

Annual Report

Legg Mason Asian Enterprise Trust

Legg Mason Southeast Asia Special Situations Trust

Legg Mason Funds

- Legg Mason Singapore Dollar Fund

- Legg Mason Singapore Opportunities Trust

Legg Mason Global Bond Trust

Legg Mason Asian Bond Trust

Legg Mason Singapore Bond Fund

For the financial year ended 31 March 2010



NOTICE TO UNITHOLDERS

Dear Unitholder,

LEGG MASON ASIAN ENTERPRISE TRUST (THE "FUND") – CHANGE OF BENCHMARK

We, Legg Mason Asset Management Singapore Pte. Limited, the Managers of Legg Mason Asian Enterprise Trust, are writing to inform you that with effect from 1 February 2010, the benchmark of the Fund has been changed from "MSCI AC Far East (ex Japan)" to "MSCI AC Asia (ex Japan)".

The rationale for the benchmark change is that the new benchmark better reflects the investment universe of the Fund.

This notice is for your information only and no action is required to be taken by you.

Please feel free to contact our authorised distributors. You may also wish to contact us at telephone number (65) 6536 8000 should you have any questions or concerns.

We would like to extend our heartfelt gratitude for your valuable support through the years, and we wish you every success in your future investments.

Legg Mason Asset Management Singapore Pte. Limited

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The CPF interest rate for the CPF Ordinary Account is based on the 12-month fixed deposit and month-end savings rates of the major local banks. Under the Central Provident Fund Act, Chapter 36 of Singapore (“**CPF Act**”), the CPF Board pays a minimum interest of 2.5% per annum when this interest formula yields a lower rate.

The interest rate for the Special and Medisave Accounts (SMA) is pegged to the 12-month average yield of 10-year Singapore government securities (10YSGS) plus 1%. From 1 January 2010, the interest rate to be credited to the Retirement Account (RA) will be the weighted average interest of the entire portfolio of Special Government Securities (SSGS) the RA savings are invested in which earn a fixed coupon equal to the 12-month average yield of the 10YSGS plus 1% of the point of issuance. For the year 2010, the minimum interest rate for the SMA and RA is 4.0% per annum. After 31 December 2010, the 2.5% per annum minimum interest rate, as prescribed by the CPF Act, will apply to the SMA and RA.

In addition, the CPF Board will pay an extra interest rate of 1% per annum on the first S\$60,000 of a CPF member’s combined balances, including up to S\$20,000 in the CPF Ordinary Account. The first S\$20,000 in the CPF Ordinary Account and the first S\$30,000 in the CPF Special Account may not be invested under the CPFIS. With effect from 1 July 2010, the first S\$40,000 in the CPF Special Account will not be allowed to be invested under the CPFIS. Investors should note that the applicable interest rates for each of the CPF accounts may be varied by the CPF Board from time to time.

Subscriptions using CPF monies shall at all times be subject to *inter alia* the regulations and such directions or requirements imposed by the CPF Board from time to time.

This Report is prepared by Legg Mason Asset Management Singapore Pte. Limited for information purposes only. It does not constitute an offer or solicitation to buy or sell units of these funds. It must be appreciated that the price of units can fall as well as rise and past performance is not necessarily a guide for future performance. Any forecasts made are not necessarily indicative of the likely or future performance of the fund. All applications for units in the unit trust must be made on the application forms accompanying the prospectus. Investors should read the prospectus for details.

Investment Manager's Report

As at 31 March 2010

Global Fixed Income

Market Review

The rally in risk assets carried on without a loss of momentum. Data releases were generally supportive, especially in emerging economies, and central banks maintained their measured approach to encouraging economic activity. The major central banks left policy rates unchanged, although a few smaller central banks tightened in response to a more robust rebound and an uncomfortable amount of pricing pressures, most notably the central banks of Australia and India.

The Federal Reserve (Fed) concluded its mortgage purchase program with final monthly purchases of just over US\$40 billion, while the US Fed funds rate was held near zero. Its balance sheet reached a plateau of US\$2.4 trillion, having absorbed the majority of new mortgage-backed issuance over the preceding 15 months. Fed Chairman Bernanke outlined the Fed's exit strategies during a Congressional testimony but emphasized the lack of urgency in doing so, alluding to a "gradual sale process" and offering that more than US\$300 billion of mortgage-backed securities and Treasuries would roll off in the next few years, either at maturity or as mortgages prepay.

While the European Central Bank also held rates unchanged, monetary developments took a back seat to announcements over Greece and its relationship with the European Union. Substantial support was pledged via a package jointly funded by eurozone members and the International Monetary Fund. Greek bond spreads over German bunds bounced around on the news, but did not tighten meaningfully as the funding package was more of an emergency backstop designed to discourage speculators from making a run on Greek finances. Greece will have to continue to pay market yields on new debt and the burden of fiscal adjustment was not reduced. Indeed, Greece came to market a few days later with a €5 billion issue requiring payment of 325 basis points (bps) over Germany. These events took a toll on the euro, which lost another 0.5% against the US dollar during March. The euro has now lost nearly 10% against the dollar since Greek creditworthiness came into question late last year.

Outlook and Strategy

We believe labour markets hold the key for a more sustainable recovery. This famously lagging indicator may offer strong predictive power for the future path of economic activity. Until a clear trend of rising employment is established, we will continue to assess the likelihood of a double-dip recession as the primary threat to our base-case scenario of modest growth, gradual disinflation and supportive monetary policy.

Encouragingly, the latest US payrolls report indicated respectable job growth for the first time in nearly three years. The unemployment rate in some of the stronger European countries looks to be near a plateau as well. Concerns remain about whether the wider G7 will suffer through a jobless recovery as did the US following its last two recessions. Structural factors are thought to have been the primary determinant, for example, lost jobs do not return with economic expansion as the composition of growth shifts. This seems valid today considering that real estate, financial services and the construction sector appear to have suffered a permanent decline. It will take time, possibly years, for former employees in these sectors to retrain and find jobs elsewhere. A secondary determinant is thought to have been a heightened degree of uncertainty, discouraging businesses from hiring until greater clarity is reached. This also seems applicable today and validates concerns about a double-dip recession further down the road in a number of economies within our investment universe, especially as fiscal stimulus is scaled back in response to the perception of binding sovereign debt burdens. We will curb our enthusiasm should job creation show strength in the next few quarters, as this may be more a one-off, partial retracement following the panicky plunge in payrolls in the wake of Lehman Brothers' collapse. A temporary bounce in hiring seems more likely for the US than Europe or the UK, where unemployment spiked more violently and could therefore display more noticeable rehiring.

Given our base-case scenario of modest growth and a disinflationary bias, we are comfortable running more duration than the benchmark, both because we feel nominal yields will not rise meaningfully in the near term and because of its value as a hedge should our primary risk scenario of slower than expected growth become more likely. The UK is an exception where the scope for rising yields is much larger. We have prepared for flatter yield curves (especially in the US) which we expect to be realized as current rate hike expectations are not met. We have also chosen to reallocate modestly toward a number of peripheral economies where interest rates compensate investors well for given risks, such as Australia and Poland. We maintain our bias away from the euro but have been reducing the underweight position given recent weakness. Economies with much stronger growth prospects and healthier government balance sheets, including the Polish zloty, the Norwegian krona, Brazilian real and Korean won appear to offer better value in the current environment.

Investment Manager's Report

As at 31 March 2010

Asian Fixed Income Review

Market Review

Indonesian and Korean government bond yields declined the most due to expectations that their central banks would remain on hold at least until 2H10. Indian yields rose due to higher inflation and expectations of imminent policy tightening. Most Asian central banks kept policy rates unchanged. However, Malaysia and India began to normalize policy by increasing rates 25 basis points (bps). Most Asian currencies strengthened against the US dollar. The Chinese yuan remained pegged to the US dollar. Thanks to rebounding exports, policy-makers felt more comfortable allowing their currencies to appreciate to counteract incipient inflation.

US dollar denominated Asian bond spreads tightened as global credit markets continued to improve and Asian fundamentals benefited from stronger growth. All Asian local currency returns were positive. Indonesian bonds benefited from benign inflation and increasing global interest due to the improving structural environment. Asian US dollar denominated investment-grade corporate spreads tightened as risk aversion dissipated. New corporate issues in the primary market were very well received by investors.

Outlook and Strategy

Asian economies should continue to grow strongly during the rest of 2010 thanks to supportive domestic and external factors. The most recent indicators point to continued growth. In China, where tightening measures created concerns about the sustainability of the recovery, manufacturers' Purchasing Managers Index (PMI) continued to be strongly positive. The government PMI rose to 55.1 in March with stronger new orders and sharply higher sentiment regarding new export orders. The private sector HSBC PMI also rose to 57.0. Similarly, PMI data in India remained robust, with manufacturing sentiment above 57.0 during the quarter and service sentiment holding at even stronger levels. Korean business surveys also reached confidence levels unseen in the past five years.

Despite modest tightening of fiscal and monetary policies in the next few months, domestic conditions remain very supportive for further growth. Monetary policy remains very accommodative and the increase in confidence should offset the gradual phasing out of various stimulus programs implemented during the financial crisis.

The external sector should continue to support Asia through multiple channels. The easy monetary policies of the US Federal Reserve, the European Central Bank and the Bank of Japan should continue to encourage capital flows toward Asia as global investors look for better returns. Consumers in the US are increasing their spending and their imports from Asia. Global business sentiment continues to recover, positively influencing Asian confidence.

The dominant theme over the coming quarters will likely be the eventual appreciation of the Chinese yuan. Chinese exports have rebounded significantly from the lows seen in late 2008. Inflation is increasing and global pressure is building for some form of appreciation. After starting the year with some stress in bi-lateral relations, the most recent US diplomatic moves have been more positive toward China. The US delayed the publication of the Treasury's currency report, which might have mentioned China as a currency manipulator, and Treasury Secretary Geithner made an unexpected visit to India and China. Chinese President Hu will be visiting the US twice in the next few months, including a state visit in July.

