



BIMB i Cash Management Fund

Annual Report For The Financial Year Ended 30 June 2015



TABLE OF CONTENTS

1.0	MANAGER'S REPORT	3
2.0	TRUSTEE'S REPORT	14
3.0	SHARIAH COMMITTEE'S REPORT	15
4.0	DIRECTORS' DECLARATION	16
5.0	INDEPENDENT AUDITORS' REPORT	17
6.0	FINANCIAL STATEMENTS (AUDITED)	19
7.0	CORPORATE DIRECTORY	38

1.0 MANAGER'S REPORT

Dear Unitholders,

We are pleased to present the Manager's report of BIMB *i* Cash Management Fund ("BiCMF") for the financial year ended 30 June 2015.

1.1 Fund Name

BIMB *i* Cash Management Fund ("BiCMF")

1.2 Fund Type

Income

1.3 Fund Category

Wholesale Islamic Money Market Fund

1.4 Fund Investment Objective

The Fund aims to provide investors with liquidity* and regular income stream**, whilst maintaining capital stability*** by investing primarily in short-term Shariah-compliant deposits and Islamic money market instruments.

Note:

**liquidity refers to T or T+1 whereby T is the Business Day where a request/application to redeem is received by the Manager before the cut-off time.*

*** Income will be in the form of Units.*

**** The Fund is not a capital guaranteed fund or a capital protected fund.*

Any material changes to the investment objective of the Fund would require Unit Holders' approval.

1.5 Fund Performance Benchmark

The benchmark for the Fund is based on the 1-month General Investment Account (GIA) of Bank Islam Malaysia Berhad after Corporate Tax of 25%.

1.6 Distribution Policy and Mode of Distribution

The Fund will distribute income at least once a month, subject to availability of income.

1.7 Performance for the Financial Year Ended 30 June 2015

1.7.1 Performance Review

For the year under review, the Fund registered a return of 2.43%, outperformed its benchmark by 0.07%. The Fund's return of 2.43% was entirely based on income distribution which is in line with the Fund's objective in providing the investors a regular stream of income. During the financial year, the Fund paid out its income distribution totaling RM3,513,585.

As at 30 June 2015, the NAV of the Fund was at RM1,339,300.08 and the total units in circulation of the Fund stood at 1,339,300.08 units.

There were no unit splits declared for the year under review. There were no significant changes in the state of affairs of the Fund and no circumstances that materially affected the interest of the Unitholders for the financial year ended 30 June 2015.

	As at 30 June 2015
Net Asset Value (RM)	1,339,300.08
Units In Circulation	1,339,300.08
Net Asset Value Per Unit (RM) ^(a)	1.0000
Highest Net Asset Value Per Unit (RM) ^(b)	1.0000
Lowest Net Asset Value Per Unit (RM) ^(b)	1.0000
Return On Portfolio (%) ^(c)	2.43
Benchmark Returns (%) ^(d)	2.36

(a) Net Asset Value (NAV) per unit after income distribution.

(b) Highest and lowest NAV per unit for the year under review.

(c) Return for the financial year from 1 July 2014 to 30 June 2015.

(d) Benchmark Return for the financial year from 1 July 2014 to 30 June 2015 is after Corporate Tax of 25%.

Note: Benchmark – 1 month Bank Islam General Investment Account

(Source: Bank Islam Malaysia Berhad's website).

1.7.2 Total Return for the last Financial Year/Period

Financial Years/ Period	Total Return ⁽¹⁾	
	BiCMF (%)	Benchmark (%) ⁽²⁾
30 June 2015	2.43	2.36
30 June 2014	2.83	2.25
30 June 2013	3.00	2.24
Since Launch from (30 November 2011) to 30 June 2012	1.72	1.10

Notes:

1. **Total Return** of the Fund has been verified by Novagni Analytics & Advisory Sdn. Bhd. (363145-w).
2. **The Benchmark Return** is after Corporate Tax of 25%.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

1.8 Economic and Market Review

1.8.1 Economy

Global

- The United States ('US') Gross Domestic Product (GDP) grew at a rate of 0.6% in the first quarter of 2015 as compared to 2.1% growth in the fourth quarter of 2014 and 4.3% in the third quarter of 2014. Similar to the previous year, the economy was weakened again by bad weather coupled with a slowdown at West Coast ports, stronger U.S. dollar, weak global demand and lower oil prices. Economic activity slowed down as dismal trade performance reflected businesses and consumers cautious stance for the period.
- US headline inflation rate declined to 0.1% in June 2015 from 2.0% in July 2014 due to lower energy prices. US core inflation rate moderated to 1.8% in June 2015 from 1.9% in July 2014.
- US unemployment rate fell to 5.3% in June 2015, from 6.2% in July 2014, as the strengthening labor market helped fuel the US economic recovery.
- The Euro zone economy grew by 0.4% in the first quarter of 2015, maintaining the same growth rate as in the fourth quarter of 2014. The Euro zone economy grew only by 0.2% in the third quarter of 2014. France and Italy's return to expansionary phase was a positive contribution that helped boost Euro zone's economic growth which was previously been heavily reliant on Germany.
- Euro zone's annual inflation declined to 0.2% in June 2015 from 0.4% in July 2014 due to slowdown in cost of energy, food and services.
- The Euro zone unemployment rate fell to 11.1% in May 2015 from 11.6% in July 2014 due to continued improvement in the unemployment rate in Lithuania (from 11.0 % to 8.2 %), Spain (from 24.7 % to 22.5 %) and Ireland (from 11.7 % to 9.8 %)
- The Chinese economy grew by 7.0% in the first quarter of 2015 largely due to the weak growth in industrial production and fixed assets investments. The first quarter of 2015 economic growth was the slowest in six years compared to the 7.3 % growth rate for the fourth and third quarter of 2014.

