

**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 Trustee 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 the six months financial period ended 30 June 2014.

#### 1. FUND INFORMATION

BSN Dana Dividen Al-Ifrac																				
Kategori Dana	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 30 June 2014, 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>18</td><td>45,456</td></tr><tr><td>5,001 – 10,000</td><td>2</td><td>12,227</td></tr><tr><td>10,001 – 50,000</td><td>9</td><td>258,751</td></tr><tr><td>50,001 – 500,000</td><td>2</td><td>197,585</td></tr><tr><td>Above 500,001</td><td>3</td><td>220,207,725</td></tr></tbody></table>		Size of Holdings	No. of Unitholders	No. Of Units Held	5,000 and below	18	45,456	5,001 – 10,000	2	12,227	10,001 – 50,000	9	258,751	50,001 – 500,000	2	197,585	Above 500,001	3	220,207,725
Size of Holdings	No. of Unitholders	No. Of Units Held																		
5,000 and below	18	45,456																		
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Above 500,001	3	220,207,725																		

## BSN DANA DIVIDEN AL IFRAH

### 2. FUND PERFORMANCE

#### 2.1 Achievement of BSN Dana Dividen Al-Ifrac

For the period ended 30 June 2014, BSN Dana Dividen Al-Ifrac had achieved its investment objective. The fund recorded a net income before taxation of RM2.03 million for the first half of 2014. Net Asset Value (NAV) per unit increased to RM0.2676 from RM0.2591 at the beginning of the year. The unit in circulation as at 30 June 2014 was at 221.45 million units.

#### 2.2 Asset Allocation

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

Components of Asset Portfolio	%	
	30.06.2014	31.12.2013
Shariah-compliant investment in equity market	86.29	90.37
Cash	13.71	9.63
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

#### 2.3 Asset Allocation by Sector

Sector	RM	
	30.06.2014	31.12.2013
Shariah-compliant investment in equity market :		
Construction	4,858,277	2,196,480
Consumer Products	6,736,750	6,157,616
Finance	1,939,007	-
Industrial Products	6,827,973	6,462,294
Plantation	847,000	-
Properties	4,115,413	2,229,808
Islamic Real Estate Investment Trust	-	1,714,503
Trading / Services	24,240,533	32,203,710
Cash	7,876,323	5,429,345

## BSN DANA DIVIDEN AL IFRAH

### 2.4 Comparative Financial Information for the Period 3 Years

Perkara	30.06.2014	31.12.2013	31.12.2012
Net Asset Value (RM)	59,270,195	51,941,671	51,210,448
Net Asset Value per Unit (RM)	0.2676	0.2591	0.2547
Unit In Circulation	221,450,000	200,500,000	201,100,000
Selling Price per Unit (RM)	0.2676	0.2591	0.2547
Buying Price per Unit (RM)	0.2676	0.2591	0.2547
Selling Price per Unit (High) (RM)	0.2676	0.2822	0.2547
Buying Price per Unit (High) (RM)	0.2676	0.2822	0.2547
Selling Price per Unit (Low) (RM)	0.2483	0.2501	0.2458
Buying Price per unit (Low) (RM)	0.2483	0.2501	0.2458
Total Fund Return (Growth Capital) (%)	3.28	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 (%) :	0.77	1.66	0.45
Portfolio Turnover Ratio (%) :	53	121	33

#### 2.4.1 Management Expense Ratio

The MER for the financial period is lower than previous financial year mainly due to the six months calculation expenses.

#### 2.4.2 Portfolio Turnover Ratio

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

## BSN DANA DIVIDEN AL IFRAH

### BASES OF CALCULATION

**i. Portfolio Composition**

Content portfolio is calculated according to the market price on 30 June 2014.

**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 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 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.**