International pressure on China is also increasing as French, British, Korean and Canadian leaders included foreign exchange policies in a letter to their G20 counterparts on building balanced growth. The US Congress has been pressuring the US administration to label China a currency manipulator in the delayed currency report, which would set the stage for the imposition of trade barriers. It was probably no coincidence that Treasury Secretary Geithner stopped in India on his way to Beijing. Many Asian countries are adversely affected by the Chinese yuan peg as they are forced to intervene in their respective currency markets to avoid losing competitiveness to China.

Over the next few months we expect the Chinese leadership to compromise and allow a gradual appreciation and slight widening of the currency band. However, the appreciation pace is likely to be kept very modest, around 3.0-3.5% per year. We don't believe the Chinese yuan will be revalued in one large step, and attach only a small probability that the currency policy would be shifted toward managing the yuan against a basket rather than just the US dollar. As the Chinese leadership will not want to show that it is yielding to foreign pressure, any agreement regarding a change in currency policy is more likely to occur between some of the key meeting dates rather than immediately following one. The regional impact of a change in Chinese currency policy would likely be positive for all Asian currencies, as well as for risky assets in the region, as it would reduce the risk of protectionism and deteriorating bi-lateral relations between the US and China.

Investment Manager's Report

As at 31 March 2010

Asian Fixed Income Review (continued)

Turning to interest rates, policy-makers are likely to move toward normalizing their policy rates. Inflation in the region should continue to increase, and increases are also being seen in domestic prices, global commodity prices, food prices and property prices. However, in most cases inflation rates remain close to official targets. High unemployment rates in Europe, Japan and the US as well as low factory capacity utilization in most manufacturing countries should help keep inflation from rising too rapidly. Most bond markets already priced in a normalization of interest rates, and yield curves in the region are steep due to earlier expectations of government issuance. Thanks to the stronger recovery, most Asian countries should borrow less than feared, thereby making current longer maturity bonds more attractive.

We continue to favor Asian corporate bonds. While spreads have rallied strongly during the quarter, corporate cash flows are improving thanks to the improved macro backdrop, and issuance is easily matched by investor demand. We have kept our allocation to Asian high-yield moderate, as we are awaiting new issues scheduled for the next couple of weeks. In summary, we believe that ongoing global economic recovery will continue to benefit Asian currencies and corporate markets. Asia's strong fundamentals stand out in stark contrast to many other regions of the world.

Investment Manager's Report

As at 31 March 2010

Singapore Fixed Income

Market Review

The Singapore bond market continued to trade with a weak tone in March as the UOB Singapore Government Bond All Index declined 0.27%. Singapore bond yields mostly increased due to sharply higher US Treasuries yields, with which Singapore bonds are positively correlated. Supply weighed on the domestic market (SGD2.2 billion of a new seven-year Singapore Government Securities (SGS) benchmark was auctioned) while the continuing slew of new corporate bond offerings may have spurred a shift in allocation away from SGS. The auction was poorly received and had a bid-cover ratio of 1.78 times, which was among the lowest in recent years. This added to the negative tone of the market.

Banking system liquidity was easier in March as overnight interbank rates fell 11 basis points (bps) to 0.19%, while three-month interbank rates were little changed at 0.375%. Yield slope performance was mixed as the curve pivoted at the five-year area. 2- to 5-year SGS slope flattened by 60 bps while 2- to 10-year slope increased 10 bps. 2-, 10- and 20-year SGS yields were higher by a respective 5, 14 and 9 bps, while 5-year yields declined 2 bps.

Primary activity in corporate bond markets continued to be reasonably strong. According to Bloomberg, close to SGD2 billion of new deals were printed during the month. Response to most of the new issues was strong. In particular, order books for government-linked corporate issuers, which accounted for more than 50% of the new issuances, saw solid oversubscription rates. These names included Singapore Telecom, Sembawang Corporation and Singapore Post, with respective issuance of SGD600 million, SGD300 million and SGD200 million, all in 10-year bonds. Housing Development Board came to the market for SGD400 million in a 7-year bond while the usual property names including City Development, Mapletree Investments and Capitalmall Trust also tapped the market for typical small deal sizes of between SGD30 million to SGD100 million in 5- to 7-year bonds. In secondary trading, corporate credit spreads were mostly narrower, benefiting from the ongoing quest for yields despite somewhat wider swap spreads. Corporate credits outperformed government bonds and swaps on a total return basis.

Economic data in March was mostly stronger than expected and signaled a more positive growth outlook ahead. February industrial output accelerated by a better than expected 19.1% year-over-year (YoY) compared to consensus expectations of 13.7%, while non-oil domestic exports improved 23.4% YoY from 20.8% YoY in the prior month. Retail sales for January were released at 2.3% YoY, above expectations for just 0.5% YoY. Meanwhile, February Consumer Price Index (CPI) inflation posted an increase of 1.0% YoY, higher than the previous reading of 0.2% YoY.

Outlook and Strategy

The positive growth outlook for Singapore has strengthened on global economic recovery. Following a pause in 4Q09, economic data released in 2010 imply that a V-shaped recovery has resumed in Singapore. The country's composite leading indicator increased by a sharp 13.4% in 4Q09. This indicator, which has historically led GDP growth by one to two quarters, seems to suggest such a trend.

Economic momentum has also become more broad-based. Total output surged by 28.5% YoY in January/February, although this may have been boosted by the opening of a large biologic plant toward the end of last year. Industrial production (excluding the volatile biochemical sector) has been equally impressive, increasing by 29% YoY over the same period. Total industrial production excluding pharmaceuticals—widely considered a key barometer of cyclical recovery—has now returned to its pre-crisis peaks. The softer than expected March headline Purchasing Managers Index (PMI) reading of 51.1 is likely another aberration, possibly affected by recent concerns over European sovereign debt risk on the global economic recovery.

Recovery in the services sector is broadening with trade- and tourism-related services, financial services and property transactions all showing signs of stronger momentum. The opening of the integrated resorts and the Universal Studios amusement park provided a strong boost to tourist arrivals, which already saw a 21% YoY jump in January/February. Trade-related services are benefiting from stronger domestic trade and regional export recovery, while financial services are being buoyed by the ongoing property boom. Household consumption is also contributing more meaningfully to overall domestic demand. There has been a strong turnaround in the labour market with the latest unemployment rate at 2.1%, close to historical lows, and positive wealth effects from the booming property and stock markets. Barring a renewed, significant slump in the global economy, there may be further upgrades to Singapore's official GDP forecast of 4.5-6.5% for 2010.

Investment Manager's Report

As at 31 March 2010

Singapore Fixed Income (continued)

On inflation, while CPI readings remain low, prices have been creeping up on a sequential basis. The threat for a rapid run-up in prices remains limited, partially due to ongoing global disinflationary forces given ample economic slack. That said, energy prices have recently been firming. This has already caused electricity tariffs to be adjusted higher in the last six months, and there are signs of higher food prices due to weather-related supply disruptions. Together, these factors point toward some upside risk to imported inflation. The labour market is tightening, economic recovery is speeding up, and foreign workers' levies are increasing; this may also signal higher business costs ahead. Expectations have therefore increased for modestly tighter monetary policy to contain imported cost pressures. Monetary policy could take the form of a stronger SGD nominal effective exchange rate (NEER) being adopted at the upcoming Monetary Authority of Singapore policy meeting. Such an action would be consistent with the emerging trend of tighter monetary policies being adopted in the region. Liquidity is likely to be kept plentiful due to lingering concern over the strength of economic recovery in the G3, which includes Singapore's major trading partners.

On strategy, we continue to favor a broadly neutral to slightly defensive duration position. We are inclined to retain our overweight allocations to credits for carry while keeping our curve exposure with a flattening bias. Even though the risk/reward tradeoff has become less compelling, as inflation trends higher, the local bond markets should remain well supported by still plentiful liquidity and a stronger SGD trend. The yield curve should also flatten more meaningfully as the market seeks higher yields. The current slope of the SGS yield curve is still steeper than its historical averages, so we believe the attractive roll-down value and carry are likely to spur more curve extension trades.

We continue to find valuations of corporate credits attractive, despite their strong performance in recent weeks. Swap spreads relative to government bonds (to which credit spreads are positively correlated) remain wide compared to their historical averages, and attractive relative to US swap spreads. The increase in supply of corporate papers is expected to continue to be well-absorbed as cash levels in the market remain at high levels. Moreover, improving credit fundamentals for most domestic banks and corporates, which are benefiting from the more positive growth outlook, would also justify further compression in corporate credit spreads. We therefore remain confident of our overweight allocation to the corporate bond sector.

Investment Manager's Report

As at 31 March 2010

Asian Equities

Market Review

Regional markets ended the 1st Quarter 2010 slightly below where they started at the beginning of this year. The marginal negative performance of the quarter, however, masked a period of volatility in which markets had to muddle through foggy policies and fears of sovereign credit risks contagion surrounding Greece. Larger markets in the region were either flat or down in local currency terms whereas smaller markets like Malaysia, Thailand and Indonesia were up principally due to foreign investors' under-ownership of these markets and hence viewed as safe haven alternatives rather than the presence of strong compelling factors. Indonesia may be regarded as an exception as it is the only country in the region in which its central bank is overtly aggressive in ramping up money supply by pushing banks to extend credit with punitive measures for banks that failed to comply.

The range bound nature of the market did not surprise us. The performance of the market this year is likely to be characterized by two distinct halves.

Investors are likely to be confronted with policy risks of regulators seeking to withdraw excess liquidity from system in the first half of the year whereas strong earnings growth is likely to drive returns in the latter half of this year.

In the midst of all the theatrics surrounding the bailout of Greece, the market appeared to have lost sight of the improving operating leverage of companies that have undertaken measures to trim operating costs over the last 18 months. This is likely to result in earnings that have strong potential to surprise on the upside with even incremental growth at the top line. We expect this trend to play out in the course of the results announcement seasons in the following quarters.