(Source: Reuters, Bloomberg and RHB Research Institute Sdn Bhd)

Local

- The Malaysian economy grew by 5.6 % in the first quarter of 2015 as compared to 5.7% in the fourth quarter of 2014 and 5.6% in the third quarter of 2014, underpinned by growth driven by services, construction manufacturing, and the mining & quarrying sectors on the backs of strong domestic demand.
- Malaysia's headline inflation in June 2015 declined to 2.5% from 3.2% in July 2014 due to reduction in government subsidies on electricity and fuel prices.
- Bank Negara's international reserve stood at USD 105.5 billion as at 30 June 2015 from USD131.8 billion in July 2014 due to capital outflows. At these levels, the foreign exchange reserves are sufficient to finance 8.2 months of retained imports and cover 1.1 times the short term external debt of the nation.
- Loan growth was at 8.9% in May 2015 as compared to 8.6% in July 2014 due to higher construction and non-residential property loan growth.
- For the period under review, Bank Negara Malaysia (BNM) raised the Overnight Policy Rate (OPR) by 25bps to 3.25% in July 2014, after holding it unchanged since May 2011. At the Monetary Policy Committee (MPC) meeting on 7 May 2015, BNM left the OPR unchanged.

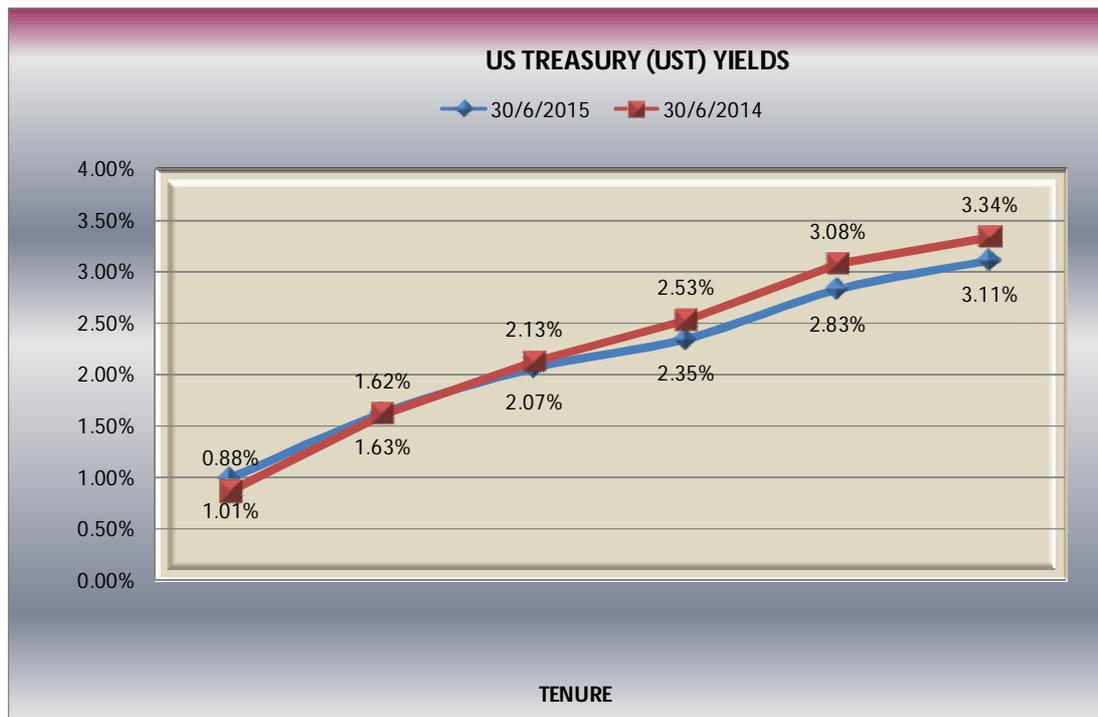
(Source: Bank Negara Malaysia, Bloomberg and RHB Research Institute Sdn Bhd)

1.8.2 Bond Market and Money Market Review

Global

- US Treasury (“UST”) yields declined in the 5-year to 30-year tenure during the year under review with 10-year and 30-year bonds yields falling by 18bps and 23bps respectively as the Federal Reserve continued purchasing long-dated UST.

Figure 1: US Treasury Yields



Source: US Treasury Department, 30 June 2015

Local

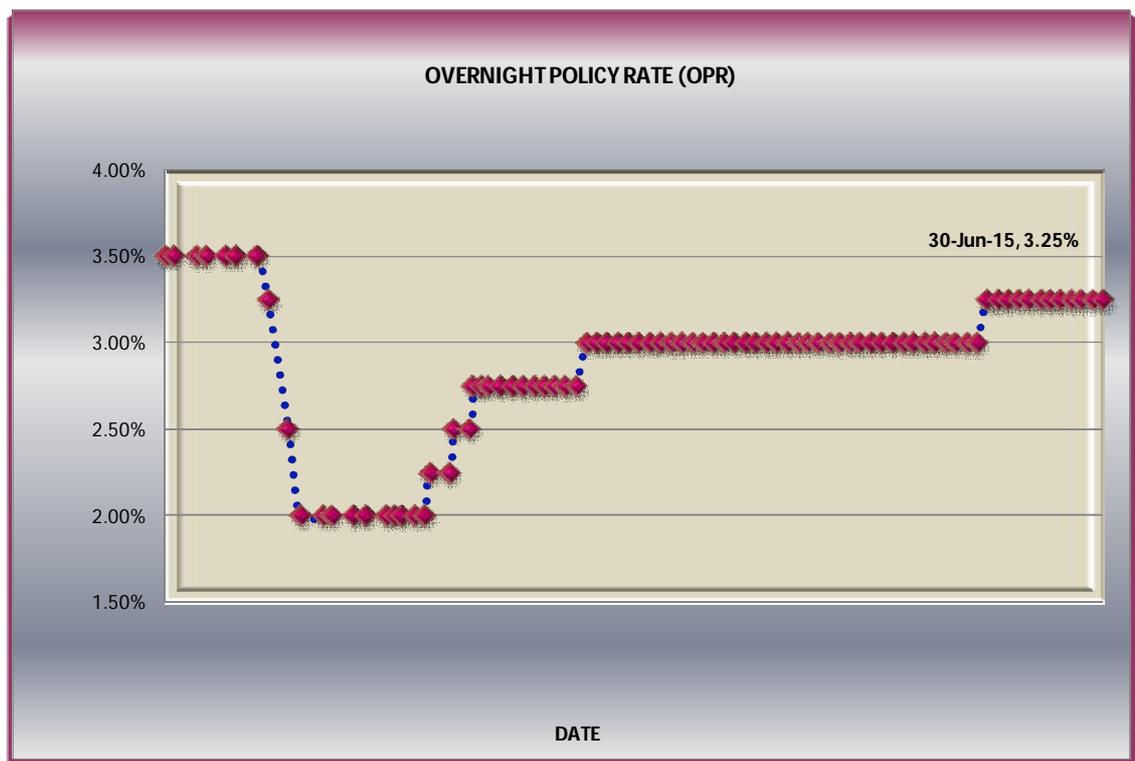
- The sovereign bonds dominated the local bond market activities when Malaysian Government Securities (MGS) and Government Investment Issues (GII) recorded secondary market traded volume of RM689.8 billion for the year under review. Both the government bond yields and corporate bonds yields declined across the yield curve with the market expectation that the OPR will remain at 3.25% in 2015.