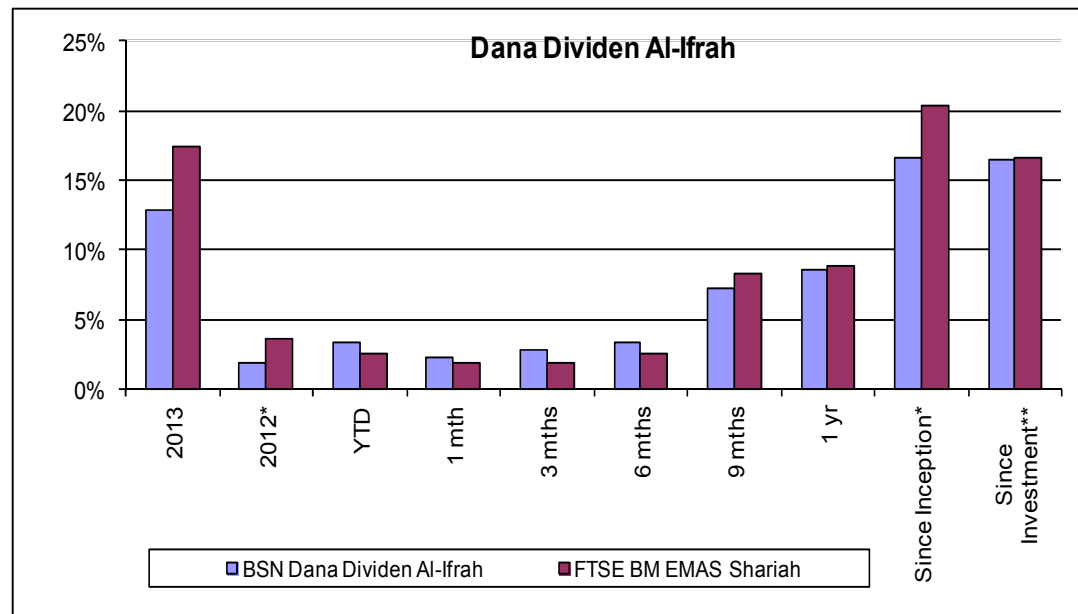
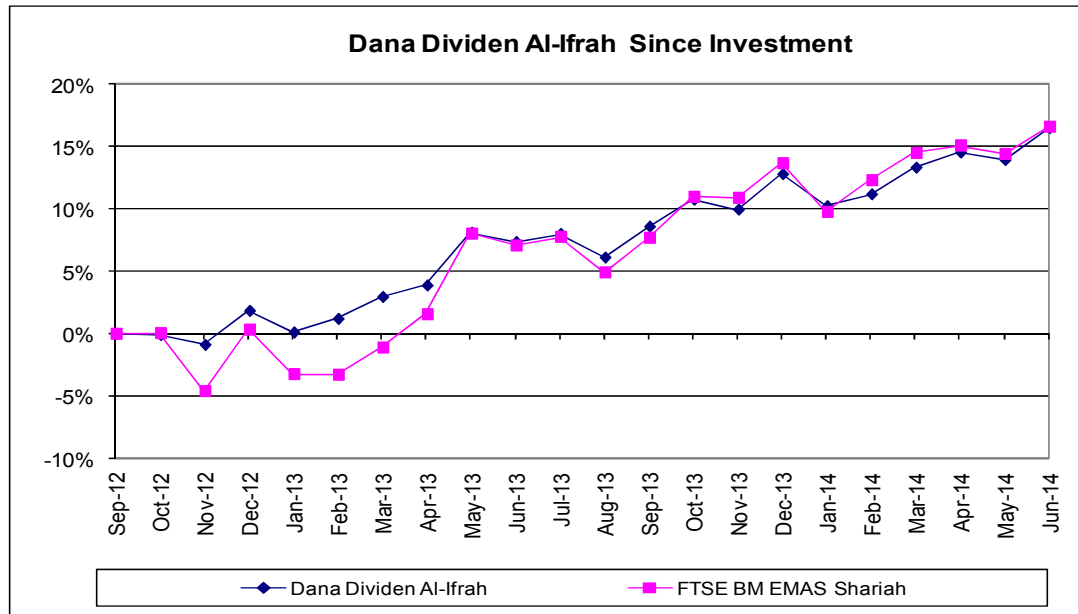
**Unit prices and investment returns may go down, as well as up.**

## BSN DANA DIVIDEN AL IFRAH

### 3. MANAGER'S REPORT

#### 3.1 Fund and Benchmark Performance

For the first half of 2014, BSN Dana Dividen Al-Ifrac recorded a return of 3.28% compared to benchmark return of 2.57%. During the period, the fund managed to get net income after taxation on RM2.03m compared to RM2.80 million a year earlier. Unit in circulation increased by 9.63% to 221.45 million units from 202.0 million units the year before.

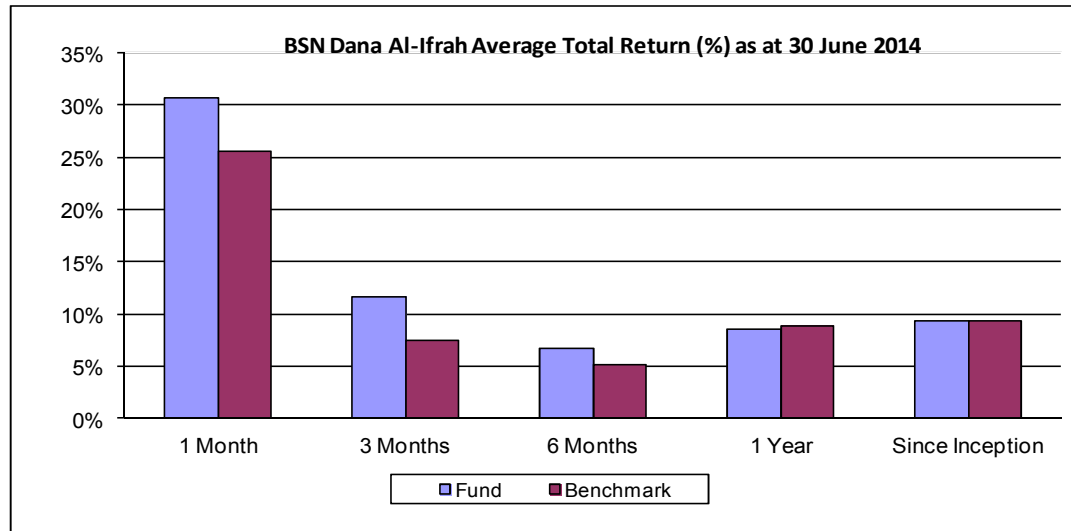


**BSN DANA DIVIDEN AL IFRAH**

<b>BSN Dana Dividen Al-Ifrac</b>		
	<b>BSN Dana Dividen Al-Ifrac</b>	<b>FTSE BM EMAS Shariah</b>
2013	12.84	17.39
2012*	1.88	3.62
YTD	3.28	2.57
1 mth	2.25	1.91
3 mths	2.80	1.83
6 mths	3.28	2.57
9 mths	7.28	8.27
1 yr	8.51	8.89
Since Inception*	16.54	20.41
Since Investment**	16.50	16.60