In the meantime, China bashing has taken on renewed fervor with ample statistics highlighting the risk of rapidly escalating Non-Performing Loans for Chinese banks as Local Government Funding Vehicles appear to have rising difficulties in servicing loans repayment. This problem is in turn tied to the deteriorating financial health of local governments that depend much of their revenue sources on a bubbly property market in order to sell land at favorable prices. With the assumption that the authorities are caught between a rock and a hard place as higher property prices will result in an eventual implosion and lower property prices will be catastrophic for local governments, the risk of policy error is high. However, this problem is not new and it bears a strong semblance to the Guangdong International Trust and Investment Corporation (GITIC) credit crisis that transpired more than a decade ago. As the mode of implementing the RMB 4 trillion stimulus program in 2009 was to use local government agencies as conduits of development which gave rise to the genesis of this issue, the solution to the brewing funding problem is likely to be in the form of subsidies from central government to cover the funding gap. Nevertheless, potential risks of policy mishap exist and it bears watchful attention.

As China continues to evolve in its economic growth trajectory, road bumps are inevitable and financial disasters are never seemed to be too far away. However, certain trends remain secular, such as the rising sophistication of consumer demand patterns and the rapidly growing scale of key industries and companies, themes which we play into.

Despite the inflationary trend in India, we do not view the recent hike in interest rate with grave concern as the medium to long term fundamentals of the Indian market remain strong. Likewise Malaysia's increase in its interest rates is more reflective of normalization in its monetary policy than an expression of worrying overheating in its economy.

Outlook and Strategy

We expect markets to continue in their rotational trend and this is likely to yield more trading opportunities as opposed to structural opportunities whereby we can effectively express our views more substantially. The upcoming results season may lend some buoyancy to the markets that have been searching for positive news. Following a prolonged period of consolidation over the past three quarters, the risk/reward balance in the market has also turned more favorably. As such we will capitalize on bouts of market weakness to selectively build on positions which we have high conviction in with the view that high quality earnings growth will overwhelm market lethargy in the months ahead.

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Legg Mason Asian Enterprise Trust

Legg Mason Southeast Asia Special Situations Trust

Legg Mason Funds

- Legg Mason Singapore Dollar Fund
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Legg Mason Global Bond Trust

Legg Mason Asian Bond Trust

Legg Mason Singapore Bond Fund

Legg Mason Asian Enterprise Trust

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

Report of the Trustee

The Trustee is under a duty to take into custody and to hold the assets of Legg Mason Asian Enterprise Trust (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 the Statement of Recommended Accounting Practice 7 "Reporting Framework for Units 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 year covered by these financial statements set out on pages 13 to 30, 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

HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised Signatory

28 June 2010

Legg Mason Asian Enterprise Trust

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

Statement by the Manager

In the opinion of the directors of Legg Mason Asset Management Singapore Pte. Limited (formerly known as Legg Mason International Equities (Singapore) Pte. Limited) (the "Manager"), the accompanying financial statements set out on pages 13 to 30, 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 Legg Mason Asian Enterprise Trust (the "Fund") as at 31 March 2010 and the total return for the year 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
LEGG MASON ASSET MANAGEMENT SINGAPORE PTE. LIMITED

Director
Legg Mason Asset Management Singapore Pte. Limited

28 June 2010

Independent Auditor's Report To The Unitholders of Legg Mason Asian Enterprise Trust

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

We have audited the accompanying financial statements of Legg Mason Asian Enterprise Trust (the "Fund") set out on pages 13 to 30, which comprise the Balance Sheet and Portfolio Statement as at 31 March 2010, the Statement of Total Return for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Manager's Responsibility for the Financial Statements

The 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 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 March 2010 and the total return for the year 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, 28 June 2010

Statement of Total Return

For the financial year ended 31 March 2010

	Notes	31/3/2010 \$	31/3/2009 \$
Income			
Dividends		4,029,815	6,036,763
Interest income		1,321	35,340
		4,031,136	6,072,103
Less: Expenses			
Audit fee		18,484	17,253
Custody fee	11	284,590	165,122
Management fee	11	4,039,038	3,192,761
Trustee fee	11	206,952	164,638
Registration fee	11	33,345	18,002
Printing expenses		19,773	34,890
Professional fees		23,560	23,062
Valuation fee	11	73,567	59,463
Goods and services tax expenses		294,817	283,837
Other expenses		11,450	12,408
		5,005,576	3,971,436
Net investment (loss)/income		(974,440)	2,100,667
Net gains or losses on value of investments			
Net realised gains/(losses) on investments		44,934,312	(101,523,127)
Net change in fair value on investments		83,004,464	(34,246,790)
Net realised losses on financial derivatives		(438,336)	(41,516)
Net change in fair value on financial derivatives		11	-
Net foreign exchange losses		(79,330)	(148,450)
Net gains/(losses) on value of investments		127,421,121	(135,959,883)
Total return/(deficit) for the financial year before income tax		126,446,681	(133,859,216)
Less: Income tax	3	(434,060)	(573,548)
Total return/(deficit) for the financial year		126,012,621	(134,432,764)

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

Balance Sheet

As at 31 March 2010

	Notes	31/3/2010 \$	31/3/2009 \$
ASSETS			
Portfolio of investments		300,800,005	152,182,652
Cash and bank balances	5	7,125,781	3,149,692
Receivables	6	915,906	760,170
Sales awaiting settlement		1,382,590	7,961,633
Fair value of financial derivatives	8	11	-
Total assets		310,224,293	164,054,147
LIABILITIES			
Payables	7	1,377,602	1,469,201
Net assets attributable to unitholders	9	308,846,691	162,584,946
Total liabilities		310,224,293	164,054,147

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

Portfolio Statement

As at 31 March 2010

	Holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
<u>By Geography (Primary)</u>			
Quoted Equities			
Bermuda			
China Lotsynergy Holdings Limited	44,720,000	2,657,136	0.86
China			
BYD Co Limited	542,000	7,548,447	2.44
China Construction Bank Corporation H Shares	3,335,000	3,807,002	1.23
China Cosco Holdings Co Limited H Shares	1,528,000	2,822,726	0.92
China Life Insurance Co Limited H Shares	472,000	3,152,927	1.02
China Merchants Bank Co Limited H Shares	1,594,431	6,014,337	1.95
China National Building Material Co Limited H Shares	1,362,000	3,678,463	1.19
China Shenhua Energy Co Limited	253,000	1,523,753	0.49
Hidili Industry International Development Limited	1,801,000	2,723,899	0.88
Industrial and Commercial Bank of China Limited H Shares	4,881,000	5,193,908	1.68
Petrochina Co Limited H Shares	2,806,000	4,582,399	1.49
Zhejiang Glass Co Limited H Shares	5,848,000	2,716,596	0.88
		43,764,457	14.17
Hong Kong			
Cheung Kong Holdings Limited	156,000	2,808,811	0.91
China Mobile Limited	548,000	7,365,604	2.38
China Public Procurement Limited	16,916,000	2,984,845	0.97
China Unicom (Hong Kong) Limited	910,000	1,423,833	0.46
Cnooc Limited	1,778,000	4,072,085	1.32
Gome Electrical Appliances Holdings Limited	11,340,000	5,329,071	1.72
Haier Electronics Group Co Limited	1,759,000	1,729,245	0.56
Henderson Land Development Co Limited	285,000	2,814,618	0.91
Hong Kong Exchanges and Clearing Limited	140,000	3,266,864	1.06
Hua Lien International Holding Co Limited	21,796,000	3,414,240	1.11
Johnson Electric Holdings Limited	3,734,500	3,456,158	1.12
Li & Fung Limited	212,000	1,456,225	0.47
Melcolot Limited	22,056,000	1,429,642	0.46
Midland Holdings Limited	1,526,000	2,307,979	0.75
PCD Stores Limited	10,000,000	4,609,332	1.49
Ping AN Insurance (Group) Co of China Limited H Shares	280,000	3,365,172	1.09
Sinopharm Medicine Holding Co Limited H Shares	824,000	5,163,028	1.67
Sun Hung Kai Properties Limited	264,000	5,551,940	1.80
TCL Multimedia Technology Holdings Limited	3,158,000	4,560,206	1.48
Tencent Holdings Limited	116,000	3,245,690	1.05
Texwinca Holdings Limited	1,496,000	2,308,396	0.75
Trinity Limited	5,332,000	4,876,990	1.58
		77,539,974	25.11

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

Portfolio Statement

As at 31 March 2010

	Holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
<u>By Geography (Primary) (continued)</u>			
Quoted Equities (continued)			
India			
ICICI Bank Limited	179,984	5,346,960	1.73
IRB Infrastructure Developers Limited	608,551	4,839,021	1.57
Jaiprakash Associates Limited	1,102,448	5,134,158	1.66
Man Infraconstruction Limited	187,743	2,097,396	0.68
Tata Motors Limited	277,708	6,529,633	2.11
Unitech Limited	1,194,059	2,736,707	0.89
Yes Bank Limited	582,160	4,608,320	1.49
		31,292,195	10.13
Indonesia			
PT Astra International Inc Tbk	1,181,500	7,605,938	2.46
Malaysia			
JCY International Berhad	4,490,300	3,329,355	1.08
Sapuracrest Petroleum Berhad	3,171,800	3,248,945	1.05
		6,578,300	2.13
Singapore			
Ezra Holdings Pte Limited	2,170,000	5,121,200	1.66
Falcon Energy Group Limited	4,131,000	2,705,805	0.88
Genting Hong Kong Limited	2,509,000	719,080	0.23
Hong Leong Asia Limited	847,000	3,845,380	1.24
Indofood Agri Resources Limited	2,006,000	4,473,380	1.45
Keppel Land Limited	1,029,000	3,776,430	1.22
Otto Marine Limited	7,400,000	3,367,000	1.09
Raffles Education Corporation Limited	7,197,000	2,626,905	0.85
Straits Asia Resources Limited	1,603,000	3,446,450	1.12
		30,081,630	9.74

