

DAIWA FTSE SHARIAH JAPAN 100

(Constituted under a Trust Deed in the Republic of Singapore)

FINANCIAL STATEMENTS

*For the financial period from 25 April 2008 (date of constitution)
to 31 December 2008*

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DAIWA FTSE SHARIAH JAPAN 100

(Constituted under a Trust Deed in the Republic of Singapore)

MANAGER'S INVESTMENT REPORT

For the financial period from 25 April 2008 (date of constitution) to 31 December 2008

Fund's Features

Daiwa FTSE Shariah Japan 100 (the "Fund") seeks to track the performance of FTSE Shariah Japan 100 Index (the "Index") that measures the investment return of the largest and the most liquid Shariah compliant listed companies in Japan. The Fund allows investors an instant access to the top 100 Shariah compliant Japanese listed companies by market capitalisation. It is designed to meet the investment requirements of both Islamic and conventional investors internationally. Shariah-screening at the Index level and the Fund level is undertaken by Yasaar Limited.

Fund Details

Listing Date on SGX-ST:	27 May 2008
SGX-ST Trading Code:	F1F
Trading Currency:	US Dollar
Board Lot:	100 units
Current Management Fee:	0.75%
Number of units (as at 31 December 2008):	2,000,000 units
Net Asset Value (as at 30 December 2008):	US\$13.66 million
NAV per Unit (as at 30 December 2008):	US\$6.83 per unit

Performance

The cumulative performance of the Fund vs Index* since inception date can be summarised as follow:

	Period (~ 30 Dec 2008)	Fund's Performance	Index's Performance
1 Month	28 Nov 2008 -	7.71%	8.05%
3 Months	30 Sep 2008 -	-11.23%	-10.99%
6 Months	30 Jun 2008 -	-28.60%	-28.54%
Since Inception	20 May 2008 -	-33.95%	-33.65%

* FTSE Shariah Japan 100 Index (US\$)

Creation/Redemption History

A total of 2,000,000 Units were created and listed on 27 May 2008. The creation of the initial Units were made in-kind, where Daiwa Securities SMBC Co Ltd., as the initial investor, provided the relevant Index Securities constituting two Application Baskets which amount to US\$20,681,241. There were no other creation or redemption applications for the rest of the financial period.

DAIWA FTSE SHARIAH JAPAN 100

(Constituted under a Trust Deed in the Republic of Singapore)

MANAGER'S INVESTMENT REPORT

For the financial period from 25 April 2008 (date of constitution) to 31 December 2008

Investment and Borrowing Restrictions of the Fund

The Fund, being a Non-Specialised Fund, is subject to the investment and borrowing guidelines in the Non-Specialised Funds Investment Guidelines of the Code on Collective Investment Schemes ("Guidelines") (save to the extent waived, exempted or varied by the Authority), of which the Guidelines may be amended from time to time by the Authority. In addition to the Guidelines, the Fund will be subject to the Shariah Investment Guidelines as set out in Appendix III of the Prospectus, prepared by and which may be amended from time to time by Yasaar Limited, the Shariah adviser to the Manager in relation to the Fund ("Shariah Adviser"). For detailed description on these restrictions, please refer to the Prospectus.

Further, the Fund currently does not invest in financial derivative instruments ("FDIs"). Whilst the Manager currently does not intend for the Fund to invest in any FDIs, the Manager may in consultation with and subject to the approval of the Investment Adviser and the Shariah Adviser, decide to invest in FDIs in the future, for the purposes of hedging or meeting the investment objective of the Fund or both. In the event that the Manager decides to invest in FDIs, the Unitholders will be given at least one month's prior notice and an announcement posted on the SGXNET and on the Manager's website, and the Prospectus will be updated, supplemented or replaced as appropriate.

During the financial period under review, the Fund has no exposure to other form of investments, including unit trusts, mutual funds and collective investment schemes and had no borrowings.