Table 1: Sukuk/ Islamic Bond Yields

Tenure/ Date	30 June 2015 (%)	30 June 2014 (%)	Change* (bps)
3-Year Bond			
GII	3.48	3.59	(11.5)
AAA Corporate	4.02	4.08	(6.0)
5-Year Bond			
GII	3.71	3.87	(15.7)
AAA Corporate	4.21	4.37	(16.0)
7-Year Bond			
GII	3.99	4.13	(13.7)
AAA Corporate	4.37	4.65	(28.0)
10-Year Bond			
GII	4.07	4.25	(18.6)
AAA Corporate	4.55	4.84	(29.0)

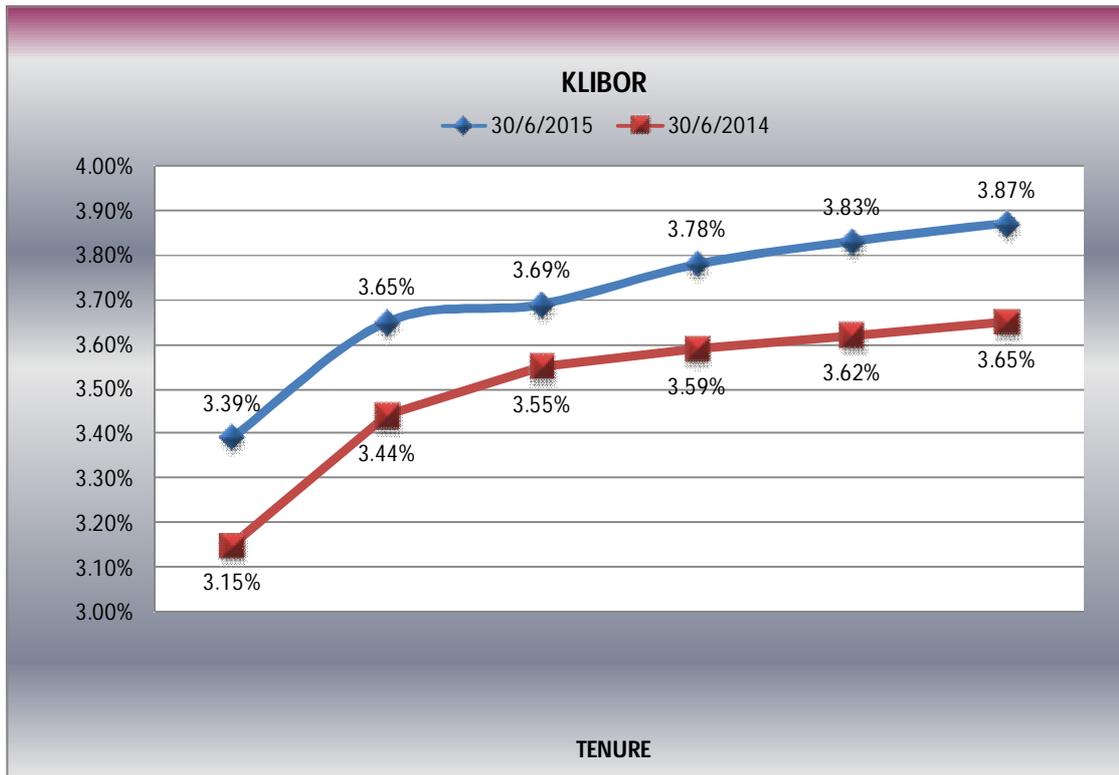
Source: Bond Pricing Agency Malaysia (BPAM), 30 June 2015

Figure 2: Overnight Policy Rate (OPR)



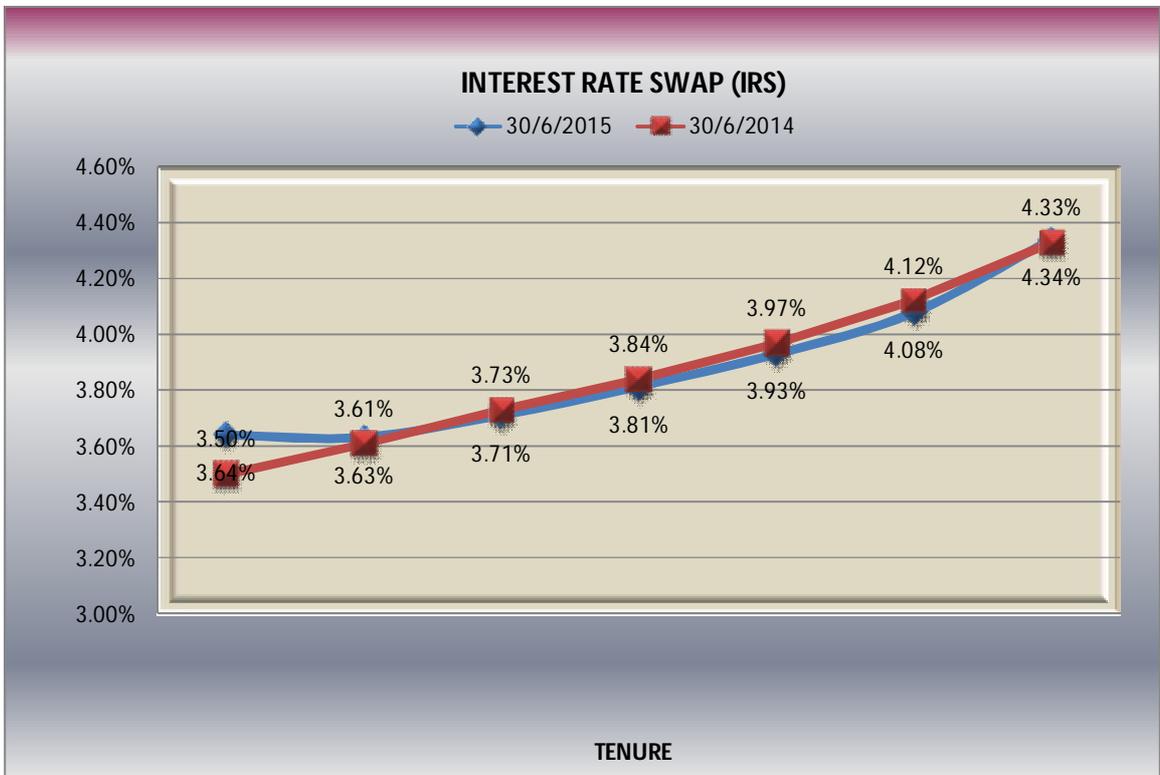
Source: Bank Negara Malaysia, 30 June 2015