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

Portfolio Statement

As at 31 March 2010

	Holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
<u>By Geography (Primary) (continued)</u>			
Quoted Equities (continued)			
South Korea			
Amorepacific Co Limited	2,977	3,023,695	0.98
Hyundai Heavy Industries Co Limited	8,710	2,545,286	0.82
Infraware Inc	87,897	1,401,042	0.45
KB Financial Group, Inc	38,542	2,595,482	0.84
Korea Electric Power Corporation	47,570	2,148,364	0.70
KT Corporation	39,560	2,285,205	0.74
KT&G Corporation	38,961	3,008,828	0.98
LG Chemical Limited	19,388	5,749,519	1.86
LG Household & Health Care Limited	6,809	2,540,841	0.82
POSCO	6,484	4,230,232	1.37
Samsung Electronics Co Limited	15,952	16,103,656	5.21
Seoul Semiconductor Co Limited	28,507	1,535,767	0.50
Shinhan Financial Group Co Limited	58,739	3,222,529	1.04
Shinsegae Co Limited	4,706	3,110,950	1.01
		53,501,396	17.32
Taiwan			
AU Optronics Corporation	3,321,000	5,270,401	1.71
Formosa Epitaxy Incorporation	2,543,000	5,317,524	1.72
Hon Hai Precision Industry Co. Ltd	1,045,418	6,327,937	2.05
Innolux Display Corporation	2,969,770	6,327,580	2.05
Inotera Memories, Inc	521,330	586,372	0.19
MJC Probe Inc	792,000	3,957,223	1.28
Novatek Microelectronics Limited	774,855	3,373,543	1.09
Richtek Technology Corporation	242,550	3,630,360	1.18
Synnex Technology International Corporation	1,684,501	5,190,854	1.68
Wintek Corporation	2,807,000	3,558,807	1.15
Yuanta Financial Holdings Co Limited	5,054,000	4,238,378	1.37
		47,778,979	15.47
Portfolio of investments		300,800,005	97.39
Other net assets		8,046,686	2.61
Net assets attributable to unitholders		308,846,691	100.00

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

Portfolio Statement

As at 31 March 2010

	Percentage of total net assets attributable to unitholders at 31/3/2010 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
By Geography (Summary)		
Quoted Equities		
Bermuda	0.86	1.14
China	14.17	18.45
Hong Kong	25.11	23.45
India	10.13	-
Indonesia	2.46	-
Macau	-	0.27
Malaysia	2.13	-
Singapore	9.74	7.71
South Korea	17.32	20.59
Taiwan	15.47	21.16
Thailand	-	0.83
	<hr/>	<hr/>
Portfolio of investments	97.39	93.60
Other net assets	2.61	6.40
	<hr/>	<hr/>
Net assets attributable to unitholders	100.00	100.00
	<hr/>	<hr/>

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

Portfolio Statement

As at 31 March 2010

	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
By Industry (Secondary)			
Agriculture	4,473,380	1.45	1.10
Automotives and trucks	6,529,633	2.11	1.06
Bank	24,970,527	8.08	6.11
Brewery	-	-	1.02
Building and construction	14,807,282	4.80	1.66
Building and construction material	10,240,439	3.31	-
Chemical	8,290,360	2.68	-
Computer and software	18,679,851	6.05	5.07
Consumer	5,472,020	1.77	0.80
Department store	4,609,332	1.49	-
E-commerce	4,086,778	1.32	1.54
Educational services	2,626,905	0.85	-
Electrical and electronic	40,262,456	13.04	18.21
Finance	10,727,771	3.47	9.73
Foods	-	-	0.70
Industrials	6,001,444	1.94	1.55
Insurance	6,518,099	2.11	3.27
Internet service	1,401,042	0.45	-
Iron & steel and metal	4,230,232	1.37	1.82
Manufacturing	21,881,281	7.09	4.34
Material	3,446,450	1.12	1.14
Mining	4,247,652	1.37	-
Miscellaneous	2,595,482	0.84	1.29
Oil and gas	14,609,234	4.74	4.66
Paper	-	-	1.86
Pharmaceutical	5,163,028	1.67	-
Property and real estate	17,259,778	5.59	10.19
Retail	20,922,949	6.77	2.66
Semiconductor	7,587,583	2.46	2.02
Services	-	-	1.69
Shipbuilding	3,367,000	1.09	1.32
Telecommunication	11,074,642	3.58	5.51
Textiles	2,308,396	0.75	-
Tobacco	3,008,828	0.98	0.70
Transport	7,943,926	2.58	2.58
Wholesale	1,456,225	0.47	-
Portfolio of investments	300,800,005	97.39	93.60
Other net assets	8,046,686	2.61	6.40
Net assets attributable to unitholders	308,846,691	100.00	100.00

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

Notes to the Financial Statements

For the financial year ended 31 March 2010

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

1. General

Legg Mason Asian Enterprise Trust (the "Fund") is an open-ended unit trust constituted pursuant to the Trust Deed dated 15 August 1995, as amended by various Supplemental Deeds between HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") and Legg Mason Asset Management (Asia) Pte Ltd. A Supplemental Deed dated 28 September 2006 was entered to effect the change of investment manager from Legg Mason Asset Management (Asia) Pte Ltd to Legg Mason International Equities (Singapore) Pte. Limited (the "Manager"). The Trust Deed and subsequent Supplemental Deeds are governed in accordance with the laws of the Republic of Singapore.

The benchmark of the Fund changed from MSCI Far East ex Japan to MSCI Asia ex Japan with effect from 1 February 2010.

The principal objective of the Fund relates to holding of certain authorised investments for long-term capital appreciation.

The Fund is approved under the Central Provident Fund Investment Scheme.

The Manager, Legg Mason International Equities (Singapore) Pte. Limited changed its name to Legg Mason Asset Management Singapore Pte. Limited on 1 October 2009.

2. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and 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.

The financial statements are expressed in Singapore dollars, which is the functional currency of the Fund.

(b) Income recognition

Dividend income is recorded gross in the financial statements in the accounting year which the security is quoted ex-dividend.

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

(c) Foreign currencies

(i) Functional and presentation currency

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore dollars.

The performance of the Fund is measured and reported to the investors in Singapore dollars. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's functional and presentation currency is the Singapore Dollar.

Notes to the Financial Statements

For the financial year ended 31 March 2010

2. Significant accounting policies (continued)

(c) Foreign currencies (continued)

(ii) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the date of balance sheet. Foreign currency transactions during the financial year are converted into Singapore dollars at the rates of exchange ruling on the transaction dates.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation of foreign currency monetary assets and liabilities at balance sheet date are taken to the Statement of Total Return.

(d) Investments

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

(i) Initial recognition

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

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statement of Total Return in the year which they arise. The resultant unrealised gains and losses are taken to the Statement of Total Return.

(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 taken up in the Statement of Total Return.

(e) 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 these investments held by the Fund is the current market quoted bid price.

(f) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when their fair value is positive and as liabilities when fair values are negative.

The best evidence of the fair value of a derivative at fair value is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable market transactions in the same instrument (i.e. without modification or packaging) or based on a valuation technique that whose variables include only data from observable markets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

3. Income Tax

	2010 \$	2009 \$
Overseas income tax	434,060	573,548

(a) The Fund is a designated unit trust and therefore, the following income is exempted from tax in accordance with Section 35(12) of the Income Tax Act:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities and transactions in foreign exchange, futures, forwards, swaps and options relating to securities, financial indices, interest rates and currencies;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (iii) distribution from foreign unit trusts and dividends derived from outside Singapore and received in Singapore; and
- (iv) dividends derived from outside Singapore and received in Singapore.

(b) The Singapore income tax represented tax deducted at source for Singapore sourced dividends. The overseas income tax represents tax deducted at source on dividends derived from outside Singapore and received in Singapore.

4. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2010 (31 March 2009: \$Nil).

5. Cash and bank balances

	2010 \$	2009 \$
Held with a related company of the Trustee:		
- Cash and bank balances	7,125,781	3,149,692

6. Receivables

	2010 \$	2009 \$
Amount due from unitholders	398,191	395,391
Dividends receivable	517,715	364,779
	915,906	760,170

Notes to the Financial Statements

For the financial year ended 31 March 2010

7. Payables

	2010	2009
	\$	\$
Amount due to unitholders	927,864	1,223,828
Accrued management fee	389,462	194,710
Accrued trustee fee	19,898	10,160
Other payables and accruals	40,378	40,503
	1,377,602	1,469,201

8. Fair value of financial derivatives

The table below sets out the analysed notional contract amounts and fair value of spot foreign exchange contracts entered into with third parties.

As at 31 March 2010, commitments under spot foreign exchange contracts due for settlement within one month are as follows:

31/3/2010	Notional amount	Fair value assets	Fair value liabilities
	\$	\$	\$
Spot foreign exchange contracts	277,841	11	-

As at 31 March 2009, there were no positions outstanding financial derivatives contracts .

The spot foreign exchange contracts were undertaken for purpose of efficient portfolio management.

All financial derivatives are stated at their fair values on the balance sheet.

9. Net assets attributable to unitholders

	2010	2009
	\$	\$
At the beginning of the financial year	162,584,946	303,420,566
Operations		
Change in net assets attributable to unitholders resulting from operations	126,012,621	(134,432,764)
Unitholders' contributions/(withdrawals)		
Creation of units	71,834,116	72,512,118
Cancellation of units	(51,584,992)	(78,914,974)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	20,249,124	(6,402,856)
Total increase/(decrease) in net assets attributable to unitholders	146,261,745	(140,835,620)
At the end of the financial year	308,846,691	162,584,946
Units in issue (Note 10)	133,606,498	123,092,907
Net assets attributable to unitholders per unit	2.31	1.32

Notes to the Financial Statements

For the financial year ended 31 March 2010

10. Units in issue

	2010	2009
Units at beginning of the financial year	123,092,907	125,886,958
Units created	35,433,577	37,370,491
Units cancelled	(24,919,986)	(40,164,542)
Units at end of the financial year	133,606,498	123,092,907

11. Related party transactions

The Manager of the Fund is Legg Mason Asset Management Singapore Pte. Limited (formerly known as Legg Mason International Equities (Singapore) Pte. Limited) and the Trustee and Custodian is HSBC Institutional Trust Services (Singapore) Limited. The management fee, trustee fee, custody fee, registration fee and valuation fee paid or payable by the Fund are related party transactions and are shown in the Statement of Total Return.