Investments at market value and as a percentage of NAV as at 31 December 2008 classified by:

Top Ten Holdings at Market Value and as a Percentage of NAV

Name of Company	Industry	Cost USD	Market Value USD	% of Total Net Assets
Toyota Motor Corporation	Automobiles & Parts	1,994,644	1,225,985	9.08
Canon Inc	Technology	1,068,748	596,503	4.42
Nintendo Co Ltd	Personal & Household Goods	944,894	595,839	4.41
NTT Docomo Incorporated	Telecommunications	398,266	515,278	3.82
Takeda Pharma Company Limited	Health Care	508,092	460,160	3.41
Panasonic Corporation	Personal & Household Goods	830,636	443,426	3.29
Nippon Telegraph and Telephone Corp	Telecommunications	362,746	398,805	2.96
Seven & I Holdings Co. Ltd	Retail	321,619	357,614	2.65
KDDI Corporation	Telecommunications	332,370	349,712	2.59
East Japan Railway Company	Travel & Leisure	353,526	335,016	2.48
		7,115,541	5,278,338	39.11

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MANAGER'S INVESTMENT REPORT

For the financial period from 25 April 2008 (date of constitution) to 31 December 2008

Exposure to Derivatives

There is no derivative exposure as at 31 December 2008.

Expense & Turnover Ratios

Expense ratio ¹	2.25%
Expense ratio (exclusive of Preliminary expenses)	0.80%
Portfolio turnover ratio ²	10.36%

¹ The expense ratio is computed in accordance with the revised Investment Management Association of Singapore ("IMAS") guidelines on disclosure of expense ratios dated 25 May 2005. Refer to note 10 for details.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes". Refer to Note 10 for details.

Soft Dollar Commissions

During the financial period under review, no soft dollar commissions were received from the brokers.

Information on the Manager and the Investment Adviser

The Manager of the Fund is Daiwa Asset Management (Singapore) Ltd. (Company Registration Number 199400016R), a public company limited by shares incorporated in Singapore on 3 January 1994, with a share capital of S\$2 million consisting of 2,000,000 ordinary shares and holds a Capital Market Services Licence from the Authority. The duration of the appointment of the Manager is indefinite. The Manager can be removed and has an option to retire in accordance with terms and conditions stated in Clause 30.5 and Clause 30.7 of the Trust Deed respectively. Currently, the management fee is set at 0.75% per annum.

The Investment Adviser of the Fund is Daiwa Asset Management Co. Ltd., a company incorporated in Japan. The Manager has appointed the Investment Adviser under an investment advisory agreement with an indefinite term. However, the agreement can be terminated by either party by a written notice at least three (3) months prior to the termination date. As mentioned in the Prospectus, the Investment Adviser's fee is borne by the Manager.

Other Information

There is no other material information that will adversely impact the valuation of the Fund.

DAIWA FTSE SHARIAH JAPAN 100

(Constituted under a Trust Deed in the Republic of Singapore)

REPORT OF THE TRUSTEE

For the financial period from 25 April 2008 (date of constitution) to 31 December 2008

The Trustee is under a duty to take into custody and hold the assets of Daiwa FTSE Shariah Japan 100 (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the period covered by these financial statements, set out on pages 7 to 24, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee
DBS Trustee Limited

Director
24 March 2009

DAIWA FTSE SHARIAH JAPAN 100

(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT BY THE MANAGER

For the financial period from 25 April 2008 (date of constitution) to 31 December 2008

In the opinion of the directors of Daiwa Asset Management (Singapore) Ltd., the accompanying financial statements set out on pages 7 to 24, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of Daiwa FTSE Shariah Japan 100 (the "Fund") as at 31 December 2008 and the total deficit for the period then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of directors of
Daiwa Asset Management (Singapore) Ltd.

Yoshinori Okada
Director
Singapore
24 March 2009

Masahiro Hotchi
Director
Singapore
24 March 2009

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
DAIWA FTSE SHARIAH JAPAN 100**

(Constituted under a Trust Deed in the Republic of Singapore)

We have audited the financial statements of Daiwa FTSE Shariah Japan 100 (the "Fund") set out on pages 7 to 24, which comprise the Balance Sheet and Portfolio Statement as at 31 December 2008, the Statement of Total Return for the financial period from 25 April 2008 (date of constitution) to 31 December 2008, and a summary of significant accounting policies and other explanatory notes.

