

Several factors will shore up the trading sentiment in 2014 including strong global trade growth, rapid implementation of ETP, and also reacceleration of top 3 global economies namely the US, China and Japan. Global trade is expected to turn robust with the courtesy of reacceleration in US economy. As for KLCI, prospect in 2014 is seen positive and sticking with the ETP beneficiaries seems to be a good approach as they will continue to gain from positive news flow during the year.

3.3 Investment Review

The local equity market commenced the year of 2013 in an uncertain footing, which was dominated by number of events. General election jitters in the earlier part of the year and a combination of the fear of US QE tapering and the weakening fundamentals of some key emerging economies affected the market sentiments. FBM KLCI retraced by 4.5% from end-2012 to a low of 1,613.3 points on 20 February 2013 likely triggered by jittery investors who were worried the GE13 would unfavourably alter the political status quo. However, the index rocketed to an intra-day record high of 1,826 points on 6 May, after the ruling coalition retained power of the Government with a lesser simple majority than the 2008 general election results. The post-election rally nonetheless began to lose steam not long after as foreign funds was eagerly queuing for the exit due to worries over an impending QE rollback.

Fitch Ratings' downgrade of Malaysia's outlook to 'negative' from 'stable' on 30th July 2013 caused the FBM KLCI to ease to 1,772.6 points and register a minor loss of 0.05% for the month. Subsequently, local market suffered severe selloffs resulted from the release of US Federal Reserve (Fed) minutes on 21 August. The minutes did not provide any further indication on the timing and pace of the QE taper. Other factors include the fall in regional stock markets, the slower-than-expected 2Q GDP numbers and concerns about possible US military intervention in Syria. The FBM KLCI plunged as much as 40pts intra-day and went below the 1,700pt for a couple of days.

September was a good month for global markets as most markets rebounded from the August sell-off. The Fed's decision not to start tapering was also a positive surprise that gave markets a boost. The KLCI regained all its losses in September and rebounded above the psychological 1,800pt level before profit taking set in. The good run continued in October as the FBM KLCI scaled new all-time highs in the period leading up to the 2014 Budget on October 25.

Despite the October's good run of the local market, the index again went on consolidation mode as the latest Federal Open Market Committee (FOMC) meeting minutes (20 November) showed that the Fed members are aware of a gradual growth in economy, thus raising the fears of taper. Eventually, the Fed announced it would start to

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taper aggressive bond-buying program to USD75 billion a month beginning in January 2014. Despite the latest updates of the QE, the bellwether index scaled new all-time highs in December on the back of window dressing activities and good US unemployment and housing data. All in all, 2013 was a good year for most of the markets. Year-to-date, all developed market closed in the positive territory and it is worth mentioning that FBM KLCI gain 10.54% to close at 1,866.96 points in 31 December 2013.

3.4 Market Outlook

The last final quarter of the year in the US economy had shown some broad based growth with consumers spending had finally normalized (consumer sentiment index climbed to 78.1 from 72.0 in November) and the number of new hiring had returned (claims for unemployment benefits fell by 42k to 338k). The strong economic trajectory of the US will be more than enough to offset the slowdown in quantitative easing measures. The Fed's new chief, Janet Yellen, will bring in a new dawn of a friendlier central bank approach with high expectation of a strong fight against unemployment, known to be an issue close to her heart.

On the local front, with the market gradually entering normalisation period following the deceleration of US QE measures in 2014, it is believed that the local funds will be supportive of the local market, strengthened by the reacceleration of the economy. Malaysia's GDP is forecast to grow at a solid pace of 5.5% against 4.5% in 2013 driven by resilient domestic demand and improving external conditions. It is believed that foreign institutions will re-enter the local market in rising speed in the second half of 2014 boosted by improving economic dynamics mainly coming from the goods and services tax (GST) implementation in 2015.

Looking forward, several factors will shore up the trading sentiment in 2014 including strong global trade growth after years of dilemma, rapid implementation of ETP, status quo on overnight policy rate (OPR), and also reacceleration of top 3 global economies namely the US, China and Japan. Global trade is expected to turn robust with the courtesy of reacceleration in US economy. Global trade is set to grow to 4.5% in 2014 vs. 2.5% in 2013. Japan in the year 2013, saw the re-entrance of its 7th prime minister, Shinzo Abe. His measures had revived the sentiment in their equity market with the Nikkei 225 emerged as one of the world's best performing index (Nikkei 225 2013: +56.72%).