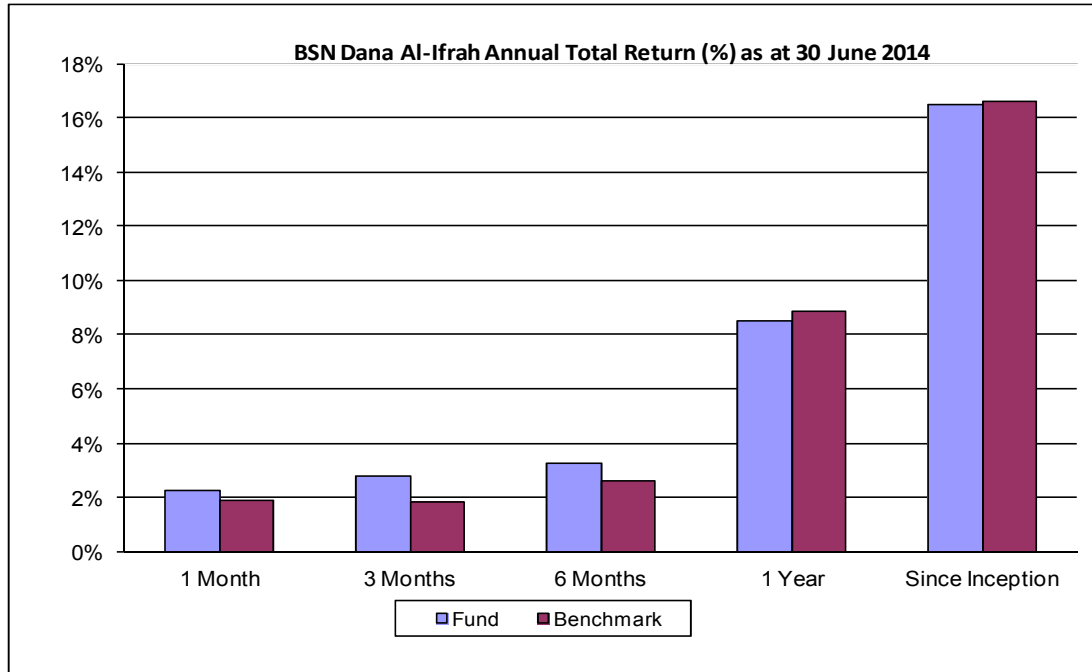
\* starts from 12 September 2012

\*\* starts from 12 October 2012



<b>Average Total Return</b>					
	<b>1 Month</b>	<b>3 Months</b>	<b>6 Months</b>	<b>1 Year</b>	<b>Since Inception</b>
<b>Fund</b>	30.67	11.70	6.67	8.51	9.31
<b>Benchmark</b>	25.53	7.54	5.21	8.89	9.37

**BSN DANA DIVIDEN AL IFRAH**



Annual Total Return					
	1 Month	3 Months	6 Months	1 Year	Since Inception
<b>Fund</b>	2.25	2.80	3.28	8.51	16.50
<b>Benchmark</b>	1.91	1.83	2.57	8.89	16.60

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

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



### **3.2 Investment Review**

The FBM KLCI faced numerous setbacks in first half of 2014: capital outflows, geopolitical tensions and weak consumer confidence, leading to its severe underperformance as compared to the MSCI Asia ex Japan Index which has risen 4.50% year-to-date (FBM KLCI: 0.84%). Against the Thailand, Indonesia and Phillipine (TIP) markets, the performance disappointment is even more glaring. However, the FBM KLCI has traded in a narrow range despite these hiccups and foreign ownership in the index appears to have bottomed out at 23% in March 2014. Likewise, the ringgit has strengthened by 4% from its low of US\$1:RM3.35, and expected to end the year at US\$1:RM3.15-3.20.

### **3.3 Market Outlook and Strategy**

The recent strong economic reports have confirmed that the U.S. economy has recovered from its early 2014 weather-induced slowdown, and it is expected to grow at around 2.5% this year. The recovering economy has helped push U.S. stocks to new records lately, and improving economic activity should help support earnings growth in the second half. Though U.S. stock valuations are not yet in the nosebleed territory that characterized the 2000 Internet bubble, the United States does appear to be the most expensive of the major markets. In addition, the U.S. economy has a number of weaknesses posing headwinds to growth, including a low labor participation rate, anemic wage growth and lackluster consumption.

In Europe, meanwhile, further upside to equity markets is expected in light of the European Central Bank (ECB)'s recent monetary policy easing effort namely a move to push short-term deposit rates into negative territory, the first time a major central bank has attempted this. The combination of rate cuts and other measures, including a commitment to expand its arsenal if necessary, should help ease credit conditions and support a steady economic recovery in the region. In addition, European valuations look attractive, especially relative to those of U.S. stocks, and European banks are still trading at below book value.

Malaysia is now the most underweighted market in the region by foreign investors and the key beneficiary of an oil price hike should tensions in Iraq escalate. These, coupled with the Government's commitment to fiscal reform and improving economic resilience, will likely attract some focus back to the country by the investment fraternity. In a world in which stretched valuations leave stocks dependent on the Fed's cheap money policies and vulnerable to bad news, we'd continue to emphasize a value bias. While stocks aren't cheap, we don't believe they're in a bubble. Rather, their value is perhaps best characterized as "not unreasonable," particularly given the low inflation environment.