Manager's Responsibility for the Financial Statements

The Fund's Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 Fund's 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 present fairly, in all material respects, the financial position of the Fund as at 31 December 2008 and the total deficit for the period then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore
24 March 2009

DAIWA FTSE SHARIAH JAPAN 100*(Constituted under a Trust Deed in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial period from 25 April 2008 (date of constitution) to 31 December 2008*

	Note	For the financial period from 25 April 2008 (date of constitution) to 31 December 2008 USD
Income		
Dividend income		188,576
Other income		1,702
		<u>190,278</u>
Less: Expenses		
Preliminary expenses	3	300,000
Management fees	4	74,295
Miscellaneous expenses		20,869
		<u>395,164</u>
Net expense		<u>(204,886)</u>
Net gains or losses on investments		
Net realised losses on investments sold		(246,587)
Net gains on foreign exchange		25,466
Net change in fair value of investments		(6,746,054)
		<u>(6,967,175)</u>
Total deficit for the period before income tax		(7,172,061)
Less Income tax	5	13,256
Total deficit for the period		<u>(7,185,317)</u>

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

DAIWA FTSE SHARIAH JAPAN 100
(Constituted under a Trust Deed in the Republic of Singapore)

BALANCE SHEET
As at 31 December 2008

	Note	2008 USD
ASSETS		
Investments		13,516,635
Dividend receivables		15,428
Cash and bank balances		277,375
Total assets		13,809,438
LIABILITIES		
Accrued expenses	6	13,514
Payables to the Manager		300,000
Net assets attributable to unitholders	7	13,495,924
Total liabilities		13,809,438

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

DAIWA FTSE SHARIAH JAPAN 100*(Constituted under a Trust Deed in the Republic of Singapore)***PORTFOLIO STATEMENT***As at 31 December 2008*

	Holdings at 31 December 2008	Fair value at 31 December 2008 USD	Percentage of total net assets attributable to unitholders at 31 December 2008 %
Primary - By Industry			
Quoted EQUITIES			
Automobiles & Parts			
Bridgestone Corporation	9,000	131,673	0.98
Sumitomo Electric Industries Limited	8,700	65,375	0.48
Toyota Industries Corporation	1,900	39,720	0.29
Denso Corporation	6,500	105,024	0.78
Toyota Motor Corporation	38,200	1,225,985	9.08
Mitsubishi Motors Corporation	61,000	82,360	0.61
Aisin Seiki Company Limited	2,200	29,630	0.22
Mazda Motor Corporation	10,000	16,490	0.12
Daihatsu Motor Company Limited	3,000	25,996	0.19
Suzuki Motor Corporation	6,000	80,943	0.60
Yamaha Motor Company Limited	2,100	21,660	0.16
		1,824,856	13.51
Basic Resources			
Nippon Steel Corporation	75,000	240,704	1.78
Sumitomo Metal Industries Limited	53,000	126,693	0.94
Kobe Steel Limited	34,000	60,580	0.45
JFE Holdings Incorporated	6,800	175,719	1.30
Hitachi Metals Limited	2,000	9,031	0.07
Sumitomo Metal Mining Company Limit	8,000	83,400	0.62
Toyota Tsusho Corporation	2,100	21,892	0.16
		718,019	5.32
Chemicals			
Toray Industries Incorporated	15,000	74,701	0.55
Asahi Kasei Corporation	15,000	64,575	0.48
Sumitomo Chemical Company Limited	18,000	59,761	0.44
Shin-Etsu Chemical Company Limited	4,700	211,178	1.56
JSR Corporation	2,800	30,708	0.23
Mitsubishi Chemical Holdings	16,500	71,580	0.53
Nitto Denko Corporation	1,900	35,578	0.26
		548,081	4.05
Construction & Materials			
Asahi Glass Company Limited	13,000	72,222	0.54
Panasonic Electric Works Co Ltd	3,000	25,830	0.19
		98,052	0.73
Financial Services			
Mitsubishi Estate Company Ltd	15,000	240,206	1.78
		240,206	1.78