All these factors are seen to play their roles and contribute to the trading sentiment in 2014. Prospect for Malaysia in 2014 is seen positive and sticking with the ETP beneficiaries seems to be a good approach as they will continue to gain from positive news flow during the year meanwhile Visit Malaysia Year 2014 will benefit those in the hospitality industries.

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3.5 Distribution of Income

To unit holders registered on 31 December 2013, the Management is pleased to announce the distribution of gross income at a rate of 2.30 cents per unit. Methods of payment are as disclosed in the Prospectus which will make the investment manager and add it back into the investor's account on 23 January 2014.

3.6 Rebates and Commissions Courtesy

For the year ended 31 December 2013, no goodwill recorded rebates and commissions.

3.7 Investment

Sector	Cost At	Purchase	Sold	Mark up/	Value At
	01.01.2013	At Cost	At Cost	down to market value	31.12.2013
	RM	RM	RM	RM	RM
Construction	-	5,401,625	3,252,460	47,315	2,196,480
Consumer Products	4,367,356	5,933,642	4,476,758	333,376	6,157,616
Finance	784,890	3,285,961	4,070,852	-	-
Industrial Products	4,330,524	15,150,931	12,669,641	(349,521)	6,462,294
Plantation	2,625,524	2,214,963	4,840,487	-	-
Properties	1,069,285	3,782,035	2,195,080	(426,433)	2,229,808
Islamic Real Estate				-	
Investment Trust	1,783,312	1,604,847	1,645,922	(27,734)	1,714,503
Trading / Services	8,875,751	39,093,342	17,024,233	1,258,850	32,203,710
	<u>23,836,641</u>	<u>76,467,347</u>	<u>50,175,433</u>	<u>835,854</u>	<u>50,964,411</u>

3.8 Separation Unit.

There is no separation unit performed for the period until 31 December 2013.

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4. STATEMENT BY MANAGER

We, **TAN SRI ABU BAKAR BIN HAJI ABDULLAH** and **ROSLANI BIN HASHIM**, being two of the directors of **PERMODALAN BSN BERHAD**, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 16 to 41 are drawn up in accordance with Malaysian Financial Reporting Standards and the requirements of the Securities Commission's Guidelines on Unit Trust Funds in Malaysia so as to give a true and fair view of the financial position of **BSN DANA DIVIDEN AL-IFRAH** as at 31 December 2013 and of its results, changes in net asset value and cash flows for the financial year ended on that date and comply with the requirements of the Deed.

On behalf of the Board in accordance with a resolution of the Board of directors of the Manager

TAN SRI ABU BAKAR BIN HAJI ABDULLAH
Director

ROSLANI BIN HASHIM
Director

Kuala Lumpur
Date : 13 February 2014

BSN DANA DIVIDEN AL IFRAH

5. TRUSTEE'S REPORT

For the Financial Year Ended 31 December 2013

To the Unit Holders of
BSN DANA DIVIDEN AL-IFRAH

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of BSN DANA DIVIDEN AL-IFRAH for the financial year ended 31 December 2013. In our opinion, PERMODALAN BSN BERHAD, the Manager, has managed BSN DANA DIVIDEN AL-IFRAH 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 during the financial year then ended.

We are of the opinion that:

- (a) the procedures and processes employed by the Manager to value and/or price the units of BSN DANA DIVIDEN AL-IFRAH 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 BSN DANA DIVIDEN AL-IFRAH as declared by the Manager is in accordance with the investment objective of BSN DANA DIVIDEN AL-IFRAH.

Yours faithfully
AMANAHRAYA TRUSTEES BERHAD

HABSAH BINTI BAKAR
Chief Executive Officer

Kuala Lumpur, Malaysia
Date : 5 February 2014

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6. SHARIAH ADVISER'S REPORT

To the Unitholders of **BSN DANA DIVIDEN AL-IFRAH**

We have acted as the Shariah Adviser of **BSN DANA DIVIDEN AL-IFRAH**. Our responsibility is to ensure that the procedures and processes employed by **PERMODALAN BSN BERHAD** are in accordance with Shariah principles.

In our opinion, **PERMODALAN BSN BERHAD** has managed and administered **BSN DANA DIVIDEN AL-IFRAH** in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the financial year ended 31 December 2013.

We also confirm that the investment portfolio of **BSN DANA DIVIDEN AL-IFRAH** comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission. As for the securities which are not certified by the Shariah Advisory Council of the Securities Commission, we have reviewed the said securities and opine that these securities are designated as Shariah-compliant.