Figure 3: KLIBOR



Source: Bank Negara Malaysia, 30 June 2015

Figure 4: Interest Rate Swap (IRS)

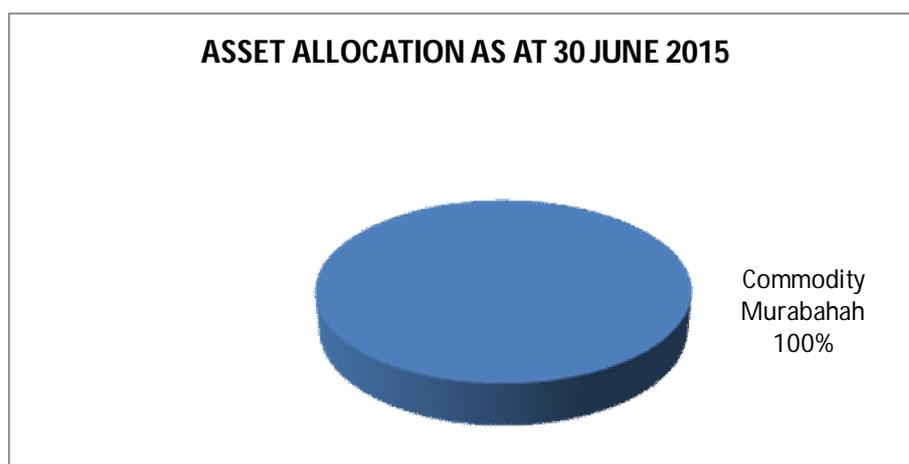


Source: Bank Negara Malaysia, 30 June 2015

1.9 Market Outlook and Strategy

- The ringgit money market profit rate is expected to be unchanged as Bank Negara Malaysia is expected to maintain the Overnight Policy Rate in 2015.

1.10 Asset Allocation



ASSET ALLOCATION	30 June 2015 (%)
Money Market (Commodity Murabahah)	100.0
Total	100.0

1.11 Other Performance Data for the Financial Year Ended 30 June

BIMB i Cash Management Fund	2015	2014	2013
Unit Prices (RM)			
Highest NAV per Unit for the year	1.0000	1.0046	1.0044
Lowest NAV per Unit for the year	1.0000	1.0000	1.0004
Net Asset Value (NAV) and Units in Circulation (UIC) as at Year End			
Total NAV (RM)	1,339,300	642,880,806	1,076,505,490
Units in Circulation (UIC)	1,339,300	642,880,806	1,074,486,400
NAV per unit (RM)	1.0000	1.0000	1.0019
Total Return of Fund (%)			
Capital Growth (%)	0.09	-0.19	0.15
Income Return (%)	2.34	3.02	2.85
Return on Portfolio (%)	2.43	2.83	3.00
Gross Distribution per unit (sen)	2.34	3.39	3.09
Management Expense Ratio (MER) (%)	0.32	0.30	0.30
Portfolio Turnover Ratio (PTR) (Times)	29.75	42.71	25.23

Note:

Management Expense Ratio

It is the total management expenses expressed as an annual percentage of the Fund's average Net Asset Value.

Portfolio Turnover Ratio

It represents the average of the total acquisitions and disposals of the investment in the Fund for the interim period over the average Net Asset Value of the Fund calculated on a daily basis.

1.12 Distribution

Monthly Distribution for the Financial Year Ended 30 June 2015			
Distribution per Unit			
Month	Gross (sen)	Net (sen)	Total Amount (RM)
July 2014	0.28	0.28	1,763,021
August 2014	0.26	0.26	1,101,007
September 2014	0.31	0.31	472,513
October 2014	0.30	0.30	161,359
November 2014	0.17	0.17	2,238
December 2014	0.21	0.21	2,783
January 2015	0.20	0.20	2,596
February 2015	0.12	0.12	1,542
March 2015	0.13	0.13	1,770
April 2015	0.12	0.12	1,642
May 2015	0.12	0.12	1,559
June 2015	0.12	0.12	1,555
Total			3,513,585

1.13 Impact on NAV Arising from Distribution

As at 30 June 2015	Before (RM)	After (RM)
Net Asset Value Per Unit	1.0000	1.0000
Net Asset Value	1,339,300	1,339,300
Units In Circulation	1,339,300	1,339,300

1.14 Policy on Rebate and Soft Commission

The Manager or any delegate thereof shall not retain any rebate from, or otherwise share in any commission with, any broker in consideration for direct dealings in the investments of the Fund. Accordingly, any rebate or shared commission shall be directed to the account of the Fund concerned. However, the Manager or any delegate thereof may retain goods and services ("Soft Commission") from any broker/dealer, if the goods and services are of demonstrable benefit to the Unitholders such as research materials and advisory services which are incidental to the investment management activities of the Fund.