As the economy improves, we believe stocks have room to move higher this year. In addition, they still appear more attractive than the alternatives, notably cash and sukuk. But given that many areas of the market do look expensive, a selective approach is a key. We would focus on those market segments that offer good value and potential downside protection, such as large- and mega-cap Shariah-compliant stocks and cyclical sectors. Elevated oil prices, meanwhile, are likely to support oil and gas stocks in the foreseeable future as the recent turmoil in Iraq has pushed up the price of oil, and escalating violence threatens to cause a further price spike.

## BSN DANA DIVIDEN AL IFRAH

### 3.4 Distribution of Income

There is no any distribution made for a period of up to 30 June 2014.

### 3.5 Rebates and Commissions Courtesy

For the period ended 30 June 2014, no goodwill recorded rebates and commissions.

### 3.6 Investment

Sector	Cost At	Purchase	Sold	Mark up/	Value At
	01.01.2014	At Cost	At Cost	down to market value	30.06.2014
	RM	RM	RM	RM	RM
Construction	2,149,165	2,677,144	-	31,968	4,858,277
Consumer Products	5,824,240	2,683,164	(1,978,463)	207,809	6,736,750
Finance	-	2,535,719	(627,405)	30,693	1,939,007
Industrial Products	6,811,815	2,620,751	(2,182,494)	(422,099)	6,827,973
Plantation	-	3,182,484	(2,345,984)	10,500	847,000
Properties	2,656,241	4,207,951	(2,218,381)	(530,398)	4,115,413
Islamic Real Estate Investment Trust	1,742,237	882,960	(2,625,197)	-	-
Trading / Services	30,944,860	10,738,408	(17,761,795)	319,060	24,240,533
	50,128,557	29,528,581	(29,739,719)	(352,466)	49,564,952

### 3.7 Separation Unit.

There is no separation unit performed for the period until 30 June 2014.

## **BSN DANA DIVIDEN AL IFRAH**

### **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 14 to 39 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 30 June 2014 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 : 30 July 2014

## **BSN DANA DIVIDEN AL IFRAH**

### **5. TRUSTEE'S REPORT**

For the Six Months Financial Period Ended 30 June 2014

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 six months financial period ended 30 June 2014. 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 six months financial period ended 30 June 2014.

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 requirements; and
- (b) creation and cancellation of units are carried out in accordance with the Deed and other regulatory requirement.

Yours faithfully  
**AMANAHRAYA TRUSTEES BERHAD**

**HABSAH BINTI BAKAR**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
Date : 21 July 2014

## **BSN DANA DIVIDEN AL IFRAH**

### **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 financial period ended 30 June 2014.

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 on behalf of the Shariah Adviser  
**IBFIM**

**AHMAD ZAKIRULLAH BIN MOHAMED SHAARANI**

*Senior Shariah Officer/Designated Person Responsible for Shariah Advisory*

Kuala Lumpur  
Date: 30 July 2014

**BSN DANA DIVIDEN AL IFRAH****7. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014 (UNAUDITED)**

	Note	30.06.2014	31.12.2013
		RM	RM
<b>ASSETS</b>			
SHARIAH-COMPLIANT INVESTMENTS			
Shariah-compliant equity securities	4	49,564,953	50,964,411
Islamic deposits with licensed financial institutions	5	7,858,000	5,428,000
Amount owing by stockbroking companies		2,074,482	-
Dividend receivables		194,547	211,200
Profit receivables		2,757	27,060
Tax recoverable		68,250	70,085
Bank balance		18,323	1,345
<b>TOTAL ASSETS</b>		<b>59,781,311</b>	<b>56,702,101</b>
<b>EQUITY</b>			
Unitholders' contribution	7	55,379,320	50,088,560
Retained profits	8	3,890,875	1,853,111
<b>NAV ATTRIBUTABLE TO UNITHOLDERS</b>		<b>59,270,195</b>	<b>51,941,671</b>
<b>LIABILITIES</b>			
Amount owing to stockbroking companies		324,765	-
Amount owing to Manager		179,455	154,423
Amount owing to Trustee		2,896	2,837
Distribution payable		-	4,581,170
Accrual		4,000	22,000
<b>TOTAL LIABILITIES</b>		<b>511,116</b>	<b>4,760,430</b>
<b>TOTAL NAV ATTRIBUTABLE TO UNITHOLDERS AND LIABILITIES</b>		<b>59,781,311</b>	<b>56,702,101</b>
<b>NUMBER OF UNITS IN CIRCULATION</b>		<b>221,450,000</b>	<b>200,500,000</b>
<b>NAV PER UNIT (RM)</b>		<b>0.2676</b>	<b>0.2591</b>

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

**BSN DANA DIVIDEN AL IFRAH****8. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2014 (UNAUDITED)**

	Note	30.06.2014 RM	31.12.2013 RM
<b>INVESTMENT INCOME</b>			
Profit from Islamic deposits		82,790	380,056
Gross dividend income		1,042,438	1,764,382
Net realised gain on disposal of Shariah-compliant investments		2,722,272	4,114,401
Net unrealised gain on financial assets at fair value through profit or loss		(1,188,321)	421,916
		<u>2,659,179</u>	<u>6,680,755</u>
<b>LESS: EXPENSES</b>			
Manager's fee	9	422,189	807,123
Trustee's fee	10	16,888	32,285
Administrative expenses		180,244	291,354
Auditors' remuneration		-	18,000
		<u>619,321</u>	<u>1,148,762</u>
<b>NET INCOME BEFORE TAXATION</b>		2,039,858	5,531,993
TAXATION	11	(2,095)	(33,121)
<b>NET INCOME AFTER TAXATION FOR THE FINANCIAL YEAR</b>		<u>2,037,764</u>	<u>5,498,872</u>
OTHER COMPREHENSIVE INCOME		-	-
<b>TOTAL COMPREHENSIVE INCOME/ FOR THE FINANCIAL YEAR</b>		<u><b>2,037,764</b></u>	<u><b>5,498,872</b></u>
Net income after taxation/ Total Comprehensive Income for the financial year is made up of the following:			
- Realised gains		3,226,085	5,076,956
- Unrealised gains		(1,188,321)	421,916
		<u>2,037,764</u>	<u>5,498,872</u>