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions took place during the financial year between the Fund and related parties at terms agreed between the parties concerned and within the provisions of the Trust Deed:

	2010	2009
	\$	\$
Interest income received and receivable from a bank which is a related company of the Trustee	1,321	35,340
Interest expenses incurred with a bank which is a related company of the Trustee	3	446

12. Financial risk management

The Fund's activities expose it to a variety of market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Fund's overall risk management policy seeks to minimise potential adverse effects of such risks on the Fund's financial performance. The Fund may use futures, options and/or currency forward contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines 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 exposures.

The Fund's assets principally consist of financial instruments such as equity investments, fixed interest investments, money market 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 and rates, including observable variables such as interest rates, 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 so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies and industries, and alternatively, the Fund may be hedged using derivative strategies.

The Fund's market risk is affected primarily by changes in three components : changes in actual market prices, interest rate volatility and foreign exchange movements.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk

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 unitholders at 31 March 2010 and 2009. The analysis is based on the assumption that the index components within the benchmark increased/ decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the historical correlation with the index. The Manager has used their view of what would be a "reasonable possible shift" to estimate the change in market sensitivity analysis above. However, this does not represent a prediction of the future movement in the corresponding key markets.

Benchmark Component	Benchmark increase / decrease by 10% Impact on net assets attributable to unitholders *	
	2010 \$'000	2009 \$'000
MSCI Asia ex Japan [#]	± 40,487	-
MSCI Far East ex Japan	-	± 17,911

[#] The benchmark changed from MSCI Far East ex Japan to MSCI Asia ex Japan with effect from 1 February 2010.

* NAV change which is calculated by multiplying the correlation ratio (1-year beta) of the Fund to the benchmark's "reasonable possible shift".

(ii) Interest rate risk

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

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate change may affect different industries and securities and then seeks to adjust the Fund's portfolio investment accordingly.

However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect. Consequently, no sensitivity analysis has been presented separately.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk

The Fund holds monetary financial assets/liabilities denominated in currencies other than Singapore dollars and the Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore dollar and such other currencies. The Fund may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

The tables below summarise the exposure to currency risks for the Fund:

As at 31 March 2010

	HKD \$	KRW \$	SGD \$	TWD \$	INR \$	Others \$	Total \$
Assets							
Portfolio of investments	123,961,567	53,501,396	29,362,550	47,778,979	31,292,195	14,903,318	300,800,005
Cash and bank balances	-	171	1,120,919	334,572	34	5,670,085	7,125,781
Receivables	40,403	477,312	398,191	-	-	-	915,906
Sales awaiting settlement	277,831	-	-	-	1,031,550	73,209	1,382,590
Total assets	124,279,801	53,978,879	30,881,660	48,113,551	32,323,779	20,646,612	310,224,282
Liabilities							
Payables	-	-	1,372,600	-	-	5,002	1,377,602
Net assets attributable to unitholders	-	-	308,846,691	-	-	-	308,846,691
Total liabilities	-	-	310,219,291	-	-	5,002	310,224,293
Net financial assets/ (liabilities)	124,279,801	53,978,879	(279,337,631)	48,113,551	32,323,779	20,641,610	(11)
Fair value of currency spot and financial derivatives	(277,830)	-	-	-	-	277,841	
Currency exposure	124,001,971	53,978,879	(279,337,631)	48,113,551	32,323,779	20,919,451	

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

As at 31 March 2009

	HKD \$	KRW \$	SGD \$	TWD \$	THB \$	Others \$	Total \$
Assets							
Portfolio of investments	69,120,640	33,481,913	12,538,705	34,402,981	1,340,466	1,297,947	152,182,652
Cash and bank balances	8,836	130	396,397	1,873,894	-	870,435	3,149,692
Receivables	60,730	304,047	395,391	-	-	2	760,170
Sales awaiting settlement	1,905,240	-	1,446,548	-	1,342,956	3,266,889	7,961,633
Total assets	71,095,446	33,786,090	14,777,041	36,276,875	2,683,422	5,435,273	164,054,147
Liabilities							
Payables	-	-	1,459,865	-	-	9,336	1,469,201
Net assets attributable to unitholders	-	-	162,584,946	-	-	-	162,584,946
Total liabilities	-	-	164,044,811	-	-	9,336	164,054,147
Net financial assets/(liabilities)	71,095,446	33,786,090	(149,267,770)	36,276,875	2,683,422	5,425,937	-
Fair value of currency spot and financial derivatives	-	-	-	-	-	-	-
Currency exposure	71,095,446	33,786,090	(149,267,770)	36,276,875	2,683,422	5,425,937	

Equity investments are non-monetary financial assets and are exposed to both currency risk and price risk. As these financial assets are non-monetary, no separate sensitivity analysis has been performed to analyse currency risk. The impact of currency risk arising from these financial assets on the Fund's net asset value has been included in the above other price risk sensitivity analysis.

The Fund's monetary assets/liabilities are measured for their sensitivity to exchange rate movements based on the balance of the monetary assets/liabilities, forecasted exchange rate movements and the net asset value of the fund.

As of 31 March 2010 and 2009, the Fund's exposure to foreign currency fluctuations with respect to the monetary assets/liabilities is not considered to be significant and consequently no sensitivity analysis on foreign currency risk has been performed.

(b) Liquidity risk

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

The Fund is exposed to daily cash redemption of units in the Fund. The Fund invests the majority of its assets in investments that are traded in active markets 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 (depends on actual circumstances). At 31 March 2010, there are no investments in unlisted or unquoted securities (31 March 2009: \$Nil).

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(b) Liquidity risk (continued)

In accordance with the Fund's policies, the Manager monitors the Fund's liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The Manager also has the option to limit redemption orders to 10% of the net asset value, with the approval of the Trustee. In this event, the limitation will apply pro rata so that all unitholders of the relevant class or classes wishing to redeem units in that Fund on that dealing day will redeem the same proportion by value of such units, and units not redeemed will be carried forward for redemption, subject to the same limitation, on the next dealing day.

The Fund may, from time to time, invest in currency forward contracts traded over the counter, which are not traded in an organised market and may be illiquid.

The tables below analyse the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 March 2010	Due on Demand \$	Less than 3 months \$
Liabilities		
Payables	-	1,377,602
Net assets attributable to unitholders	308,846,691	-
<hr/>		
As at 31 March 2009		
Liabilities		
Payables	-	1,469,201
Net assets attributable to unitholders	162,584,946	-
<hr/>		

(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.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single issuer or counterparty. Furthermore, the Fund does not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered 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.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(c) Credit risk (continued)

Credit risk also arises from cash and cash equivalents held with financial institutions. The Fund may also enter into derivatives to manage its exposures to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Fund is also exposed to the risk that its derivatives held with counterparties may not be recoverable in the events of any default by the parties concerned. The Manager minimises the Fund's credit risk by undertaking transactions with banks that are part of a banking group with good credit ratings assigned by international credit rating agencies.

The tables below summarise the credit rating of banks and custodians in which the Fund's assets are held as at 31 March 2010 and 2009.

As at 31 March 2010	Credit Rating	Source of Credit Rating
<u>Custodian</u> HSBC Institutional Trust Services (Singapore) Limited	Aa1	Moody's
<u>Bank</u> The Hongkong and Shanghai Banking Corporation Limited	Aa1	Moody's
<hr/>		
As at 31 March 2009		
<u>Custodian</u> HSBC Institutional Trust Services (Singapore) Limited	Aa1	Moody's
<u>Bank</u> The Hongkong and Shanghai Banking Corporation Limited	Aa1	Moody's
<hr/>		

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(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.

13. Secured credit facility

The Fund has a credit facility with HSBC at 31 March 2010

	2010	2009
	\$	\$
<u>Facility</u> Overdraft	7 million	8 million
<hr/>		

The above credit facility is secured by way of a floating charge over all assets of the Fund and is not utilised at year end.

Notes to the Financial Statements

For the financial year ended 31 March 2010

14. Financial ratios

	2010	2009
	%	%
Expense ratio ¹	1.86	1.86
Portfolio turnover ratio ²	149.30	179.29

¹ Expense ratio is calculated in accordance with IMAS Guidelines for the Disclosure of Expenses Ratios. The expense ratio does not include (where applicable) brokerage and other transaction costs, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fees.

² Portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

15. Comparatives

Certain comparative information in the financial statements for the year ended 31 March 2010 has been restated from the previous year, to be consistent with the current year presentation.