For and on behalf of The Manager

BIMB Investment Management Berhad

Date: 28 August 2015

2.0 TRUSTEE'S REPORT



FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

To the Unit Holders of

BIMB *i* CASH MANAGEMENT FUND

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of BIMB *i* CASH MANAGEMENT FUND for the financial year ended 30 June 2015. In our opinion, BIMB INVESTMENT MANAGEMENT BERHAD, the Manager, has managed BIMB *i* CASH MANAGEMENT FUND in accordance with the limitations imposed on the investment powers of the management company and the Trustee under the Deed, other provisions of the Deed, the applicable Guidelines issued by the Securities Commission Malaysia, 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 BIMB BIMB *i* CASH MANAGEMENT FUND are adequate and that such valuation/ pricing is carried out in accordance with the Deed and other regulatory requirement;
- (b) creation and cancellation of units are carried out in accordance with the Deed and other regulatory requirement; and
- (c) the distribution of returns made by BIMB *i* CASH MANAGEMENT FUND as declared by the Manager is in accordance with the investment objective of BIMB *i* CASH MANAGEMENT FUND.

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD

ZAINUDIN BIN SUHAIMI

General Manager

Kuala Lumpur, Malaysia

Date: 19 August 2015

3.0 SHARIAH COMMITTEE'S REPORT

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

To the Unitholders of

BIMB *i* CASH MANAGEMENT FUND

We have acted as the Shariah Committee of BIMB *i* Cash Management Fund.

Our responsibilities are to ensure that the procedures and processes employed by BIMB Investment Management Berhad and that the provisions of the Deed dated 25 November 2011 are in accordance with Shariah principles.

In our opinion, BIMB Investment Management Berhad has managed and administrated BIMB *i* Cash Management Fund in accordance with Shariah principles and complied with applicable guidelines, ruling or decision issued by the Securities Commission pertaining to Shariah matters for the financial year ended 30 June 2015.

In addition, we also confirm that the investment portfolio of BIMB *i* Cash Management Fund comprises deposits and money market instruments which are Shariah-compliant.

والله أعلم

For and on behalf of the Shariah Committee

.....
USTAZ DR. AHMAD SHAHBARI@SOBRI SALAMON
(Chairman)

.....
USTAZ DR. YUSOF RAMLI
(Committee Member)

.....
USTAZAH DR. ASMAK AB. RAHMAN
(Committee Member)

Date: 19 August 2015

4.0 DIRECTORS' DECLARATION

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

To the Unitholders of

BIMB *i* CASH MANAGEMENT FUND

We, Mustapha bin Hamat and Najmuddin bin Mohd Lutfi, being two of the directors of the Manager, BIMB Investment Management Berhad, for BIMB *i* Cash Management Fund do hereby state that in our opinion, the accompanying Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Net Asset Value and Statement of Cash Flows are drawn up so as to give a true and fair view of the Statement of Financial Position of the Fund as at 30 June 2015 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Net Asset Value and Statement of Cash Flows for the year ended on that date.

For and on behalf of the Board of Directors,
BIMB Investment Management Berhad

.....

MUSTAPHA BIN HAMAT

(Non Executive Independent Director)

.....

NAJMUDDIN BIN MOHD LUTFI

(Chief Executive Officer)

Date: 28 August 2015

5.0 INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the unit holders of BIMB i Cash Management Fund (Established in Malaysia)

Report on the Financial Statements

We have audited the financial statements of BIMB i Cash Management Fund ("the Fund"), which comprise the statement of financial position as at 30 June 2015, and the statements of profit or loss and other comprehensive income, changes in net asset value and cash flows for the year ended 30 June 2015, and a summary of significant accounting policies and other explanatory information, as set out on pages 19 to 37.

Manager's and Trustee's Responsibility for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determine are 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 judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of 30 June 2015 and of its financial performance, changes in net asset attributable to unitholders' and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Other Matters

This report is made solely to the unitholder of the Fund as a body in accordance with Securities Commission's Guidelines on Wholesale Funds in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG Desa Megat & Co.
Firm Number: AF 0759
Chartered Accountants

Ow Peng Li
Approval Number: 2666/09/15(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 28 August 2015

6.0 FINANCIAL STATEMENTS (AUDITED)

6.1 Statement of Financial Position as at 30 June 2015

	Note	2015		2014	
		RM	%	RM	%
Investments					
Short term investments	4	-	-	225,281,834	35.04
Other Assets					
Other receivables		259	0.02	691,844	0.11
Cash and cash equivalent	5	1,360,820	101.61	418,926,295	65.16
Total current assets		1,361,079	101.63	644,899,973	100.31
Liabilities					
Other payables		20,224	1.51	180,094	0.03
Tax payable		-	-	262,399	0.04
Total liabilities		20,224	1.51	442,493	0.07
		1,340,855	100.12	644,457,480	100.25
Unitholders' Fund					
Unitholders' capital	6	1,339,300	100.00	640,177,624	99.58
Retained profits		-	-	2,703,182	0.42
		1,339,300	100.00	642,880,806	100.00
Distribution reserve		1,555	0.12	1,576,674	0.25
		1,340,855	100.12	644,457,480	100.25
Number of Units in Circulation	6	1,339,300		642,880,806	
Net Asset Value attributable to unitholders		1,339,300		642,880,806	
Net Asset Value per Unit (sen) – Ex distribution		100		100	

The notes on pages 23 to 37 are an integral part of these financial statements.

6.2 Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2015

	Note	2015 RM	2014 RM
Income			
Income from short term investments		3,762,242	22,117,620
Hibah from Al-Wadiah account		1,037	-
		3,763,279	22,117,620
Expenses			
Management fee	7	299,490	1,805,726
Trustee's fee	8	21,392	129,088
Audit fee		11,000	8,100
Tax agent fee		3,800	3,650
Administrative expenses		6,574	4,558
		342,256	1,951,122
Net income before taxation		3,421,023	20,166,498
Tax reversal/ (expense)	9	92,562	(1,450,154)
Net income after taxation		3,513,585	18,716,344
Other comprehensive income for the year			-
Total comprehensive income for the year		3,513,585	18,716,344
Total comprehensive income for the year consist of:			
Realised income		3,513,585	18,716,344

The notes on pages 23 to 37 are an integral part of these financial statements.