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

**BSN DANA DIVIDEN AL IFRAH**

**9. STATEMENT OF CHANGES IN NET ASSET VALUE  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2014 (UNAUDITED)**

Note	<u>Unitholders' Contribution</u> RM	<u>Retained Profit</u> RM	<u>Total Net Asset Value</u> RM
<b>Balance as at 1.1.2013</b>	50,275,040	935,408	51,210,448
Net income after taxation/ Total comprehensive income for the financial year	-	5,498,872	5,498,872
<b>Contributions by and distribution to unitholders of the Fund:</b>			
- Creation of units	365,370	-	365,370
- Cancellation of units	(551,850)		(551,850)
- Distribution		(4,581,170)	(4,581,170)
<b>As at 31.12.2013/1.1.2014</b>	<u>50,088,560</u>	<u>1,853,111</u>	<u>51,941,671</u>
Net income after taxation/Total comprehensive income for the financial year	-	2,037,764	2,037,764
<b>Contributions by and distribution to unitholders of the Fund:</b>			
- Creation of units	5,397,800		5,397,800
- Cancellation of units	(107,040)		(107,040)
- Distribution		-	-
Total transaction with unitholders of the Fund	<u>5,290,760</u>	<u>-</u>	<u>5,290,760</u>
<b>As at 30.06.2014</b>	<u><u>55,379,320</u></u>	<u><u>3,890,875</u></u>	<u><u>59,270,195</u></u>

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



**BSN DANA DIVIDEN AL IFRAH**

**10. STATEMENT OF CASH FLOWS**

**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2014 (UNAUDITED)**

	Note	<u>30.06.2014</u>	<u>31.12.2013</u>
		RM	RM
<b>CASH FLOWS (FOR)/FROM OPERATING AND INVESTING ACTIVITIES</b>			
Net income before taxation		2,039,858	5,531,993
Adjustments for:-			
Gross dividend income		(1,042,438)	(1,764,382)
Profit from Islamic deposits		(82,790)	(380,056)
Net realised gain on disposal of Shariah-compliant investments		(2,722,272)	(4,114,401)
Net unrealised gain on fair value through profit or loss Shariah-compliant investments		1,188,321	(421,916)
Operating loss before working capital changes		<u>(619,321)</u>	<u>(1,148,762)</u>
(Decrease)/Increase in amount owing by stockbroking companies		(2,074,482)	-
Increase in dividend receivable		16,654	(192,000)
Decrease/(Increase) in profit receivables		24,304	29,069
(Decrease)/Increase in amount owing to stockbroking companies		324,765	(1,014,595)
Increase in amount owing to Manager		1,482	6,741
Increase in amount owing to Trustee		59	270
Increase in accrual		(4,599,170)	7,000
Tax refunded		5,422	-
Tax paid		<u>(3,587)</u>	<u>(44,413)</u>
Net cash generated from operations		<u>(6,923,874)</u>	<u>(2,356,690)</u>
Profit from Islamic deposits received		82,790	380,056
Net dividend received		1,040,344	1,706,011
Purchase of Shariah-compliant investments		(29,528,581)	(76,467,347)
Proceeds from sale of Shariah-compliant investments		<u>32,461,989</u>	<u>54,289,834</u>
<b>NET CASH FLOWS (FOR) OPERATING AND INVESTING ACTIVITIES CARRIED FORWARD</b>		<b><u>(2,867,332)</u></b>	<b><u>(22,448,136)</u></b>
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>			
Proceeds from units created		5,397,800	365,370
Payment for cancelled units		(83,490)	(468,360)
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>		<b><u>5,314,310</u></b>	<b><u>(102,990)</u></b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2,446,978</b>	<b>(22,551,126)</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>5,429,346</u>	<u>27,980,472</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>12</b>	<b><u>7,876,323</u></b>	<b><u>5,429,346</u></b>

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

## **BSN DANA DIVIDEN AL IFRAH**

### **11. 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 Berhad and registered holders of the Fund.

The registered office and principal of business are located at Aras 19, Lot 1, Bangunan TH Selborn, 153 JalanTun 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 30 July 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

## BSN DANA DIVIDEN AL IFRAH

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:-

<b>MFRSs and IC Interpretations (including the Consequential Amendments)</b>	<b>Effective Date</b>
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 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

## **BSN DANA DIVIDEN AL IFRAH**

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

### **(b) Functional and Presentation Currency**

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

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

### **(c) Cash and Cash Equivalents**

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

### **(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**

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

- Financial Assets at Fair Value Through Profit or Loss

## **BSN DANA DIVIDEN AL IFRAH**

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 on an 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 interest 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.

Investments in Shariah-compliant 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.

## **BSN DANA DIVIDEN AL IFRAH**

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 remeasured subsequently.

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

### **(e) Impairment of Financial Assets**

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

An impairment loss in respect of held-to-maturity 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.