For and of behalf of the Shariah Adviser
IBFIM

MOHD NASIR ISMAIL

Shariah Advisor/Designated Person Responsible for Shariah Advisory

Kuala Lumpur
Date: 13 February 2014

BSN DANA DIVIDEN AL IFRAH

7. INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF BSN DANA DIVIDEN AL-IFRAH

Report on the Financial Statements

We have audited the financial statements of **BSN DANA DIVIDEN AL-IFRAH**, which comprise statement of financial position as at 31 December 2013, and statement of profit or loss and other comprehensive income, statement of changes in net asset value and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 16 to 41.

Manager's Responsibility for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission's Guidelines on Unit Trust Funds in Malaysia. The Manager of the Fund is also responsible for such internal control as the Manager of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

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 about 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 judgment, 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 entity's preparation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of the Fund, 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.

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2013 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission's Guidelines on Unit Trust Funds in Malaysia.

Other Matter

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

James Chan Kuan Chee
Approval No: 2271/10/15 (J)
Chartered Accountant

Date : 19 February 2014
Kuala Lumpur

BSN DANA DIVIDEN AL IFRAH**8. STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**

	Note	<u>2013</u>	<u>2012</u>
		RM	RM
ASSETS			
SHARIAH-COMPLIANT INVESTMENTS			
Shariah-compliant equity securities	4	50,964,411	24,250,581
Islamic deposits with licensed financial institutions	5	5,428,000	27,977,760
Dividend receivables		211,200	19,200
Profit receivables		27,060	56,129
Tax recoverable		70,085	422
Bank balance		1,345	2,712
TOTAL ASSETS		<u>56,702,101</u>	<u>52,306,804</u>
EQUITY			
Unitholders' contribution	7	50,088,560	50,275,040
Retained profits	8	1,853,111	935,408
NAV ATTRIBUTABLE TO UNITHOLDERS		<u>51,941,671</u>	<u>51,210,448</u>
LIABILITIES			
Amount owing to stockbroking companies		-	1,014,595
Amount owing to Manager		154,423	64,193
Amount owing to Trustee		2,837	2,568
Distribution payable		4,581,170	-
Accrual		22,000	15,000
TOTAL LIABILITIES		<u>4,760,430</u>	<u>1,096,356</u>
TOTAL NAV ATTRIBUTABLE TO UNITHOLDERS AND LIABILITIES		<u>56,702,101</u>	<u>52,306,804</u>
NUMBER OF UNITS IN CIRCULATION		<u>200,500,000</u>	<u>201,100,000</u>
NAV PER UNIT (ex-distribution) (RM)		<u>0.2591</u>	<u>0.2547</u>

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

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**9. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Note	1.1.2013 to 31.12.2013 RM	12.9.2012 (DATE OF INCEPTION) to 31.12.2012 RM
INVESTMENT INCOME			
Profit from Islamic deposits		380,056	324,558
Gross dividend income		1,764,382	69,560
Net realised gain on disposal of Shariah-compliant investments		4,114,401	354,968
Net unrealised gain on financial assets at fair value through profit or loss		421,916	413,939
		6,680,755	1,163,025
LESS: EXPENSES			
Manager's fee	9	807,123	202,190
Trustee's fee	10	32,285	8,088
Administrative expenses		291,354	2,339
Auditors' remuneration		18,000	15,000
		1,148,762	227,617
NET INCOME BEFORE TAXATION		5,531,993	935,408
TAXATION	11	(33,121)	-
NET INCOME AFTER TAXATION FOR THE FINANCIAL YEAR		5,498,872	935,408
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME/ FOR THE FINANCIAL YEAR		5,498,872	935,408
Net income after taxation/ Total Comprehensive Income for the financial year is made up of the following:			
- Realised gains		5,076,956	521,469
- Unrealised gains		421,916	413,939
		5,498,872	935,408
Distribution for the financial year	12	4,581,170	-
Gross distribution per unit (sen)		2.30	-
Net distribution per unit (sen)		2.28	-

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

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**10. STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

Note	<u>Unitholders' Contribution</u> RM	<u>Retained Profit</u> RM	<u>Total Net Asset Value</u> RM
At 12.9.2012 (date of inception)	175,000	-	175,000
Net income after taxation/ Total comprehensive income for the financial year	-	935,408	935,408
Contributions by and distribution to unitholders of the Fund:			
- Creation of units	50,100,040	-	50,100,040
As at 31.12.2012/1.1.2013	<u>50,275,040</u>	<u>935,408</u>	<u>51,210,448</u>
Net income after taxation/Total comprehensive income for the financial year	-	5,498,872	5,498,872
Contributions by and distribution to unitholders of the Fund:			
- Creation of units	365,370		365,370
- Cancellation of units	(551,850)		(551,850)
- Distribution		(4,581,170)	(4,581,170)
12			
Total transaction with unitholders of the Fund	<u>(186,480)</u>	<u>(4,581,170)</u>	<u>(4,767,650)</u>
As at 31.12.2013	<u><u>50,088,560</u></u>	<u><u>1,853,111</u></u>	<u><u>51,941,671</u></u>