6.3 Statement of Changes in Net Asset Value for the Year Ended 30 June 2015

	Note	Unitholders' capital RM	Distribution RM	Retained profits RM	Total net asset value RM
As at 30 June 2013/1 July 2013		1,076,352,397	2,501,591	153,093	1,079,007,081
Movement in unitholders' contribution or distribution					
Creation of units via cash		2,122,769,504	-	-	2,122,769,504
Creation of units via reinvestment of distribution		16,882,251	(16,882,251)	-	-
Cancellation of units		(2,575,826,528)	-	-	(2,575,826,528)
Distributions	10	-	16,166,255	(16,166,255)	-
Distributions – via cash payment		-	(208,921)	-	(208,921)
Total distribution to unitholders'		(436,174,773)	(924,917)	(16,166,255)	(453,265,945)
Net income for the year		-	-	18,716,344	18,716,344
As at 30 June 2014/ 1 July 2014		640,177,624	1,576,674	2,703,182	644,457,480
Movement in unitholders' contribution or distribution					
Creation of units via cash		345,013,096	-	-	345,013,096
Creation of units via reinvestment of distribution		4,437,329	(4,437,329)	-	-
Cancellation of units		(988,288,749)	(2,703,182)	-	(990,991,931)
Distributions	10	-	6,216,767	(6,216,767)	-
Distributions – via cash payment		-	(651,375)	-	(651,375)
Total distribution to unitholders'		(638,838,324)	(1,575,119)	(6,216,767)	(646,630,210)
Net income for the year		-	-	3,513,585	3,513,585
As at 30 June 2015		1,339,300	1,555	-	1,340,855

The notes on pages 23 to 37 are an integral part of these financial statements.

6.4 Statement of Cash Flows for the Year Ended 30 June 2015

	2015	<i>Restated</i> 2014
	RM	RM
Cash flows from operating activities		
Income from short term investments	4,454,863	22,418,883
Management fee paid	(447,069)	(1,889,315)
Trustee fee paid	(31,933)	(135,058)
Audit fee paid	(10,000)	(10,000)
Payment for other fees and expenses	(9,275)	(4,177)
Tax agent's fee paid	(3,848)	-
Maturity of investments	225,281,834	435,135,717
Cash generated from operating activities	229,234,572	455,516,050
Taxation paid	(169,837)	(3,063,855)
Net cash generated from operating Activities	229,064,735	452,452,195
<hr style="border-top: 1px dashed black;"/>		
Cash flows from financing activities		
Cash receipt for creation of units	345,013,096	2,122,769,504
Cash payment for cancellation of units	(990,991,931)	(2,575,826,528)
Distribution paid due to cancellation of units	(651,375)	(208,921)
Net cash used in financing Activities	(646,630,210)	(453,265,945)
<hr style="border-top: 1px dashed black;"/>		
Net decrease in cash and cash equivalents	(417,565,475)	(813,750)
Cash and cash equivalents at 1 July	418,926,295	419,740,045
Cash and cash equivalents at 30 June	1,360,820	418,926,295
<hr style="border-top: 3px double black;"/>		
Cash and cash equivalents comprise:		
Cash at bank	8,525	900
Short term investments	1,352,295	418,925,395
	1,360,820	418,926,295
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The notes on pages 23 to 37 are an integral part of these financial statements.

BIMB *i* CASH MANAGEMENT FUND

6.5 Notes to the Financial Statements

1. Information on the Fund

BIMB *i* Cash Management Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 25 November 2011 between the Manager - BIMB Investment Management Berhad, the Trustee - AmanahRaya Trustees Berhad and the registered holders of the Fund. The address of the registered office and principal place of business of the Fund are as follows:

Registered office

Level 32, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur

Principal place of business

Level 19, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur

The principal activity of the Fund is to invest in Authorised Investments as defined in the Deed, which include short term deposits and money market instruments.

The Manager, BIMB Investment Management Berhad, a company incorporated in Malaysia, is a subsidiary of Bank Islam Malaysia Berhad.

The financial statements were approved by the Board of Directors of the Manager on 28 August 2015.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and Securities Commission’s Guidelines on Unit Trust Funds in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Fund:

2. Basis of preparation (Continued)

(a) Statement of compliance (Continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7, Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
- MFRS 14, Regulatory Deferral Accounts
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosure Initiative
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants
- Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 127, Separate Financial Statements – Equity Method in Separate Financial Statements
- Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)

2. Basis of preparation (Continued)

(a) Statement of compliance (Continued)

The Fund plans to apply the abovementioned accounting standards, amendments and interpretations:

- From the annual period beginning on 1 July 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016 except for MFRS 5, MFRS 10, MFRS 11, MFRS, 116, MFRS 119, MFRS 127 and MFRS 134 which are not applicable to the Fund.
- From the annual period beginning on 1 July 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- From the annual period beginning on 1 July 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The Fund is currently assessing the financial impact of adopting the abovementioned standards, amendments and interpretations.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Fund's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years effected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Financial instruments

(i) Initial recognition and measurement

A financial instrument is recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the instrument.

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.

(ii) Financial instrument categories and subsequent measurement

The Fund categorise financial instruments as follows:

Financial assets

Financing and receivables

Financing and receivables category are debt instruments that are not quoted in an active market and these comprises other receivables, cash at bank and short term investments. Financial assets categorised as financing and receivables are subsequently measured at amortised cost using the effective profit method.

All financial assets are subject to review for impairment.

Financial liabilities

All financial liabilities are initially measured at fair value and subsequently measured at amortised cost.

Financial liabilities measured at amortised cost comprise other payables and distribution payable.

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(b) Income recognition

Income from short term investments

Income from short term investments is recognised in the statement of profit or loss and other comprehensive income as it accrues, taking into account the effective profit on the asset.

(c) Short term investments

Short term investments are mainly Commodity Murabahah, General Investment Account, Special Investment Account and Term-Deposit-*i* with maturity more than 30 days and less than 1 year. Short term investments are categorised and measured as financing and receivables in accordance with Note 3(a)(ii)(a).

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and short term investments with licensed financial institutions which are readily convertible into cash with an insignificant risk of changes in value. Cash and cash equivalents are categorised and measured as financing and receivables in accordance with Note 3(a)(ii)(a).

3. Significant accounting policies (continued)

(e) Impairment

Financial assets

All financial assets are assessed at each reporting date 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. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of financing and receivables 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 asset's original effective profit rate. The carrying amount of the asset is reduced through the use of an allowance account.