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 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-complaint available-for-sale non-equity instruments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

## **BSN DANA DIVIDEN AL IFRAH**

### **(f) Net Asset Value Attributable To Unitholders**

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

### **(g) 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 period.

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

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



## **BSN DANA DIVIDEN AL IFRAH**

### **(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.

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

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

**(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 period.

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 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 30 June 2014 are as follows:-

	No. Of Shares Held	At Cost	At Market Value	Percentage Of Net Asset Value At 30 June 2014
	Unit	RM	RM	%
<b>(i) Construction</b>				
Cahaya Mata Sarawak Berhad	171,000	641,609	637,830	1.08
Gamuda Berhad	457,600	2,149,165	2,155,296	3.64
Protasco Berhad	1,048,300	2,035,535	2,065,151	3.48
	<u>1,676,900</u>	<u>4,826,309</u>	<u>4,858,277</u>	<u>8.20</u>
<b>(ii) Consumer Products</b>				
Fraser & Neave Holdings Berhad	110,000	2,024,119	2,013,000	3.40
Hong Leong Industries Berhad	75,000	507,030	501,000	0.85
Malayan Flour Mills Berhad	800,000	1,164,759	1,272,000	2.15
Nestle (M) Berhad	23,900	1,435,503	1,601,300	2.70
Padini Holdings Berhad [Note 6 (a)(i)]	685,000	1,397,530	1,349,450	2.28
	<u>1,693,900</u>	<u>6,528,941</u>	<u>6,736,750</u>	<u>11.37</u>
<b>(iii) Finance</b>				
BIMB Holdings Berhad	454,100	1,908,314	1,939,007	3.27
	<u>454,100</u>	<u>1,908,314</u>	<u>1,939,007</u>	<u>3.27</u>
<b>(iii) Industrial Products</b>				
Petronas Chemicals Group Berhad	470,500	3,164,275	3,185,285	5.37
Petronas Gas Berhad	57,800	1,321,808	1,416,100	2.39
UMW Holdings Berhad	203,900	2,763,989	2,226,588	3.76
	<u>732,200</u>	<u>7,250,072</u>	<u>6,827,973</u>	<u>11.52</u>
<b>(iv) Plantation</b>				
Kuala Lumpur Kepong Berhad	35,000	836,500	847,000	1.43
	<u>35,000</u>	<u>836,500</u>	<u>847,000</u>	<u>1.43</u>
<b>(iv) Properties</b>				
IOI Properties Group Berhad	250,000	644,000	630,000	1.06
SP Setia Berhad	740,800	2,656,240	2,274,256	3.84
UOA Development Berhad	585,100	1,345,571	1,211,157	2.04
	<u>1,575,900</u>	<u>4,645,811</u>	<u>4,115,413</u>	<u>6.94</u>

**BSN DANA DIVIDEN AL IFRAH**

	No. Of Shares Held Unit	At Cost RM	At Market Value RM	Percentage Of Net Asset Value At 30 June 2014 %
<b>(v) Trading / Services</b>				
AEON Co. (M) Berhad	117,400	437,123	467,252	0.79
Axiata Group Berhad	555,000	3,802,558	3,868,350	6.53
Berjaya Auto Berhad	822,400	1,629,032	1,883,296	3.18
Digi.Com Berhad	725,000	3,631,763	4,154,250	7.01
Gas Malaysia Berhad	400,000	1,583,360	1,456,000	2.46
KPJ Healthcare Berhad	382,000	1,527,808	1,291,160	2.18
KPJ Healthcare Berhad - Warrants	24,000	-	14,400	0.02
Malaysia Marine and Heavy Engineering Holdings Berhad	200,000	789,760	744,000	1.26
NCB Holdings Berhad	472,500	1,900,485	1,403,325	2.37
Petronas Dagangan Berhad	45,000	1,223,315	1,081,800	1.83
Pos Malaysia Berhad	113,000	587,537	604,550	1.02
Sime Darby Berhad	360,000	3,388,840	3,481,200	5.87
Telekom Malaysia Berhad	597,000	3,419,892	3,790,950	6.40
	<u>4,813,300</u>	<u>23,921,473</u>	<u>24,240,533</u>	<u>40.90</u>
<b>TOTAL QUOTED SHARIAH- COMPLIANT SECURITIES AS AT 30 JUNE 2014</b>	<u>10,527,200</u>	49,917,419	<u>49,564,953</u>	<u>83.63</u>
<b>UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>(352,466)</u>		
<b>FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>49,564,953</u>		

**5. ISLAMIC DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS**

The effective rates of return of the deposits at the end of the reporting period ranged from 2.90% to 3.05% (2013 – 1.91% to 3.40%) per annum. The Islamic deposits have maturity periods ranging from 1 day to 15 days (2013 - 1 day to 368 days).

**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 of Malaysia **EXCEPT** for:

## BSN DANA DIVIDEN AL IFRAH

- (i) Padini Holdings Berhad, which were reclassified as Shariah non-compliant by the Shariah Advisory Council of the Securities Commission (“SACSC”) on 30 May 2014. This security will be disposed of soonest practical, once the total amount of dividends received and the market value of this security equal the original investment cost.