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

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**11. STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	1.1.2013 to 31.12.2013 RM	12.9.2012 (DATE OF INCEPTION) to 31.12.2012 RM
	Note	
CASH FLOWS (FOR)/FROM OPERATING AND INVESTING ACTIVITIES		
Net income before taxation	5,531,993	935,408
Adjustments for:-		
Gross dividend income	(1,764,382)	(69,560)
Profit from Islamic deposits	(380,056)	(324,558)
Net realised gain on disposal of Shariah-compliant investments	(4,114,401)	(354,968)
Net unrealised gain on fair value through profit or loss Shariah-compliant investments	(421,916)	(413,939)
Operating loss before working capital changes	<u>(1,148,762)</u>	<u>(227,617)</u>
Increase in dividend receivable	(192,000)	(19,200)
Decrease/(Increase) in profit receivables	29,069	(56,129)
(Decrease)/Increase in amount owing to stockbroking companies	(1,014,595)	1,014,595
Increase in amount owing to Manager	6,741	64,193
Increase in amount owing to Trustee	270	2,568
Increase in accrual	7,000	15,000
Tax paid	(44,413)	-
Net cash generated from operations	<u>(2,356,690)</u>	<u>793,410</u>
Profit from Islamic deposits received	380,056	324,558
Net dividend received	1,706,011	69,138
Purchase of Shariah-compliant investments	(76,467,347)	(28,393,485)
Proceeds from sale of Shariah-compliant investments	54,289,834	4,911,811
NET CASH FLOWS (FOR) OPERATING AND INVESTING ACTIVITIES CARRIED FORWARD	<u>(22,448,136)</u>	<u>(22,294,568)</u>
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Proceeds from units created	365,370	50,275,040
Payment for cancelled units	(468,360)	-
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES	<u>(102,990)</u>	<u>50,275,040</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(22,551,126)</u>	<u>27,980,472</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>27,980,472</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	13 <u>5,429,346</u>	<u>27,980,472</u>

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

BSN DANA DIVIDEN AL IFRAH

12. NOTES TO THE FINANCIAL STATEMENTS

1. THE FUND, PRINCIPAL ACTIVITIES AND THE MANAGER

BSN DANA DIVIDEN AL-IFRAH (hereinafter referred to as 'the Fund') was constituted pursuant to the execution of a Deed dated 12 September 2012 between the Manager, Permodalan BSN Berhad, the Trustee, AmanahRaya Trustees Berhad and registered holders of the Fund.

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

The principal activity of the Fund is to invest in a portfolio of equity, equity-related securities, debentures, money market instruments and any such other securities and/or instruments as may be determined by the Manager that comply with Shariah requirements. Any material change to the investment objective of the Fund would require the unitholders' approval. The Fund was launched on 12 September 2012.

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

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors dated on 13 February 2014.

2. BASIS OF PREPARATION

The financial statements of the Fund are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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

MFRSs and IC Interpretations (Including The Consequential Amendments)

MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 (2011) Employee Benefits
MFRS 127 (2011) Separate Financial Statements
MFRS 128 (2011) Investments in Associates and Joint Ventures
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements to MFRSs 2009 – 2011 Cycle

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The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any impact on the Fund's financial statements except as follows:-

MFRS 13

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. MFRS 13 has been applied prospectively as of the beginning of the current financial year and the impacts on the financial statements of the Fund upon its initial application.

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Fund upon its initial application other than the presentation format of the Fund of profit or loss and other comprehensive income.

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

MFRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
MFRS 9 (2009) Financial Instruments	1 January 2015
MFRS 9 (2010) Financial Instruments	1 January 2015
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1 January 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014

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

MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

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

(i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Fund recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(ii) Impairment of Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the

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estimation, such difference will impact the carrying value of receivables. The Fund does not have any loan.

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

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

(b) Functional and Presentation Currency

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

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

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, Islamic deposits with financial institutions and short-term, highly liquid Shariah-compliant investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Financial Instruments

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

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

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

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

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

(i) Financial Assets

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On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables financial assets, held-to-maturity Shariah-compliant investments, or available-for-sale financial assets, as appropriate. The Fund does not have any loan.