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

DAIWA FTSE SHARIAH JAPAN 100
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PORTFOLIO STATEMENT

As at 31 December 2008

	Holdings at 31 December 2008	Fair value at 31 December 2008 USD	Percentage of total net assets attributable to unitholders at 31 December 2008 %
Primary - By Industry (continued)			
Quoted EQUITIES			
Health Care			
Takeda Pharmaceutical Company Limit	9,000	460,160	3.41
Astellas Pharma Incorporated	5,700	228,353	1.69
Shionogi And Company Limited	4,000	100,930	0.75
Mitsubishi Tanabe Pharma Corporation	2,000	29,792	0.22
Chugai Pharmaceutical Co Ltd	3,300	62,706	0.46
Eisai Company Limited	3,300	134,761	1.00
Ono Pharmaceutical Co Ltd	1,300	66,611	0.49
Taisho Pharmaceutical Co Ltd	4,000	83,975	0.62
Terumo Corporation	2,300	105,633	0.78
Daiichi Sankyo Company Limited	8,100	187,799	1.39
		1,460,720	10.81
Industrial Goods & Services			
Ibiden Company Limited	1,700	34,203	0.25
Nippon Electric Glass Co Ltd	4,000	20,496	0.15
Japan Steel Works Ltd	4,000	54,360	0.40
Smc Corporation	800	80,301	0.60
Komatsu Limited	14,800	183,116	1.35
Kubota Corporation	10,000	69,943	0.52
Daikin Industries Ltd	3,200	81,629	0.60
Hitachi Limited	37,000	141,268	1.05
Toshiba Corporation	36,000	145,418	1.08
Mitsubishi Electric Corporation	24,000	146,614	1.09
Nidec Corporation	800	30,367	0.23
TDK Corporation	1,400	49,889	0.37
Keyence Corporation	600	120,452	0.89
Fanuc Ltd	2,600	180,699	1.34
Kyocera Corporation	2,800	195,839	1.45
Murata Manufacturing Company Ltd	3,300	127,457	0.94
Mitsubishi Heavy Industries	50,000	218,017	1.62
Isuzu Motors Limited	19,000	23,550	0.17
Hoya Corp	4,800	81,700	0.61
Toppan Printing Company Limited	8,000	60,027	0.44
Mitsui & Co Ltd	20,000	199,425	1.48
Mitsubishi Corporation	18,800	257,574	1.91
Nippon Express Co Ltd	12,000	49,535	0.37
Yamato Holdings Company Limited	5,000	63,800	0.47
Mitsui Osk Lines Ltd	13,000	77,977	0.58
Kawasaki Kisen Kaisha Limited	7,000	31,917	0.24
Secom Co Ltd	2,600	130,921	0.97
		2,856,494	21.17

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

DAIWA FTSE SHARIAH JAPAN 100
(Constituted under a Trust Deed in the Republic of Singapore)