Report to Unitholders

For the financial year ended 31 March 2010

Investment Allocation as at 31 March 2010

By Country	Market Value in SGD	% of NAV
Bermuda	2,657,136	0.86
China	43,764,457	14.17
Hong Kong	77,539,974	25.11
India	31,292,195	10.13
Indonesia	7,605,938	2.46
Malaysia	6,578,300	2.13
Singapore	30,081,630	9.74
South Korea	53,501,396	17.32
Taiwan	47,778,979	15.47
Portfolio of investments	300,800,005	97.39
Other net assets	8,046,686	2.61
Total	308,846,691	100.00

By Industry	Market Value in SGD	% of NAV
Agriculture	4,473,380	1.45
Automotives and trucks	6,529,633	2.11
Bank	24,970,527	8.08
Building and construction	14,807,282	4.80
Building and construction material	10,240,439	3.31
Chemical	8,290,360	2.68
Computer and software	18,679,851	6.05
Consumer	5,472,020	1.77
Department store	4,609,332	1.49
E-commerce	4,086,778	1.32
Educational services	2,626,905	0.85
Electrical and electronic	40,262,456	13.04
Finance	10,727,771	3.47
Industrials	6,001,444	1.94
Insurance	6,518,099	2.11
Internet service	1,401,042	0.45
Iron & steel and metal	4,230,232	1.37
Manufacturing	21,881,281	7.09
Material	3,446,450	1.12
Mining	4,247,652	1.37
Miscellaneous	2,595,482	0.84
Oil and gas	14,609,234	4.74
Pharmaceutical	5,163,028	1.67
Property and real estate	17,259,778	5.59
Retail	20,922,949	6.77
Semiconductor	7,587,583	2.46
Shipbuilding	3,367,000	1.09
Telecommunication	11,074,642	3.58
Textiles	2,308,396	0.75
Tobacco	3,008,828	0.98
Transport	7,943,926	2.58
Wholesale	1,456,225	0.47
Portfolio of investments	300,800,005	97.39
Other net assets	8,046,686	2.61
Total	308,846,691	100.00

Report to Unitholders

For the financial year ended 31 March 2010

By Asset Class	Market Value in SGD	% of NAV
Equities	300,800,005	97.39
Portfolio of investments	300,800,005	97.39
Other net assets	8,046,686	2.61
Total	308,846,691	100.00

Top 10 Holdings

Holdings as at 31 March 2010	Market Value in SGD	% of NAV
Samsung Electronics Co Limited	16,103,656	5.21
PT Astra International Inc Tbk	7,605,938	2.46
BYD Co Limited	7,548,447	2.44
China Mobile Limited	7,365,604	2.38
Tata Motors Limited	6,529,633	2.11
Hon Hai Precision Industry Co. Ltd	6,327,937	2.05
Innolux Display Corporation	6,327,580	2.05
China Merchants Bank Co Limited H Shares	6,014,337	1.95
LG Chemical Limited	5,749,519	1.86
Sun Hung Kai Properties Limited	5,551,940	1.80

Holdings as at 31 March 2009	Market Value in SGD	% of NAV
Samsung Electronics Co Limited	7,930,656	4.88
China Mobile Limited	7,538,348	4.64
China Life Insurance Co Limited H Shares	5,323,191	3.27
Sun Hung Kai Properties Limited	5,237,922	3.22
China Construction Bank H Shares	5,194,274	3.19
Industrial and Commercial Bank of China H Shares	4,741,510	2.92
Hong Kong Exchanges and Clearing Limited	4,144,077	2.55
Singapore Exchange Limited	3,814,800	2.35
Mediatek Inc	3,662,598	2.25
Yuanta Financial Holdings Co Limited	3,511,674	2.16

Exposure to Derivatives

	Market value in SGD	% of NAV
Spot foreign exchange contracts as at 31 March 2010	11	- *
Net gains/(losses) on contracts realised for the period 1 April 2009 to 31 March 2010	(438,336)	
Net gains/(losses) on outstanding contracts marked to market as at 31 March 2010	11	

* Less than 0.0001%

Report to Unitholders

For the financial year ended 31 March 2010

Investment in other unit trust, mutual funds and collective investment schemes

Nil as at 31 March 2010

Borrowings

Nil as at 31 March 2010

Amount of Redemptions and Subscriptions

For the period 1 April 2009 to 31 March 2010

	SGD
Redemptions	\$51,584,992
Subscriptions	\$71,834,116

Related Party Transactions

For the period 1 April 2009 to 31 March 2010

Refer to Note 11 of the "Notes to the Financial Statements".

Performance

	Legg Mason Asian Enterprise Trust *	Benchmark
3-month	-0.81%	+0.80%
6-month	+6.63%	+6.92%
1-year	+74.53%	+56.31%
3-year	-2.01%	+1.87%
5-year	+9.80%	+9.33%
10-year	+2.03%	+4.20%
Since inception	+6.33%	+3.84%

* Average Annual Compounded Return for periods above one year, bid to bid with dividends reinvested

Benchmark : MSCI AC Asia ex Japan (S\$) with effect from 1 February 2010. Prior to that, the benchmark was MSCI AC Far East ex Japan (S\$).

The inception date was 27 September 1995

Source : Legg Mason Asset Management Singapore Pte. Limited and Lipper

Expense Ratio

For the period 1 April 2009 to 31 March 2010	1.86%
For the period 1 April 2008 to 31 March 2009	1.86%

The expense ratio was calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios.

The expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.

Report to Unitholders

For the financial year ended 31 March 2010

Turnover Ratio

For the period 1 April 2009 to 31 March 2010	149.30%
For the period 1 April 2008 to 31 March 2009	179.29%

The turnover ratio was calculated in accordance with the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore.

The turnover ratio is calculated based on the lesser of purchases or sales of underlying investments of the Fund expressed as a percentage of daily average net asset value.

Other Material Information

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

Soft Dollar Commission/Arrangements

The Investment Manager shall be entitled to and currently do receive and enter into soft dollar commissions or arrangements in respect of the Fund. The Investment Manager will comply with applicable regulatory and industry standards on soft dollar commissions or arrangements. The soft dollar commissions or arrangements include specific advice as to the advisability of dealing in, or as to the value of any investments, research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis, and custodial services in relation to the investments managed for clients.

Soft dollar commissions or arrangements shall not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employees' salaries or direct money payments.

The Investment Manager will not accept or enter into soft dollar commissions or arrangements unless (a) such soft dollar commissions or arrangements would, in the opinion of the Investment Manager, assist the Investment Manager in its management of the relevant Fund, (b) the Investment Manager shall ensure at all times that transactions are executed on the best available terms taking into account the relevant market at the time for transactions of the kind and size concerned, and (c) no unnecessary trades are entered into in order to qualify for such soft dollar commissions or arrangements.

All goods and services acquired with the soft dollar commission were for the benefit of the Fund. The broker(s), who has executed trades for other schemes managed by the Investment Manager, had executed the trades on best available terms and there was no churning of trades.

Legg Mason Asian Enterprise Trust

Legg Mason Southeast Asia Special Situations Trust

Legg Mason Funds

- Legg Mason Singapore Dollar Fund
- Legg Mason Singapore Opportunities Trust

Legg Mason Global Bond Trust

Legg Mason Asian Bond Trust

Legg Mason Singapore Bond Fund

Legg Mason Southeast Asia Special Situations Trust

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

Report of the Trustee

The Trustee is under a duty to take into custody and to hold the assets of Legg Mason Southeast Asia Special Situations Trust (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 the Statement of Recommended Accounting Practice 7 "Reporting Framework for Units 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 year covered by these financial statements set out on pages 39 to 57, 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

HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised Signatory

28 June 2010

Legg Mason Southeast Asia Special Situations Trust

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

Statement by the Manager

In the opinion of the directors of Legg Mason Asset Management Singapore Pte. Limited (formerly known as Legg Mason International Equities (Singapore) Pte. Limited) (the "Manager"), the accompanying financial statements set out on pages 39 to 57, 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 Legg Mason Southeast Asia Special Situations Trust (the "Fund") as at 31 March 2010 and the total return for the year 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
LEGG MASON ASSET MANAGEMENT SINGAPORE PTE. LIMITED

Director
Legg Mason Asset Management Singapore Pte. Limited

28 June 2010

Independent Auditor's Report To The Unitholders of Legg Mason Southeast Asia Special Situations Trust

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

We have audited the accompanying financial statements of Legg Mason Southeast Asia Special Situations Trust (the "Fund") set out on pages 39 to 57, which comprise the Balance Sheet and Portfolio Statement as at 31 March 2010, the Statement of Total Return for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Manager's Responsibility for the Financial Statements

The 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 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 March 2010 and the total return for the year 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, 28 June 2010

Statement of Total Return

For the financial year ended 31 March 2010

	Notes	31/3/2010 \$	31/3/2009 \$
Income			
Dividends		8,073,305	9,138,335
Interest income		1,371	295,550
		8,074,676	9,433,885
Less: Expenses			
Audit fee		19,467	17,673
Custody fee	11	259,815	171,903
Management fee	11	6,238,601	4,505,539
Trustee fee	11	316,930	230,277
Registration fee	11	53,014	49,899
Printing expenses		28,397	55,004
Professional fees		22,806	39,588
Valuation fee	11	110,227	81,342
Goods & services tax expenses		445,265	414,773
Other expenses		19,708	18,627
		7,514,230	5,584,625
Net investment income		560,446	3,849,260
Net gains or losses on value of investments			
Net realised gains/(losses) on investments		87,638,336	(160,406,089)
Net change in fair value on investments		175,709,382	(72,906,951)
Net realised losses on financial derivatives		(1,313,137)	(1,149,519)
Net change in fair value on financial derivatives		(1,944)	-
Net foreign exchange (losses)/gains		(64,986)	445,001
Net gains/(losses) on value of investments		261,967,651	(234,017,558)
Total return/(deficit) for the financial year before income tax		262,528,097	(230,168,298)
Less: Income tax	3	(556,002)	(580,923)
Total return/(deficit) for the financial year		261,972,095	(230,749,221)

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

Balance Sheet

As at 31 March 2010

	Notes	31/3/2010 \$	31/3/2009 \$
ASSETS			
Portfolio of investments		497,777,756	167,910,054
Cash and bank balances	5	26,006,160	5,612,270
Receivables	6	4,270,240	6,648,795
Sales awaiting settlement		245,089	12,620,944
Fair value of financial derivatives	8	4,931	-
Total assets		528,304,176	192,792,063
LIABILITIES			
Payables	7	6,260,649	6,658,012
Purchases awaiting settlement		12,847,248	-
Fair value of financial derivatives	8	6,875	-
Net assets attributable to unitholders	9	509,189,404	186,134,051
Total liabilities		528,304,176	192,792,063