- (b) Cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

### 7. UNITHOLDERS' CONTRIBUTION

	30.06.2014		31.12.2013	
	Unit	RM	Unit	RM
At 1.1.2014/At 1.1.2013	200,500,000	50,088,560	201,100,000	50,275,040
Creation of units	21,350,000	5,397,800	1,400,000	365,370
Cancellation of units	(400,000)	(107,040)	(2,000,000)	(551,850)
At 30.06.2014/At 31.12.2013	<u>221,450,000</u>	<u>55,379,320</u>	<u>200,500,000</u>	<u>50,088,560</u>

In accordance with the Scheme, the maximum number of units that can be issued for circulation is 800,000,000. As at 30 June 2014, the remaining number of units to be issued amounted to 578,550,000 (2013 - 599,500,000) units.

### 8. RETAINED PROFITS

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

	30.06.2014	31.12.2013
	RM	RM
Total accumulated gains:		
Realised gains	4,243,341	1,017,257
Unrealised gains	(352,466)	835,854
At 30.06.2014/31.12.2013	<u>3,890,875</u>	<u>1,853,111</u>

### 9. MANAGER'S FEE

The Manager's fee is computed based on 1.5% (2013 - 1.5%) of the net asset value of the Funds calculated on a daily basis.

### 10. TRUSTEE'S FEE

The Trustee's fee is computed based on 0.06% (2013 - 0.06%) of the net asset value calculated on a daily basis.

## BSN DANA DIVIDEN AL IFRAH

### 11. TAXATION

	<b>1.1.2014 TO 30.06.2014</b>	<b>1.1.2013 TO 31.12.2013</b>
	<b>RM</b>	<b>RM</b>
Current tax expense:		
- for the financial year	2,095	33,121

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

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:-

	<b>30.06.2014</b>	<b>31.12.2013</b>
	<b>RM</b>	<b>RM</b>
Net income before taxation	2,039,858	5,531,993
Tax at the statutory tax rate of 25%	509,965	1,382,998
Tax effects of:-		
Non-taxable income	(664,795)	(1,617,878)
Non-deductible expenses	154,830	266,531
Income subject to different tax rate	2,095	1,470
Tax expense for the financial period/financial year	2,095	33,121

### 12. CASH AND CASH EQUIVALENTS

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

	<b>30.06.2014</b>	<b>31.12.2013</b>
	<b>RM</b>	<b>RM</b>
Islamic deposits with licensed financial institutions	7,858,000	5,428,000
Cash and bank	18,323	1,345
	7,876,323	5,429,345

## BSN DANA DIVIDEN AL IFRAH

### 13. UNITS HELD BY RELATED PARTIES

	Value At NAV			
	30.06.2014		31.12.2013	
	UNIT	RM	UNIT	RM
Holding company of the Manager	218,119,529	58,368,786	200,000,000	51,820,000
The Manager	728,255	194,881	45,646	11,827
	<u>218,847,784</u>	<u>58,563,667</u>	<u>200,045,646</u>	<u>51,831,827</u>

### 14. 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>30.06.2014</u>				
Name of Stockbroker				
Affin Bank Investment Berhad	3,584,438	5.78	12,419	7.42
AInvestment Bank Berhad	5,434,257	8.76	14,968	8.94
CIMB Investment Bank Berhad	6,255,682	10.09	20,814	12.43
M&A Securities Sdn Bhd	9,755,638	15.73	21,394	12.78
Maybank Investment Bank Berhad	11,538,045	18.61	29,455	17.59
MIDF Amanah Investment Bank Berhad	16,254,247	26.21	43,363	25.90
RHB Investment Bank Berhad	9,192,112	14.82	25,032	14.95
	<u>62,014,419</u>	<u>100.00</u>	<u>167,444</u>	<u>100.00</u>
<u>31.12.2013</u>				
Affin Bank Investment Berhad	15,614,915	11.94	31,218	12.26
AInvestment 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>

### 15. MANAGEMENT EXPENSE RATIO

The management expense ratio for the current financial period is 0.77% (2013 – 2.00%). 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.

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### 16. PORTFOLIO TURNOVER RATIO

The portfolio turnover ratio for the current financial period is 0.53 (2013 – 1.30) 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.

### 17. RELATED PARTY TRANSACTIONS

(a) Identity of related parties

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

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

	<u>30.06.2014</u>	<u>31.12.2013</u>
	RM	RM
Management fee payable to the Manager	422,189	807,123
	<u>422,189</u>	<u>807,123</u>

### 18. 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:

	<b>SEGMENT INCOME</b>	
	<u>30.06.2014</u>	<u>31.12.2013</u>
	RM	RM
Net realised gain on disposal of Shariah-compliant investments	2,722,272	4,114,401
Profit from Islamic deposits	82,790	380,056
Gross dividend income	1,042,438	1,764,382
Net unrealised gain on financial assets at fair value through profit or loss	(1,188,321)	421,916
Total segment income	<u>2,659,179</u>	<u>6,680,755</u>



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	SEGMENT ASSET	
	30.06.2014	31.12.2013
	RM	RM
Shariah-compliant equity securities	49,564,953	50,964,411
Islamic deposits with licensed financial institutions	7,858,000	5,428,000
Dividend receivables	194,547	211,200
Profit receivables	2,757	27,060
Tax refundables	68,250	70,085
Bank balance	18,323	1,345
	<u>57,706,830</u>	<u>56,702,101</u>

### 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, 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. 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 Shariah-compliant equity securities decrease as a result of changes in the level of equity indices and the value of individual Shariah-compliant 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.