PORTFOLIO STATEMENT

As at 31 December 2008

	Holdings at 31 December 2008	Fair value at 31 December 2008 USD	Percentage of total net assets attributable to unitholders at 31 December 2008 %
Primary - By Industry (continued)			
Quoted EQUITIES			
Media			
Dentsu Incorporated	20	39,132	0.29
Dai Nippon Printing Co Ltd	8,000	86,144	0.64
		125,276	0.93
Oil & Gas			
Inpex Corporation	10	77,025	0.57
Nippon Oil Corporation	16,000	79,150	0.59
Nippon Mining Holdings Incorporated	10,000	41,833	0.31
		198,008	1.47
Personal & Household Goods			
Daiwa House Industry Co Ltd	6,000	57,371	0.43
Sekisui House Ltd	7,000	59,960	0.44
Kao Corporation	8,000	239,044	1.77
Konica Minolta Holdings Inc	6,000	45,086	0.33
Shiseido Company Limited	5,000	100,708	0.75
Panasonic Corporation	36,000	443,426	3.29
Sharp Corporation	12,000	84,197	0.62
Nikon Corporation	4,000	46,835	0.35
Nintendo Co Ltd	1,600	595,839	4.41
		1,672,466	12.39
Retail			
Seven & I Holdings Co.Ltd	10,700	357,614	2.65
Yamada Denki Company Limited	1,410	95,186	0.71
Fast Retailing Company Limited	800	114,741	0.85
		567,541	4.21
Technology			
Sumco Corporation	1,500	18,393	0.14
Yahoo! Japan Corporation	266	107,448	0.80
Trend Micro Incorporated	1,500	51,129	0.38
Fujifilm Holdings Corporation	5,700	122,882	0.91
NEC Corporation	22,000	72,311	0.54
Fujitsu Limited	23,000	108,942	0.81
Seiko Epson Corporation	2,200	34,183	0.25
Rohm Company Limited	1,700	81,275	0.60
Canon Inc	19,600	596,503	4.42
Ricoh Company Ltd	8,000	98,805	0.73
Tokyo Electron Limited	2,000	68,172	0.51
NTT Data Corporation	17	66,976	0.50
		1,427,019	10.59

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

DAIWA FTSE SHARIAH JAPAN 100*(Constituted under a Trust Deed in the Republic of Singapore)***PORTFOLIO STATEMENT***As at 31 December 2008*

	Holdings at 31 December 2008	Fair value at 31 December 2008 USD	Percentage of total net assets attributable to unitholders at 31 December 2008 %
Primary - By Industry (continued)			
Quoted EQUITIES			
Telecommunications			
Nippon Telegraph And Telephone Corp	77	398,805	2.96
KDDI Corporation	50	349,712	2.59
NTT Docomo Incorporated	265	515,278	3.82
		<u>1,263,795</u>	<u>9.37</u>
Travel & Leisure			
East Japan Railway Company	44	335,016	2.48
Japan Airlines Corp	13,000	30,356	0.22
		<u>365,372</u>	<u>2.70</u>
Utilities			
Tokyo Gas Company Limited	30,000	150,730	1.12
		<u>150,730</u>	<u>1.12</u>
Investments		13,516,635	100.15
Other net liabilities		(20,711)	(0.15)
Net assets attributable to unitholders		<u>13,495,924</u>	<u>100.00</u>

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

DAIWA FTSE SHARIAH JAPAN 100
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PORTFOLIO STATEMENT

As at 31 December 2008

	Fair value at 31 December 2008 USD	Percentage of total net assets attributable to unitholders at 31 December 2008 %
Primary - By Industry (summary)		
Quoted		
EQUITIES		
Automobiles & Parts	1,824,856	13.51
Basic Resources	718,019	5.32
Chemicals	548,081	4.05
Construction & Materials	98,052	0.73
Financial Services	240,206	1.78
Health Care	1,460,720	10.81
Industrial Goods & Services	2,856,494	21.17
Media	125,276	0.93
Oil & Gas	198,008	1.47
Personal & Household Goods	1,672,466	12.39
Retail	567,541	4.21
Technology	1,427,019	10.59
Telecommunications	1,263,795	9.37
Travel & Leisure	365,372	2.70
Utilities	150,730	1.12
Investments	13,516,635	100.15
Other net liabilities	(20,711)	(0.15)
Net assets attributable to unitholders	13,495,924	100.00
Secondary - By Geography		
Quoted		
EQUITIES		
Japan	13,516,635	100.15
Investments	13,516,635	100.15
Other net liabilities	(20,711)	(0.15)
Net assets attributable to unitholders	13,495,924	100.00

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

DAIWA FTSE SHARIAH JAPAN 100

(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 25 April 2008 (date of constitution) to 31 December 2008

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Daiwa FTSE Shariah Japan 100 ("the Fund") is a Singapore standalone unit trust constituted by a Trust Deed dated 25 April 2008, as supplemented by the First Supplemental Deed dated 09 May 2008 (thereafter referred to as "Trust Deed") between Daiwa Asset Management (Singapore) Ltd. (the "Manager") and DBS Trustee Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Fund was listed on the Singapore Exchange Securities Trading Limited on 27 May 2008.