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

Portfolio Statement

As at 31 March 2010

	Holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
<u>By Geography - Primary</u>			
Quoted Equities			
Australia			
News Corporation Inc CDI	214,250	5,086,124	1.00
China			
Zhejiang Glass Company Limited H Shares	9,277,000	4,309,484	0.85
Hong Kong			
China Animal Healthcare Limited	61,627,000	18,179,965	3.57
China Public Procurement Limited	26,772,000	4,723,946	0.93
PCD Stores Limited	11,270,000	5,194,717	1.02
Skyworth Digital Holdings Limited	6,482,000	10,585,571	2.08
Zznod Technologies Company Limited	17,884,000	4,669,073	0.92
		43,353,272	8.52
India			
Financial Technologies (India) Limited	183,198	8,948,652	1.76
Merrill Lynch (Exide Industries Limited) CWTS 09/03/2015	4,210,380	16,060,123	3.15
PVR Limited	798,988	4,385,247	0.86
Spicejet Limited	2,534,645	4,601,616	0.91
Tata Motors Limited	701,959	16,504,872	3.24
Unitech Limited	2,045,861	4,688,982	0.92
Yes Bank Limited	721,924	5,714,677	1.12
		60,904,169	11.96
Indonesia			
Astra International Inc	2,966,500	19,096,924	3.75
PT Bank Danamon Indonesia Tbk	7,773,000	6,210,078	1.22
PT Bank Tabungan Negara Tbk	61,857,000	12,544,918	2.46
PT Bumi Resources Tbk	17,779,500	6,146,205	1.21
PT Bumi Serpong Damai Tbk	130,000,000	11,983,940	2.35
PT Bank Mandiri (Persero) Tbk	6,145,000	4,956,627	0.97
PT Holcim Indonesia Tbk	64,107,500	20,191,461	3.97
PT Indosat Tbk	5,257,000	4,442,277	0.87
PT Summarecon Agung Tbk	21,744,500	2,739,481	0.54
		88,311,911	17.34
Japan			
Toyota Motor Corporation	89,600	5,007,125	0.98

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

Portfolio Statement

As at 31 March 2010

	Holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
<u>By Geography - Primary (continued)</u>			
Quoted Equities (continued)			
Malaysia			
Bursa Malaysia Berhad	971,500	3,268,520	0.64
Eastern & Oriental Berhad	8,182,600	3,419,280	0.67
JCY International Berhad	13,943,400	10,338,403	2.03
Kencana Petroleum Berhad	9,398,298	6,203,097	1.22
Malaysian Resources Corporation Berhad	11,890,050	8,357,304	1.64
Public Bank Berhad	32,864	163,950	0.03
Public Bank Berhad Foreign	2,234,800	11,148,856	2.19
Sapuracrest Petroleum Berhad	5,268,100	5,396,232	1.06
Sime Darby Berhad	2,016,800	7,511,407	1.47
Top Glove Corporation Berhad	1,083,300	6,453,602	1.27
		62,260,651	12.22
Singapore			
Allgreen Properties Limited	3,904,000	4,645,760	0.91
Armstrong Industrial Corporation Limited	16,807,000	5,294,205	1.04
China Environment Limited	16,453,000	4,853,635	0.95
CWT Limited	8,858,000	9,389,480	1.84
Del Monte Pacific Limited	5,570,000	2,339,400	0.46
Ezion Holdings Limited	22,248,000	16,686,000	3.28
Ezra Holdings Pte Limited	7,995,000	18,868,200	3.71
Falcon Energy Group Limited	8,290,000	5,429,950	1.07
Financial One Corporation	10,019,000	4,759,025	0.93
Genting Hong Kong Limited	44,238,000	12,678,622	2.49
Hoe Leong Corporation Limited	14,451,000	5,852,655	1.15
Hong Leong Asia Limited	459,000	2,083,860	0.41
Indofood Agri Resources Limited	3,744,000	8,349,120	1.64
Jiutian Chemical Group Limited	72,094,000	10,093,160	1.98
Keppel Land Limited	2,998,000	11,002,660	2.16
Otto Marine Limited	12,120,000	5,514,600	1.08
Raffles Education Corporation Limited	17,546,000	6,404,290	1.26
Rotary Engineering Limited	7,210,000	7,642,600	1.50
SC Global Developments Limited	9,223,000	16,785,860	3.30
Straits Asia Resources Limited	3,778,000	8,122,700	1.60
Tiger Airways Holdings Limited	2,673,000	4,757,940	0.93
		171,553,722	33.69

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

Portfolio Statement

As at 31 March 2010

	Holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
<u>By Geography - Primary (continued)</u>			
Quoted Equities (continued)			
Thailand			
Bangkok Bank Public Company Limited NVDR	651,500	3,704,161	0.73
Bangkok Bank Public Company Limited Foreign	1,679,500	9,803,101	1.93
Bank of Ayudhya Public Company Limited NVDR	8,327,000	7,632,628	1.50
Minor International Public Company Limited Foreign	23,266,600	11,065,609	2.17
PTT Public Company Limited Foreign	829,900	9,006,358	1.77
Thai Oil Public Company Limited Foreign	2,709,000	5,827,091	1.14
True Corporation Public Company Limited NVDR	61,909,400	8,190,826	1.61
		55,229,774	10.85
Quoted Bonds			
Malaysia			
Eastern & Oriental Berhad Series ICLS Convertible 8% 16/11/2019	4,091,300	1,709,640	0.34
		51,884	0.01
Accrued interest on fixed income securities			
		497,777,756	97.76
Portfolio of investments			
Other net assets		11,411,648	2.24
Net assets attributable to unitholders		509,189,404	100.00

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

Portfolio Statement

As at 31 March 2010

	Percentage of total net assets attributable to unitholders at 31/3/2010 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
By Geography (Summary)		
Quoted Equities/Bonds		
Australia	1.00	-
China	0.85	4.05
Hong Kong	8.52	10.46
India	11.96	0.61
Indonesia	17.34	12.46
Japan	0.98	-
Luxembourg	-	2.77
Malaysia	12.56	7.16
Philippines	-	2.70
Singapore	33.69	32.46
South Korea	-	2.84
Taiwan	-	1.99
Thailand	10.85	12.71
	<hr/>	<hr/>
	97.75	90.21
Accrued interest on fixed income securities	0.01	-
	<hr/>	<hr/>
Portfolio of investments	97.76	90.21
Other net assets	2.24	9.79
	<hr/>	<hr/>
Net assets attributable to unitholders	100.00	100.00
	<hr/>	<hr/>

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

Portfolio Statement

As at 31 March 2010

	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
By Industry (Secondary)			
Agriculture	8,349,120	1.64	7.19
Airlines	9,359,556	1.84	-
Automotives and trucks	27,364,652	5.37	-
Bank	50,566,190	9.93	15.28
Building and construction	44,760,011	8.80	0.81
Chemical	10,093,160	1.98	1.55
Computer and software	23,956,128	4.71	0.61
Consumer	12,678,622	2.49	2.71
Department stores	5,194,717	1.02	-
Diversified resource	7,511,407	1.47	-
Educational services	6,404,290	1.26	-
Electrical and electronic	-	-	4.92
Energy	-	-	1.37
Engineering and machinery	30,474,805	5.99	0.72
Entertainment	22,565,212	4.43	-
Finance	14,581,326	2.86	4.80
Foods	2,339,400	0.46	1.62
Hotels	11,065,609	2.17	-
Industrials	-	-	2.64
Machine Tools	-	-	2.62
Manufacturing	15,309,517	3.01	4.61
Material	8,122,700	1.60	2.35
Media	5,086,124	1.00	-
Miscellaneous	20,819,148	4.08	6.40
Oil & gas	31,862,728	6.26	1.83
Paper	-	-	2.52
Real estate	47,157,701	9.26	10.90
Retail	19,096,924	3.75	1.11
Rubber	11,747,807	2.31	1.73
Services	4,853,635	0.95	1.11
Shipbuilding	5,514,600	1.08	1.55
Shipping	-	-	2.84
Telecommunication	12,633,103	2.48	-
Transport	18,868,200	3.71	3.39
Warehousing	9,389,480	1.84	3.03
	497,725,872	97.75	90.21
Accrued interest on fixed income securities	51,884	0.01	-
Portfolio of investments	497,777,756	97.76	90.21
Other net assets	11,411,648	2.24	9.79
Net assets attributable to unitholders	509,189,404	100.00	100.00

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

Notes to the Financial Statements

For the financial year ended 31 March 2010

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

1. General

Legg Mason Southeast Asia Special Situations Trust ("the Fund") is an open-ended unit trust constituted pursuant to the Trust Deed dated 14 January 1998, as amended by various Supplemental Deeds between HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") and Legg Mason Asset Management (Asia) Pte Ltd. A Supplemental Deed dated 28 September 2006 was entered to effect the change of investment manager from Legg Mason Asset Management (Asia) Pte Ltd to Legg Mason International Equities (Singapore) Pte. Limited (the "Manager"). The Trust Deed and subsequent Supplemental Deeds are governed in accordance with the laws of the Republic of Singapore.

The principal objective of the Fund relates to holding of certain authorised investments for long-term capital appreciation.

The Fund is approved under the Central Provident Fund Investment Scheme.

The Manager, Legg Mason International Equities (Singapore) Pte. Limited changed its name to Legg Mason Asset Management Singapore Pte. Limited with effect from 1 October 2009.

2. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and 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.

The financial statements are expressed in Singapore dollars, which is the functional currency of the Fund.

(b) Income recognition

Dividend income is recorded gross in the financial statements in the accounting year which the security is quoted ex-dividend.

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

(c) Foreign currencies

(i) Functional and presentation currency

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore dollars.

The performance of the Fund is measured and reported to the investors in Singapore dollars. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's functional and presentation currency is the Singapore Dollar.

Notes to the Financial Statements

For the financial year ended 31 March 2010

2. Significant accounting policies (continued)

(c) Foreign currencies (continued)

(ii) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the date of balance sheet. Foreign currency transactions during the financial year are converted into Singapore dollars at the rates of exchange ruling on the transaction dates.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation of foreign currency monetary assets and liabilities at balance sheet date are taken to the Statement of Total Return.

(d) Investments

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

(i) Initial recognition

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

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statement of Total Return in the year which they arise. The resultant unrealised gains and losses are taken to the Statement of Total Return.

(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 taken up in the Statement of Total Return.

(e) 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 these investments held by the Fund is the current market quoted bid price.

(f) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when their fair value is positive and as liabilities when fair values are negative.

The best evidence of the fair value of a derivative at fair value is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable market transactions in the same instrument (i.e. without modification or packaging) or based on a valuation technique that whose variables include only data from observable markets.