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

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

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

- **Held-to-maturity Shariah-compliant Investments**

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

- **Loans and Receivables Financial Assets**

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

- **Available-for-sale Financial Assets**

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

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

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

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

(ii) Financial Liabilities

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

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

(iii) Unitholders' Contribution

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

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

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

(e) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an Shariah-compliant equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity Shariah-compliant investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective profit rate. The Fund does not have any loan.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of Shariah-compliant available-for-sale non-equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that

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the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For Shariah-compliant available-for-sale non-equity instruments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the financial asset can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss. The Fund does not have any loan.

(f) Net Asset Value Attributable To Unitholders

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

(g) Dividend Distribution

Dividend distributions are at the discretion of the Fund. A dividend distribution to the Fund's Unitholders is accounted for as a deduction from realised reserves except where dividend is sourced out of distribution equalisation which is accounted for as a deduction from Unitholders' capital.

Distributions are recognised as liabilities when approved for appropriation.

(h) Income Tax Expense

Income tax for the year comprises current and deferred tax.

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

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

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

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

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

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

(i) Related Parties

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

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

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

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

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

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

(j) Income Recognition

(i) *Profit from Islamic deposits and Income from sukuk*

Profit from Islamic deposits and income from sukuk are recognised on an accrual basis.

(ii) *Dividend Income*

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

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(iii) Realised Gains or Losses on Sale of Shariah-compliant Investments

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

(k) Classification of Realised and Unrealised Gains and Losses

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

Realised gains and losses on disposals of financial instruments classified as part of "at fair value through profit or loss" represents the difference between the instruments' initial carrying amount and disposal proceeds, or cash payments or receipts made on Shariah-compliant derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

(l) Operating Segments

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

(m) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

BSN DANA DIVIDEN AL IFRAH**4. QUOTED SHARIAH-COMPLIANT SECURITIES**

Quoted Shariah-compliant equity securities as at 31 December 2013 are as follows:-

	No. Of Shares Held	At Cost	At Market Value	Percentage Of Net Asset Value At 31 December 2013
	Unit	RM	RM	%
(i) Construction				
Gamuda Berhad	457,600	2,149,165	2,196,480	4.23
	<u>457,600</u>	<u>2,149,165</u>	<u>2,196,480</u>	<u>4.23</u>
(ii) Consumer Products				
Fraser & Neave Holdings Berhad	140,000	2,576,152	2,590,000	4.99
Malayan Flour Mills Berhad	799,200	1,082,666	1,214,784	2.34
Nestle (M) Berhad	23,900	1,435,503	1,625,200	3.13
Panasonic Manufacturing Malaysia Berhad [Note 6(a)]	32,600	729,918	727,632	1.40
	<u>995,700</u>	<u>5,824,239</u>	<u>6,157,616</u>	<u>11.86</u>
(iii) Industrial Products				
Lafarge Malaysia Berhad	180,000	1,665,961	1,542,600	2.97
Petronas Chemicals Group Berhad	320,500	2,157,265	2,217,860	4.27
Petronas Gas Berhad	10,000	224,600	242,800	0.47
UMW Holdings Berhad	203,900	2,763,989	2,459,034	4.73
	<u>714,400</u>	<u>6,811,815</u>	<u>6,462,294</u>	<u>12.44</u>
(iv) Properties				
SP Setia Berhad [Note 6(a)]	740,800	2,656,240	2,229,808	4.29
	<u>740,800</u>	<u>2,656,240</u>	<u>2,229,808</u>	<u>4.29</u>

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	No. Of Shares Held	At Cost	At Market Value	Percentage Of Net Asset Value At 31 December 2013
	Unit	RM	RM	%
(v) Islamic Real Estate Investment Trust				
Al-Alaqaar KPJ Reit	1,289,100	1,742,236	1,714,503	3.30
	<u>1,289,100</u>	<u>1,742,236</u>	<u>1,714,503</u>	<u>3.30</u>
(v) Trading / Services				
Axiata Group Berhad	555,000	3,802,558	3,829,500	7.37
Bintulu Port Holdings Berhad	20,000	141,066	150,000	0.29
Dayang Enterprise Holdings Berhad	755,000	3,744,431	4,371,450	8.42
Digi.Com Berhad	675,000	3,316,461	3,348,000	6.45
Gas Malaysia Berhad	400,000	1,583,360	1,548,000	2.98
KPJ Healthcare Berhad	270,000	1,148,658	1,047,600	2.02
KPJ Healthcare Berhad - OR	12,000	-	24,720	0.05
Maxis Berhad	250,000	1,738,700	1,817,500	3.50
MISC Berhad	308,200	1,446,745	1,756,740	3.38
NCB Holdings Berhad	472,500	1,900,485	1,653,750	3.18
Sime Darby Berhad	560,000	5,271,529	5,331,200	10.26
Telekom Malaysia Berhad	797,000	4,565,586	4,423,350	8.52
Tenaga Nasional Berhad	255,000	2,285,282	2,901,900	5.59
	<u>5,329,700</u>	<u>30,944,861</u>	<u>32,203,710</u>	<u>62.00</u>
TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES AS AT 31 DECEMBER 2013				
	<u>9,527,300</u>	<u>50,128,557</u>	<u>50,964,411</u>	<u>98.13</u>
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>835,854</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u><u>50,964,411</u></u>		