The investment objective of the Fund is to provide investment results that, before expenses, closely correspond to the performance of the FTSE SHARIAH JAPAN 100 Index. The Index is a tradable index launched by FTSE and is designed to represent the performance of the largest and most liquid Shariah compliant Japanese companies.

2. Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of financial assets at fair value through profit and loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Certified Public Accountants of Singapore ("ICPAS").

(b) Recognition of Income

Dividend income is recorded gross in the Statement of Total Return in the accounting period in which the security is quoted ex-dividend.

Interest income is recognised on a time proportion basis using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 25 April 2008 (date of constitution) to 31 December 2008

2. Significant Accounting Policies (continued)

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

Investments are classified as financial assets, at fair value through profit or loss.

(i) Initial recognition

Purchase of investments are recognised on trade date. Investments are recorded at fair value on initial recognition.

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net change in fair value on investments are included in the Statement of Total Return in the period which they arise.

(iii) Derecognition

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price net of transaction costs, and are taken up in the Statement of Total Return.

(d) Basis of valuation of investments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price for the investments held by the Fund is the current market quoted bid price.

(e) Receivables

Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(f) Payables

Trade and other payables are initially recognised at their fair values and subsequently carried at amortised cost using the effective interest method.

DAIWA FTSE SHARIAH JAPAN 100

(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 25 April 2008 (date of constitution) to 31 December 2008

2. Significant Accounting Policies (continued)

(g) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in United States dollars, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency translations are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Total Return. Translation differences on non-monetary financial assets and liabilities such as equities are recognised in the Statement of Total Return within net change in fair value of investments.

(h) Preliminary Expenses

Preliminary expenses incurred by the Fund are expensed off to the Statement of Total Return in the period in which they were incurred.

(i) Distribution

The Manager may in consultation with the Shariah Adviser to decide on distributing income to unitholders at such times as it may determine in each financial year. The amount to be distributed to unitholders will be derived from the net income of the Fund. Distributions will only be paid to the extent that they are available for distribution pursuant to the Trust Deed.

3. Preliminary expenses

Preliminary Expense includes the costs of establishing the Fund, the costs of preparation of the initial Prospectus and the costs of seeking and obtaining authorisation from the MAS as well as the SGX-ST listing and all initial legal and printing costs in respect of the Fund which will be borne by the Fund. The maximum amount payable by the Fund was set at US\$300,000. The amount shall be expensed off to the Statement of Total Return in the period in which it was incurred in accordance with RAP 7 but, for calculation of issuing/redemption units, will be amortised over a period of one year from the date when the initial Units are issued.

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4. Management fees

The management fees for the Fund is currently set at 0.75% of its net asset value per annum (maximum 1.00% per annum).

The fees of the Trustee, Custodian, Investment Adviser, Shariah Adviser, Index Provider and Auditors will be borne by the Manager and will not be charged to the Fund.

5. Income tax

The Fund was granted the status of Designated Unit Trust and, therefore, the following income is exempted from tax in accordance with Section 35(12) and (12A) of the Income Tax Act (Cap 134):

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index; and
- (e) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

	For the financial period from 25 April 2008 (date of constitution) to 31 December 2008 USD
Overseas income tax	13,256

DAIWA FTSE SHARIAH JAPAN 100*(Constituted under a Trust Deed in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial period from 25 April 2008 (date of constitution) to 31 December 2008***6. Accruals**

	2008 USD
Accrued management fee	8,648
Others	4,866
	<u>13,514</u>

7. Net assets attributable to unitholders

	2008 USD
At the beginning of financial period	-
Operations	
Change in net assets attributable to unitholders resulting from operations	(7,185,317)
Unitholders' contributions/(withdrawals)	
Creation of units	20,681,241
Cancellation of units	-
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	20,681,241
Total increase in net assets attributable to unitholders	13,495,924
At the end of financial period	<u>13,495,924</u>
Units in issue (Note 8)	<u>2,000,000</u>
Net asset attributable to unitholders per unit	<u>6.75</u>