(f) Taxation

Taxation comprises current and deferred tax expenses. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

(g) Unitholders' capital

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

Units are created and cancelled at the holder's option at prices based on the Fund's net assets value per unit at the time of creation or cancellation. The Fund's net assets value per unit is calculated by dividing the net assets attributable to unitholders' with the total of outstanding units. In accordance with the Securities Commission's Guidelines on Wholesale Funds in Malaysia, investment positions are valued based on the last traded market price for the purpose of determining the net assets value per unit for creations and cancellations.

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

3. Significant accounting policies (continued)

(h) Distribution

Distribution is at the discretion of the Fund. A distribution to the Fund's unitholders' is accounted for as a deduction from realised reserves except when realised reserves is not enough, it will be sourced out of distribution equalisation. The mode of the income distribution is via creation of additional units based on Net Asset Value ("NAV") as at the date one month after the accrual date. A proposed distribution is recognised in equity in the period in which they are declared.

(i) Net Assets Value

As the distribution is to be reinvested, for this Fund, the Net Assets Value is calculated after deducting the retained earnings allocated for distribution.

(j) Fair value measurement

The fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability 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 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.

When measuring the fair value of an asset or a liability, the Fund uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Fund recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. Short term investments

	2015 RM	2014 RM
<i>Short term investments with maturity more than 30 days:</i>		
Commodity Murabahah	-	19,000,000
General Investment Account	-	28,581,253
Special Investment Account*	-	48,400,000
Term-Deposits- <i>i</i>	-	129,300,581
	<u>-</u>	<u>225,281,834</u>

*An amount of RM Nil (2014: RM20,000,000) included in Special Investment Account is placed with a related party, Bank Islam Malaysia Berhad.

5. Cash and cash equivalents

	2015 RM	2014 RM
<i>Short term investments with maturity less than 30 days:</i>		
Commodity Murabahah	1,352,295	80,500,000
General Investment Account	-	219,021,890
Special Investment Account	-	13,600,000
Term-Deposits- <i>i</i>	-	60,950,000
Wadiah	-	4,955,000
Wakalah Deposits	-	39,898,505
	<u>1,352,295</u>	<u>418,925,395</u>
Cash at bank	8,525	900
	<u>1,360,820</u>	<u>418,926,295</u>

6. Unitholders' capital

	No. of units	RM
At 30 June 2013/1 July 2013	1,074,486,400	1,076,352,397
Creation of units	2,137,440,576	2,139,651,755
Cancellation of units	(2,569,046,170)	(2,575,826,528)
At 30 June 2014/ 1 July 2014	<u>642,880,806</u>	<u>640,177,624</u>
Creation of units	349,450,425	349,450,425
Cancellation of units	(990,991,931)	(988,288,749)
At 30 June 2015	<u><u>1,339,300</u></u>	<u><u>1,339,300</u></u>

In accordance with the Information Memorandum dated 28 November 2011, the maximum number of units that can be issued out for circulation is 1,000,000,000 units. In 2012, the Fund increased its number of units that can be issued out for circulation to 1,500,000,000 units. As at 30 June 2015, the number of units yet to be issued is 1,498,660,700 units (2014: 857,119,194 units).

Based on historic information over the last 12 months, redemption levels are expected to approximate RM83,000,000 (2014: RM2,500,000,000) and the average monthly level of redemption net of creation are expected to approximate RM53,460,000 (2014: RM36,350,000). However, the actual level of redemptions may differ significantly from the historic experience.

7. Manager's fee

The management fee payable to the Manager of the Fund is based on 0.28% (2014: 0.28%) per annum of the net asset value of the Fund calculated on a daily basis.

8. Trustee's fee

The trustee's fee payable to the trustee of the Fund is based on 0.02% (2014: 0.02%) per annum, subject to a minimum of RM12,000 (2014: RM12,000) per annum of the net asset value of the Fund calculated on a daily basis.

9. Tax expense

	2015	2014
	RM	RM
Tax expense		
- Current tax	-	1,450,154
- Over provision in prior year	(92,562)	-
	<u>(92,562)</u>	<u>1,450,154</u>

Reconciliation of effective tax expense

Net income before tax	3,421,023	20,166,498
Income tax using Malaysian tax rate @ 25%	<u>855,256</u>	<u>5,041,624</u>
Non-deductible expenses	85,564	725,566
Income not subject to tax	(940,820)	(4,317,036)
Over provision in prior year	(92,562)	-
	<u>(92,562)</u>	<u>1,450,154</u>

10. Distribution

	2015	2014
	RM	RM
Distribution to unitholders is from the following sources:		
Income from short term investments	3,763,279	22,117,620
Tax reversal	92,562	-
	<u>3,855,841</u>	<u>22,117,620</u>
<i>Less:</i>		
Expenses	(342,256)	(1,951,122)
Tax expense	-	(1,450,154)
Undistributed income	-	(2,550,089)
Net distribution	<u>3,513,585</u>	<u>16,166,255</u>

11. Units held by related party

There are no units held by related party during the year.

12. Transaction with Related Parties

Other than as disclosed in Note 4 of the financial statements, other transactions with related parties are as follows:

	Transactions for the year ended		Balance as at 30 June	
	2015 RM	2014 RM	2015 RM	2014 RM
<i>The Manager</i> BIMB Investment Management - Manager's fee	299,490	1,805,726	(348)	(147,927)
<i>Holding company of the Manager</i> Bank Islam Malaysia Berhad - Income from short term investments	475,194	(1,840,765)	-	20,000,000
<i>The Trustee</i> AmanahRaya Trustees Berhad - Trustee fee	21,392	129,088	(25)	(10,566)

13. Management Expense Ratio ("MER")

The Management expense ratio for the financial year is 0.32%. (2014: 0.30%). Management expense ratio is the ratio of total fees and recovered expenses of the Fund expressed as a percentage of the Fund's average net asset value. It is the total management expenses expressed as an annual percentage of the Fund's average net asset value.

14. Portfolio Turnover Ratio ("PTR")

The portfolio turnover ratio for the financial year is 29.75 times (2014: 42.71 times). It represents the average of total acquisitions and disposals of the investments in the Fund for the financial year over the average net asset value of the Fund calculated on a daily basis.