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

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

	30.06.2014		31.12.2013	
	RM	% NAV	RM	% NAV
Construction	4,858,277	8.20	2,196,480	4.23
Consumer Products	6,736,750	11.37	6,157,616	11.86
Finance	1,939,007	3.27	-	-
Industrial Products	6,827,973	11.52	6,462,294	12.44
Plantation	847,000	1.43	-	-
Properties	4,115,413	6.94	2,229,808	4.29
Trading/Services	24,240,533	40.90	32,203,710	62.00
	<u>49,564,953</u>	<u>83.63</u>	<u>50,964,411</u>	<u>98.13</u>

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

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

If prices for quoted investments as at the end of the reporting year strengthened by 5% with all other variables being held constant, the Fund's profit before taxation and equity would have increased by RM2,478,248. 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.

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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.

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 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:-

	<u>30.06.2014</u>	<u>31.12.2013</u>
	RM	RM
Islamic deposit with licensed financial institutions	7,858,000	5,428,000
Dividend receivables	194,547	211,200
Profit receivables	2,757	27,060
Cash at bank	18,323	1,345
	<u>8,073,627</u>	<u>5,667,605</u>

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

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

### (iii) Liquidity Risk

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

The Fund maintains sufficient level of 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 term Islamic 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:-

	<b>Carrying Amount</b>	<b>Contractual Undiscounted Cash Flows</b>	<b>Within 1 Year</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b><u>As at 30 June 2014</u></b>			
Amount owing to stockbroking companies	324,765	324,765	324,765
Amount owing to Manager	179,455	179,455	179,455
Amount owing to Trustee	2,896	2,896	2,896
Other payables and accruals	4,000	4,000	4,000
Total financial liabilities	<u>511,116</u>	<u>511,116</u>	<u>511,116</u>
<b><u>As at 31 December 2013</u></b>			
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	<u>4,760,430</u>	<u>4,760,430</u>	<u>4,760,430</u>

### (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

## **BSN DANA DIVIDEN AL IFRAH**

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.

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### (c) Classification of Financial Instruments

	<u>30.06.2014</u>	<u>31.12.2014</u>
	RM	RM
<b>Financial Assets</b>		
<u>Loans and receivables financial assets*</u>		
Islamic deposits with licensed financial institutions	7,858,000	5,428,000
Amount owing by stockbroking companies	2,074,482	
Dividend receivables	194,547	211,200
Profit receivable	2,757	27,060
Bank balance	18,323	1,345
	<u>10,148,109</u>	<u>5,667,605</u>
<u>Fair value through profit or loss</u>		
Quoted Shariah-compliant equity securities	<u>49,564,953</u>	<u>50,964,411</u>
<b>Financial Liabilities</b>		
<u>Other financial liabilities</u>		
Amount owing to stockbroking companies	324,765	-
Distribution payable	-	4,581,170
Amount owing to Manager	179,455	154,423
Amount owing to Trustee	2,896	2,837
Other payables and accruals	4,000	22,000
	<u>511,116</u>	<u>4,756,430</u>

\*The fund does not have any loan.

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### (d) Fair Values of Financial Instruments

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.

THE FUND	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Carried At Fair Value			Total Fair Value/ Carrying Amount RM
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3	
	RM	RM	RM	RM	RM	RM	
<u>30 June 2014</u>							
<u>Financial assets</u>							
Shariah-compliant equity securities	49,564,953	-	-	-	-	-	49,564,953
<u>31 December 2013</u>							
<u>Financial assets</u>							
Shariah-compliant eqt securities	50,964,411	-	-	-	-	-	50,964,411

## **BSN DANA DIVIDEN AL IFRAH**

### **CORPORATE INFORMATION**

#### **MANAGER**

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

#### **REGISTERED/ BUSINESS OFFICE**

Level 19, Lot 1,  
Bangunan TH Selborn  
153, Jalan Tun Razak,  
50400 Kuala Lumpur  
E - mail : [info@pbsn.com.my](mailto:info@pbsn.com.my)  
Tel : 03-2180 9000  
Faks : 03-7966 5660  
Website : [www.pbsn.com.my](http://www.pbsn.com.my)

#### **BOARD OF DIRECTORS**

Tan Sri Abu Bakar Bin Haji Abdullah  
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**

SOON, GAN DION & PARTNERS  
1st Floor, No. 73, Jalan SS 21/1A  
Damansara Utama  
47400 Petaling Jaya

#### **PRINCIPAL BANKER**

Affin Bank Berhad  
135-137, Jalan Bunus  
Off Jalan Masjid India  
50100 Kuala Lumpur

#### **BANK**

Affin Bank Berhad  
133, Jalan Bunus  
Off Jalan Masjid India  
50100 Kuala Lumpur



## **BSN DANA DIVIDEN AL IFRAH**

### **TRUSTEES**

AmanahRaya Trustees Berhad (766894-T)  
Tingkat 2, Wisma TAS  
No. 21, Jalan Melaka  
50100 Kuala Lumpur

### **SHARIAH ADVISER**

IBFIM (763075-W)  
Level 3, Menara Takaful Malaysia  
Jalan Sultan Sulaiman  
50000 Kuala Lumpur

### **AUDITOR**

CROWE HORWATH Kuala Lumpur Office (AF 1018)  
Level 16, Tower C  
Megan Avenue II  
No. 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur

### **TAX ADVISER**

CROWE HORWATH KL TAX (AF 1018)  
Level 15, Tower C  
Megan Avenue II  
No. 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur

### **INDEPENDENT CONSULTANT**

Novagni Analytics and Advisory Sdn Bhd (363145-W)  
Level 42, Menara TH Perdana  
1001, Jalan Sultan Ismail  
50250 Kuala Lumpur