Reconciliation of net assets attributable to unitholders per unit for issuing/redemption units at financial period end and the net assets attributable to unitholders per unit per the financial statements:

	2008 USD
Net assets attributable to unitholders per unit for issuing/redeeming units	6.83
Effect of adopting bid prices as fair value	(0.02)
Effect of adjustment of preliminary expenses	(0.06)
Net assets attributable to unitholders per unit per the financial statements	<u>6.75</u>

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7. Net assets attributable to unitholders (continued)

Quoted investments have been valued at the current bid prices in accordance with the recommendations of RAP 7. For the purpose of the net assets attributable to unitholders per unit calculation for the issuance and redemption of units, quoted investments are stated at the last available transacted price, in accordance with the Code on Collective Investment Schemes.

8. Units in issue

	2008 Units
Units created during the financial period and at the end of the financial period	<u>2,000,000</u>

9. Financial risk management

The Fund's activities expose it to a variety of financial risk (including currency risk, fair value risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance. Specific guideline on exposures to individual securities and certain industries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposure.

The Fund's assets principally consist of financial instruments such as equity investments and cash. They are held in accordance with the published investment policies of the Fund. The allocation of assets between the various types of investments is determined by the Manager to achieve their investment objectives.

The following is a summary of the main risks and risk management policies:

(a) Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investor's expectation etc. which may have significant impact on the value of the investments. The Fund's investments are substantially dependent on changes in market prices. The Fund's investments are monitored by the Manager on a regular basis.

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9. Financial risk management (continued)

(a) Market risk (continued)

The Fund is an exchange traded fund with primary objective in tracking the performance of FTSE Shariah Japan 100 Index (the "Index") that measures the investment return of the largest and most liquid Shariah compliant listed companies in Japan. As such, the Manager will generally adopt a Replication Strategy with substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Index. Rebalancing will be carried out quarterly in line with the Index in March, June, September and December during any given calendar year.

The Fund's market risk is affected primarily by changes in two components: changes in actual market prices and foreign exchange movements.

(i) *Price risk*

The Fund's sensitivity to the market is measured using its beta, a ratio that describes how the expected return of a portfolio is correlated to the return of the financial market as a whole. The daily fund price movements are measured against the daily price movement of the benchmark to derive the beta. As at 31 December 2008, the Fund beta was 0.987 which is calculated based on the daily returns over the preceding 12 months for the Fund and benchmark.

The table below summarises the impact of increases/decreases from the Fund's underlying investments in equities on the Fund's net assets attributable to the unitholders as at 31 December 2008. The analysis is based on the assumptions that the index components within the benchmark increased/decreased by a reasonable possible shift, with all variables held constant and that the fair value of the Fund's investments moved according to the beta.

<u>As at 31 December 2008</u>		<u>Benchmark increase/ decrease by 8%</u>
<u>Fund</u>	<u>Benchmark</u>	<u>Impact on net assets attributable to unitholders</u>
Daiwa FTSE Shariah Japan 100	FTSE Shariah Japan 100	USD1,065,638

DAIWA FTSE SHARIAH JAPAN 100*(Constituted under a Trust Deed in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial period from 25 April 2008 (date of constitution) to 31 December 2008***9. Financial risk management (continued)**(a) Market risk (continued)(ii) *Currency risk*

The Fund has securities denominated in currencies other than US Dollars and the Fund may be affected favourably or unfavourably by exchange rate regulators or changes in the exchange rates between the US Dollars and such other currencies.

The table below summarises the on-balance sheet exposure to currency risk for the Fund.

As at 31 December 2008	USD USD	JPY USD	Total USD
Assets			
Investments	-	13,516,635	13,516,635
Dividend receivables	-	15,428	15,428
Cash and bank balances	88,672	188,703	277,375
Total assets	88,672	13,720,766	13,809,438
Liabilities			
Accrued expenses	13,514	-	13,514
Payables	300,000	-	300,000
Net assets attributable to unitholders	13,495,924	-	13,495,924
Total liabilities	13,809,438	-	13,809,438

The following table shows the Fund's sensitivity to foreign currency exposure should the currency increase or decrease by 8% with all other variables held constant.