5. ISLAMIC DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The effective rates of return of the Islamic deposits at the end of the reporting year ranged from 1.91% to 3.40% (2012 - 2.90% to 3.30%) per annum. The Islamic deposits have maturity periods ranging from 1 day to 368 days (2012 - 1 day to 93 days).

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6. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investments portfolio of the Fund is Shariah-compliant, which comprises:

- (a) Equity securities listed in Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission (“SACSC”) of Malaysia except for Panasonic Manufacturing Malaysia Berhad and SP Setia Berhad, the securities which were reclassified as Shariah non-compliant by the SACSC on 29 November 2013. These securities will be disposed of soonest practical, within 6 months from the reclassification date as permitted by the SACSC; and
- (b) Cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

7. UNITHOLDERS’ CONTRIBUTION

	2013		2012	
	Unit	RM	Unit	RM
At 1 January 2013/ At 12.9.2012 (date of inception)	201,100,000	50,275,040	700,000	175,000
Creation of units	1,400,000	365,370	200,400,000	50,100,040
Cancellation of units	(2,000,000)	(551,850)	-	-
At end of the financial year	200,500,000	50,088,560	201,100,000	50,275,040

In accordance with the Scheme, the maximum number of units that can be issued for circulation is 800,000,000. As at 31 December 2013, the remaining number of units to be issued amounted to 599,500,000 (2012 - 598,900,000) units.

8. RETAINED PROFITS

The breakdown of the retained profits as at the end of the reporting period is as follows:-

	2013	2012
	RM	RM
Total accumulated gains:		
Realised gains	1,017,257	521,469
Unrealised gains	835,854	413,939
At end of the financial year	1,853,111	935,408

9. MANAGER’S FEE

The Manager’s fee is computed based on 1.5% (2012 - 1.5%) of the net asset value of the Funds calculated on a daily basis.

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10. TRUSTEE'S FEE

The Trustee's fee is computed based on 0.06% (2012 - 0.06%) of the net asset value calculated on a daily basis.

11. TAXATION

	1.1.2013 to 31.12.2013	12.9.2012 (Date of inception) to 31.12.2012
	RM	RM
Current tax expense:		
- for the financial year	33,121	-

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

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

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

	1.1.2013 to 31.12.2013	12.9.2012 (Date of inception) to 31.12.2012
	RM	RM
Net income before taxation	5,531,993	935,408
Tax at the statutory tax rate of 25%	1,383,000	233,852
Tax effects of:-		
Non-taxable income	(1,603,000)	(289,681)
Non-deductible expenses	253,121	55,829
Differential in tax rate	-	
Tax expense for the financial year	33,121	-

12. DISTRIBUTION FOR THE FINANCIAL YEAR

Distribution to unitholders is from the following sources:-

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	1.1.2013 to 31.12.2013	12.09.2012 (Date of inception) to 31.12.2012
	RM	RM
Dividend income, net	1,676,461	
Profit from Islamic deposits	380,056	
Realised gain on disposal of investment	3,521,787	
	<u>5,578,304</u>	-
Less:		
Allowable expenses	(966,804)	
Taxation	(30,330)	
Distributions for the financial year	<u>4,581,170</u>	<u>-</u>

13. CASH AND CASH EQUIVALENTS

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

	2013	2012
	RM	RM
Islamic deposits with licensed financial institutions	5,428,000	27,977,760
Cash and bank	1,345	2,712
	<u>5,429,345</u>	<u>27,980,472</u>

14. UNITS HELD BY RELATED PARTIES

	Value At NAV			
	2013		2012	
	UNIT	RM	UNIT	RM
Holding company of the Manager	200,000,000	51,820,000	200,000,000	50,930,331
The Manager	45,646	11,827	721,447	183,718
	<u>200,045,646</u>	<u>51,831,827</u>	<u>200,721,447</u>	<u>51,114,049</u>