15. Financial instruments

15.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Financing and receivables (F&R)
- (b) Other financial liabilities measured at amortised cost (OL)

	Carrying Amount RM	F&R/ (OL) RM
As at 30.6.2015		
Financial assets		
Other receivables	259	259
Cash and cash equivalents	1,360,820	1,360,820
Short term investments	-	-
	<u>1,361,079</u>	<u>1,361,079</u>
Financial liabilities		
Other payables	(20,224)	(20,224)
	<u>(20,224)</u>	<u>(20,224)</u>
As at 30.6.2014		
Financial assets		
Other receivables	691,844	691,844
Cash and cash equivalents	418,926,295	418,926,295
Short term investments	225,281,834	225,281,834
	<u>644,899,973</u>	<u>644,899,973</u>
Financial liabilities		
Other payables	(180,094)	(180,094)
	<u>(180,094)</u>	<u>(180,094)</u>

15.2 Net gains and losses arising from financial instruments

	2015 RM	2014 RM
Net gains on:		
Financing and receivables	<u>3,763,279</u>	<u>22,117,620</u>

15.3 Financial risk management

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Investment risk

15.4 Credit risk

Credit risk is the risk of a financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Fund's exposure to credit risk arises principally from its short term investments.

The Manager manages the credit risk by setting counterparty limits and undertaking credit evaluation to minimise the risk. The exposure to credit risk is monitored on an ongoing basis.

At the reporting date, 100% (2014: 100%) of the Fund's short term investments are with 2 (2014: 11) licensed financial institutions.

The Fund's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

15.5 Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. This may come about when realisation of units is in excess of investment amounts. The Fund's exposure to liquidity risk arises principally from its various payables.

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellation of units by unit holder. Liquid assets comprise cash at bank and short term investments, which are capable of being converted into cash within 7 days.

15. Financial instruments (continued)

15.6 Market risk

Market risk is the risk that changes in market prices, such as profit rates and market prices will affect the Fund's financial position or cash flows.

Profit rate risk

The profit rate profile of the Fund's significant profit-bearing financial instruments, based on carrying amounts as at the end of reporting year was:

	2015 RM	2014 RM
Fixed rate instruments		
Short term investments	-	225,281,834
Cash and cash equivalents		
- Short term placements with maturity less than 30 days	1,352,295	418,925,395
	<hr/>	<hr/>

Fair value sensitivity analysis for fixed rate instruments

The Fund does not account for any fixed rate financial assets and liabilities at fair value through profit or loss.

15.7 Investment risk

Investments are bound by regulatory guidelines that govern the maximum securities holdings and maximum liquid assets holdings.

Investment risks for fixed income funds are in the form of profit rate and credit risks. To manage these risks, investments will be in investment grade sukus.

Risk management objectives, policies and processes for managing the risk

The Manager has written policies and guidelines on risk management, which set out the overall investment risks strategies and general risk management philosophies. These processes monitor, measure and control risks associated with the business. Matters relating to investment risks in respect of Funds portfolio are discussed during the Investment Committee meetings of the Manager held at least 6 times a year.

15.8 Fair value of financial instruments

The carrying amounts of short term investments, cash and cash equivalents and payables approximate fair values due to relatively short term nature of these financial instruments.

16. Capital management

The Fund's capital is represented by the unitholders' fund in the statement of financial position. The Manager of the Fund monitors the adequacy of capital on an ongoing basis. There is no external capital requirement imposed on the Fund.

17. Subsequent event

On 5 August 2015, the Fund distributed all of its assets to the Investor, with the remaining RM1,000 held by the Manager, BIMB Investment Management Berhad, in order to keep the Fund in active status.

On 27 August 2015, the holding company of the Manager has committed to invest up to RM100 million in the Fund.

7.0 CORPORATE DIRECTORY

Manager

BIMB Investment Management Berhad (276246-X)

Registered Office

Level 32, Menara Bank Islam, No. 22, Jalan Perak, 50450, Kuala Lumpur

Business Office

Level 19, Menara Bank Islam, No. 22, Jalan Perak, 50450, Kuala Lumpur

Board of Directors

Dato' Sri Zukri Samat (Chairman – Non Executive Non Independent Director)
Mustapha Hamat (Non-Executive Independent Director)
Dato' Ghazali Awang (Non-Executive Independent Director)
Datuk Noripah Kamso (Non-Executive Independent Director)
Dr. Mohd Hatta Dagap
(Non-Executive Independent Director)
Malkiat Singh @ Malkit Singh Maan
(Non-Executive Non Independent Director)
Khairul Kamarudin
(Non-Executive Non Independent Director)
Najmuddin Mohd Lutfi (Chief Executive Director)

Investment Committee

Dato' Ghazali Awang (Chairman - Independent Member)
Mustapha Hamat (Independent Member)
Khairul Muzamel Perera Abdullah (Non Independent Member)

Audit Committee

Mustapha Hamat (Chairman - Independent Member)
Dato' Ghazali Awang (Independent Member)
Malkiat Singh @ Malkit Singh Maan
(Non-Executive Non Independent Director)

Shariah Committee

Ustaz Dr. Ahmad Shahbari @ Sobri Salamon (Chairman)
Ustaz Dr. Yusof Ramli
Ustazah Dr. Asmak Ab. Rahman

Trustee

AmanahRaya Trustees Berhad (766894-T)
Level 2, Wisma TAS, No. 21,
Jalan Melaka, 50100 Kuala Lumpur
Tel: 03-20365000 Fax: 03-20722290

Company Secretary

Norhidayati Mohamat Salim (MIA 27364)
Level 32, Menara Bank Islam,
No. 22 Jalan Perak
50450 Kuala Lumpur.

Key Management

Najmuddin Mohd Lutfi (Chief Executive Officer)
Badrol Ahmad Fathan (Head of Investment)
Azman Ali (Head of Compliance)
Noor Rose Mona Aziz
(Head, Finance and Operations)

Principal Banker

Maybank Islamic Bank Berhad
Jalan Maktab Branch, Ground Floor
Wisma Felda, Jalan Perumahan Gurney
54000 Kuala Lumpur

Federation of Investment Managers Malaysia (FIMM)

19-06-1, 6th Floor, Wisma Tune
No.19, Lorong Dungun, Damansara Heights
50490 Kuala Lumpur

Distributor

Bank Islam Malaysia Berhad Branches

Toll Free Number: 1-800-88-1196