<u>Fund</u>	<u>Currency</u>	<u>USD/JPY exchange rate increase/decrease by 8% Impact on net assets attributable to unitholders</u>
Daiwa FTSE Shariah Japan 100	JPY	USD1,097,661

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 25 April 2008 (date of constitution) to 31 December 2008

9. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in settling a liability, including a redemption request.

The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. Investments which are neither listed nor quoted are restricted to a maximum of 10% of the net asset value. In accordance with the Fund's policies, the Manager monitors the Fund's liquidity position on a daily basis.

The Fund does not invest in currency forward contracts or any other financial derivative instruments in consistent with Investment and Borrowing Restrictions of the Fund as mentioned in the Prospectus.

Currently, redemptions can only be carried out in-kind (index securities) and/or in correct amount of cash equivalent, where the Manager decides to pay the cash equivalent in lieu of the index securities at its absolute discretion. The Manager does not allow cash only redemption request at this moment.

<u>As at 31 December 2008</u>	<u>Less than 3 months</u> USD
Accrued expenses	13,514
Payables	300,000

(c) Credit risk

Credit risk is the risk that counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

In accordance with the Fund's Investment and Borrowing Restrictions, the Fund does not invest in any financial derivative instrument or debt securities.

All transactions in listed securities are settled/paid upon delivery using approved broker. The risk of default is minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

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9. Financial risk management (continued)

(c) Credit risk (continued)

Credit risk also arises from cash and cash equivalents positions held with financial institutions. The table below summarizes the credit rating of banks and custodians in which the Fund's assets are held as at 31 December 2008.

<u>As At 31 December 2008</u>	<u>Amount</u> <u>USD</u>	<u>Credit</u> <u>rating</u> [#]	<u>Source of</u> <u>credit rating</u>
<u>Custodian</u>			
DBS Bank Ltd	13,516,635	AA-	S&P
<u>Bank</u>			
Islamic Bank of Asia	277,375	AA-	S&P

[#] Group credit rating will be presented for unrated subsidiaries.

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

10. Related party transactions

The Fund is managed by Daiwa Asset Management (Singapore) Ltd. The Trustee of the Fund is DBS Trustee Limited. Daiwa Asset Management (Singapore) Ltd. is a wholly owned subsidiary of Daiwa Asset Management Co. Ltd. DBS Trustee Limited is a wholly owned subsidiary of DBS Group Holdings Ltd.

The Manager has appointed DBS Bank Limited as the custodian of the Fund. DBS Bank Limited is a subsidiary of DBS Group Holdings Limited.

Management fees paid or payable by the Fund are shown in the Statement of Total Return and on terms set out in the Trust Deed. All other fees are borne by the Manager as set out in Note 4.

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11. Financial ratios

	31 December 2008 %
Expense ratio ¹	2.25
Expense ratio (exclusive of Preliminary expenses)	0.80
Portfolio turnover ratio ²	10.36

¹ The expense ratio is computed in accordance with the revised Investment Management Association of Singapore ("IMAS") guidelines on disclosure of expense ratios dated 25 May 2005. Brokerage and other transaction costs, interest expense, foreign exchange gains/losses, tax deducted at source or arising on income received and dividends paid to unitholders are not included in the expense ratio.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes". In accordance with the Fund's Trust Deed, units are issued through a creation of an Index Basket. For each creation Unit (comprising 1,000,000 units), the Fund receives an Index Basket consisting of constituent shares plus or minus a cash payment as determined by the Manager on a daily basis. For the purpose of computation of the portfolio turnover ratio, the value of the Index Baskets received is not considered as part of purchases or sales.

12. Comparatives

There are no comparative figures as the Fund was constituted 25 April 2008 and this is the first set of financial statements since its constitution.