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15. TRANSACTIONS WITH STOCKBROKING COMPANIES

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

	Value of trade RM	Percentage of total trades %	Brokerage fees and commissions RM	Percentage of total fees and commissions %
<u>31.12.2013</u>				
Name of Stockbroker				
Affin Bank Investment Berhad	15,614,915	11.94	31,218	12.26
Aminvestment Bank Berhad	13,891,422	10.62	27,810	10.92
CIMB Investment Bank Berhad	16,839,243	12.88	37,910	14.89
M&A Securities Sdn Bhd	22,333,456	17.08	33,526	13.17
Maybank Investment Bank Berhad	12,895,245	9.86	25,806	10.13
MIDF Amanah Investment Bank Berhad	41,236,458	31.53	82,440	32.37
RHB Investment Bank Berhad	7,969,025	6.09	15,937	6.26
	<u>130,779,764</u>	<u>100.00</u>	<u>254,647</u>	<u>100.00</u>
<u>31.12.2012</u>				
Affin Investment Bank Berhad	2,761,552	8.31	7,730	8.52
Aminvestment Bank Berhad	3,003,725	9.04	8,721	9.61
CIMB Investment Bank Berhad	4,779,440	14.38	14,289	15.75
M&A Securities Sdn Bhd	6,562,160	19.74	15,202	16.76
Maybank Investment Bank Berhad	3,909,705	11.76	10,634	11.72
MIDF Amanah Investment Bank Berhad	9,374,311	28.20	25,873	28.52
RHB Investment Bank Berhad	2,852,000	8.58	8,262	9.11
	<u>33,242,893</u>	<u>100.00</u>	<u>90,711</u>	<u>100.00</u>

16. MANAGEMENT EXPENSE RATIO

The management expense ratio for the current financial year is 2.00% (2012 - 0.45%). It is the ratio of all the fees deducted from the Fund including Manager's fee, Trustee's fee, auditors' fee, tax agent's fee plus expense charged to the Fund expressed as a percentage of the Fund's average net asset value, calculated on a monthly basis.

17. PORTFOLIO TURNOVER RATIO

The portfolio turnover ratio for the current financial year is 1.30 (2012 - 0.33) times. It is the ratio of the average of the total acquisitions and disposals of Shariah-compliant investments of the Fund over the average net asset value of the Fund.

18. RELATED PARTY TRANSACTIONS

(a) Identities of related parties

The Fund has related party relationships with the Manager and the holding company of the Manager.

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

	1.1.2013 to 31.12.2013 RM	12.9.2012 (Date of inception) to 31.12.2012 RM
Management fee payable to the Manager	807,123	202,190

19. OPERATING SEGMENTS

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

	SEGMENT INCOME	
	1.1.2013 to 31.12.2013 RM	12.9.2012 (Date of inception) to 31.12.2012 RM
Net realised gain on disposal of Shariah-compliant investments	4,114,401	354,968
Profit from Islamic deposits	380,056	324,558
Gross dividend income	1,764,382	69,560
Net unrealised gain on financial assets at fair value through profit or loss	421,916	413,939
Total segment income	<u>6,680,755</u>	<u>1,163,025</u>

	SEGMENT ASSET	
	2013 RM	12.9.2012 (Date of inception) to 2012 RM
Shariah-compliant equity securities	50,964,411	24,250,581
Islamic deposits with licensed financial institutions	5,428,000	27,977,760
Dividend receivable	211,200	19,200
Profit receivable	27,060	56,129
Tax refundable	70,085	-
Bank balance	1,345	2,712
	<u>56,702,101</u>	<u>52,306,382</u>

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19. FINANCIAL INSTRUMENTS

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

(a) Financial Risk Management Policies

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

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

(i) Market Risk

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

(i) Price Risk

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

The Fund's securities are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Fund's overall market position is monitored on a daily basis by the Fund's Investment Manager.

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

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

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	2013		2012	
	RM	% NAV	RM	% NAV
Construction	2,196,480	4.23	-	-
Consumer Products	6,157,616	11.86	4,316,356	8.43
Finance	-	-	758,700	1.48
Industrial Products	6,462,294	12.44	4,518,400	8.82
Plantation	-	-	2,849,115	5.56
Properties	2,229,808	4.29	1,059,252	2.07
Islamic Real Estate				
Investment Trust	1,714,503	3.30	1,735,774	3.39
Trading/Services	32,203,710	62.00	9,012,984	17.60
	<u>50,964,411</u>	<u>98.13</u>	<u>24,250,581</u>	<u>47.35</u>

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

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

If prices for quoted investments as at the end of the reporting year strengthened by 5% with all other variables being held constant, the Fund's profit before taxation and equity would have increased by RM2,548,221. A 5% weakening in the quoted prices would have had an equal but opposite effect on the profit after taxation and equity respectively.

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

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

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

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rate.

Interest rate risk is a general economic indicator that will have an impact on the management of funds regardless of whether it is a Shariah-compliant fund or otherwise. It does not in any way suggest that the Fund will invest conventional financial instruments.

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

(iii) Foreign Currency Risk

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

(ii) Credit Risk

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

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

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

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

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

	2013	2012
	RM	RM
Islamic deposit with licensed financial institutions	5,428,000	27,977,760
Dividend receivable	211,200	19,200
Profit receivable	27,060	56,129
Cash at bank	1,345	2,712
	<u>5,667,605</u>	<u>28,055,801</u>

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

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

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(iii) Liquidity Risk

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

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

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

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

	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year
<u>2013</u>	RM	RM	RM
Amount owing to Manager	154,423	154,423	154,423
Amount owing to Trustee	2,837	2,837	2,837
Distribution payable	4,581,170	4,581,170	4,581,170
Other payables and accruals	22,000	22,000	22,000
Total financial liabilities	4,760,430	4,760,430	4,760,430
	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year
<u>2012</u>	RM	RM	RM
Amount owing to stockbroking companies	1,014,595	1,014,595	1,014,595
Amount owing to Manager	64,193	64,193	64,193
Amount owing to Trustee	2,568	2,568	2,568
Distribution payable	-	-	-
Other payables and accruals	15,000	15,000	15,000
Total financial liabilities	1,096,356	1,096,356	1,096,356

(iv) Reclassification of Shariah Status Risk

The risk is that the currently held Shariah-compliant securities in the portfolio of Shariah-compliant funds may be reclassified to be Shariah non-compliant upon review of the securities by the Shariah Advisory Council of the Securities

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Commission performed twice yearly. If this occurs, the Manager will take the necessary steps to dispose of such securities.

(b) Capital Risk Management

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

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

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

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

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

(c) Classification of Financial Instruments

	<u>2013</u> RM	<u>2012</u> RM
Financial Assets		
<u>Loans and receivables financial assets*</u>		
Islamic deposits with licensed financial institutions	5,428,000	27,977,760
Dividend receivable	211,200	19,200
Profit receivable	27,060	56,129
Bank balance	1,345	2,712
	<u>5,667,605</u>	<u>28,055,801</u>
<u>Fair value through profit or loss</u>		
Quoted Shariah-compliant equity securities	<u>50,964,411</u>	<u>24,250,581</u>

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Financial Liabilities	2013 RM	2012 RM
<u>Other financial liabilities</u>		
Amount owing to stockbroking companies	-	1,014,595
Distribution payable	4,581,170	-
Amount owing to Manager	154,423	64,193
Amount owing to Trustee	2,837	2,568
Other payables and accruals	22,000	15,000
	4,760,430	1,096,356

* - The Fund does not have any loan.

(d) Fair Value Measurement

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

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value			Total Fair Value /Carrying Amount RM
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
	RM	RM	RM	RM	RM	RM	
2013							
<u>Financial Assets</u>							
Shariah-compliant equity securities	50,964,411	-	-	-	-	-	50,964,411
2012							
<u>Financial Liabilities</u>							
Shariah-compliant equity securities	24,250,581	-	-	-	-	-	24,250,581

The fair values of level 2 and level 3 above have been determined using the following basis:-

The fair values of the Shariah-compliant quoted investments are estimated based on their quoted market prices as at the end of the reporting period.

BSN DANA DIVIDEN AL IFRAH

CORPORATE INFORMATION

MANAGER

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

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Datuk Azizan Bin Abdul Rahman
Datuk Adinan Bin Maning
Dato' Dr. Gan Miew Chee @ Gan Khuan Poh
Encik Roslani Bin Hashim
Encik Yunos Bin Abd Ghani
Encik Kamarul Izam Bin Idrus

CHIEF EXECUTIVE OFFICER

Encik Kamarul Izam Bin Idrus

COMPANY SECRETARY

Pn Nor Eliza Bt Musa
MAICSA No 1035207

ADVOCATES & SOLICITORS

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BANK

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BSN DANA DIVIDEN AL IFRAH

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