Notes to the Financial Statements

For the financial year ended 31 March 2010

3. Income Tax

	2010 \$	2009 \$
Overseas income tax	556,002	580,923

(a) The Fund is a designated unit trust and therefore, the following income is exempted from tax in accordance with Section 35(12) of the Income Tax Act:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities and transactions in foreign exchange, futures, forwards, swaps and options relating to securities, financial indices, interest rates and currencies;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (iii) distribution from foreign unit trusts and dividends derived from outside Singapore and received in Singapore; and
- (iv) dividends derived from outside Singapore and received in Singapore.

(b) The Singapore income tax represented tax deducted at source for Singapore sourced dividends. The overseas income tax represents tax deducted at source on dividends derived from outside Singapore and received in Singapore.

4. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2010 (31 March 2009: \$Nil).

5. Cash and bank balances

	2010 \$	2009 \$
Held with a related company of the Trustee: - Cash and bank balances	26,006,160	5,612,270

6. Receivables

	2010 \$	2009 \$
Amount due from unitholders	4,043,808	6,196,873
Dividends receivable	226,432	451,922
	4,270,240	6,648,795

Notes to the Financial Statements

For the financial year ended 31 March 2010

7. Payables

	2010	2009
	\$	\$
Amount due to unitholders	5,410,687	6,382,198
Accrued management fee	638,281	224,074
Accrued trustee fee	32,339	11,628
Amount due to the Manager	138,958	663
Other payables and accruals	40,384	39,449
	6,260,649	6,658,012

8. Fair value of financial derivatives

The table below sets out the analysed notional contract amounts and fair value of spot foreign exchange contracts entered into with third parties.

As at 31 March 2010, commitments under spot foreign exchange contracts due for settlement within one month are as follows:

	Notional amount	Fair value assets	Fair value liabilities
	\$	\$	\$
Spot foreign exchange contracts	11,239,154	4,931	(6,875)

As at 31 March 2009, there are no positions outstanding financial derivative contracts.

The spot foreign exchange contracts were undertaken for purpose of efficient portfolio management.

All financial derivatives are stated at their fair values on the balance sheet.

Notes to the Financial Statements

For the financial year ended 31 March 2010

9. Net assets attributable to unitholders

	2010 \$	2009 \$
At the beginning of the financial year	186,134,051	454,293,127
Operations		
Change in net assets attributable to unitholders resulting from operations	261,972,095	(230,749,221)
Unitholders' contributions/(withdrawals)		
Creation of units	201,568,304	66,833,845
Cancellation of units	(140,485,046)	(104,243,700)
Change in net assets attributable to unitholders resulting from net creation of units	61,083,258	(37,409,855)
Total increase/(decrease) in net assets attributable to unitholders	323,055,353	(268,159,076)
At the end of the financial year	509,189,404	186,134,051
Units in issue (Note 10)	269,530,876	231,240,019
Net assets attributable to unitholders per unit	1.89	0.80

10. Units in issue

	2010	2009
Units at beginning of the financial year	231,240,019	263,032,953
Units created	122,997,676	42,900,072
Units cancelled	(84,706,819)	(74,693,006)
Units at end of the financial year	269,530,876	231,240,019

Notes to the Financial Statements

For the financial year ended 31 March 2010

11. Related party transactions

The Manager of the Fund is Legg Mason Asset Management Singapore Pte. Limited (formerly known as Legg Mason International Equities (Singapore) Pte. Limited) and the Trustee and Custodian is HSBC Institutional Trust Services (Singapore) Limited. The management fee, trustee fee, custody fee, registration fee and valuation fee paid or payable by the Fund are related party transactions and are shown in the Statement of Total Return.

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions took place during the financial year between the Fund and related parties at terms agreed between the parties concerned and within the provisions of the Trust Deed:

	2010	2009
	\$	\$
Interest income received and receivable from a bank which is a related company of the Trustee	1,371	295,093
Interest expenses incurred with a bank which is a related company of the Trustee	-	2,577

12. Financial risk management

The Fund's activities expose it to a variety of market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Fund's overall risk management policy seeks to minimise potential adverse effects of such risks on the Fund's financial performance. The Fund may use futures, options and/or currency forward contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines 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 exposures.

The Fund's assets principally consist of financial instruments such as equity investments, fixed interest investments, money market 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 and rates, including observable variables such as interest rates, 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 so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies and industries, and alternatively, the Fund may be hedged using derivative strategies.

The Fund's market risk is affected primarily by changes in three components: changes in actual market prices, interest rate volatility and foreign exchange movements.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk

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 unitholders at 31 March 2010 and 2009. The analysis is based on the assumption that the index components within the benchmark increased/ decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the historical correlation with the index. The Manager has used their view of what would be a "reasonable possible shift" to estimate the change in market sensitivity analysis above. However, this does not represent a prediction of the future movement in the corresponding key markets.

Benchmark Component	Benchmark increase / decrease by 10% Impact on net assets attributable to unitholders *	
	2010 \$'000	2009 \$'000
MSCI Far East ex Japan, ex China, ex Hong Kong, ex Taiwan, ex Korea	± 92,795	± 23,665

* NAV change which is calculated by multiplying the correlation ratio (1-year beta) of the Fund to the benchmark's "reasonable possible shift".

(ii) Interest rate risk

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

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate change may affect different industries and securities and then seeks to adjust the Fund's portfolio investment accordingly.

However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect. Consequently, no sensitivity analysis has been presented separately.

(iii) Currency risk

The Fund holds monetary financial assets/liabilities denominated in currencies other than Singapore dollars and the Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore dollar and such other currencies. The Fund may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

The table below summarises the exposure to currency risks for the Fund:

As at 31 March 2010

	IDR \$	MYR \$	SGD \$	THB \$	Others \$	Total \$
Assets						
Portfolio of investments	88,311,911	64,022,175	177,055,065	55,229,774	113,158,831	497,777,756
Cash and bank balances	-	6	12,884,118	-	13,122,036	26,006,160
Receivables	-	37,473	4,043,808	145,322	43,637	4,270,240
Sales awaiting settlement	-	245,089	-	-	-	245,089
Total assets	88,311,911	64,304,743	193,982,991	55,375,096	126,324,504	528,299,245
Liabilities						
Payables	-	-	6,256,868	-	3,781	6,260,649
Purchases awaiting settlement	5,159,308	2,562,754	-	-	5,125,186	12,847,248
Net assets attributable to unitholders	-	-	509,189,404	-	-	509,189,404
Total liabilities	5,159,308	2,562,754	515,446,272	-	5,128,967	528,297,301
Net financial assets/ (liabilities)	83,152,603	61,741,989	(321,463,281)	55,375,096	121,195,537	1,944
Fair value of currency spot and financial derivatives	5,159,308	2,317,659	-	-	(7,478,911)	
Currency exposure	88,311,911	64,059,648	(321,463,281)	55,375,096	113,716,626	

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

As at 31 March 2009

	IDR \$	HKD \$	SGD \$	THB \$	Others \$	Total \$
Assets						
Portfolio of investments	23,185,309	21,955,384	65,705,116	23,656,435	33,407,810	167,910,054
Cash and bank balances	-	1,652,010	867,331	-	3,092,929	5,612,270
Receivables	-	-	6,196,873	141,611	310,311	6,648,795
Sales awaiting settlement	-	3,483,090	1,911,843	3,421,536	3,804,475	12,620,944
Total assets	23,185,309	27,090,484	74,681,163	27,219,582	40,615,525	192,792,063
Liabilities						
Payables	-	-	6,653,936	-	4,076	6,658,012
Net assets attributable to unitholders	-	-	186,134,051	-	-	186,134,051
Total liabilities	-	-	192,787,987	-	4,076	192,792,063
Net financial assets/ (liabilities)	23,185,309	27,090,484	(118,106,824)	27,219,582	40,611,449	-
Fair value of currency spot and financial derivatives	-	-	-	-	-	-
Currency exposure	23,185,309	27,090,484	(118,106,824)	27,219,582	40,611,449	

Equity investments are non-monetary financial assets and are exposed to both currency risk and price risk. As these financial assets are non-monetary, no separate sensitivity analysis has been performed to analyse currency risk. The impact of currency risk arising from these financial assets on the Fund's net asset value has been included in the above other price risk sensitivity analysis.

The Fund's monetary assets/liabilities are measured for their sensitivity to exchange rate movements based on the balance of the monetary assets/liabilities, forecasted exchange rate movements and the net asset value of the fund.

As of 31 March 2010 and 2009, the Fund's exposure to foreign currency fluctuations with respect to the monetary assets/liabilities is not considered to be significant and consequently no sensitivity analysis on foreign currency risk has been performed.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(b) Liquidity risk

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

The Fund is exposed to daily cash redemption of units in the Fund. The Fund invests the majority of its assets in investments that are traded in active markets 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 (depends on actual circumstances). As at 31 March 2010, there are no investments in unlisted or unquoted securities (2009: \$Nil).

In accordance with the Fund's policies, the Manager monitors the Fund's liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The Manager also has the option to limit redemption orders to 10% of the net asset value, with the approval of the Trustee. In this event, the limitation will apply pro rata so that all unitholders of the relevant class or classes wishing to redeem units in that Fund on that dealing day will redeem the same proportion by value of such units, and units not redeemed will be carried forward for redemption, subject to the same limitation, on the next dealing day.

The Fund may, from time to time, invest in currency forward contracts traded over the counter, which are not traded in an organised market and may be illiquid.

The tables below analyse the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 March 2010	Due on Demand \$	Less than 3 months \$
Liabilities		
Payables	-	6,260,649
Purchases awaiting settlement	-	12,847,248
Fair value of financial derivatives	-	6,875
Net assets attributable to unitholders	509,189,404	-
<hr/>		
As at 31 March 2009		
Liabilities		
Payables	-	6,658,012
Net assets attributable to unitholders	186,134,051	-
<hr/>		

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(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.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single issuer or counterparty. Furthermore, the Fund does not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered 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.

Credit risk also arises from cash and cash equivalents held with financial institutions. The Fund may also enter into derivatives to manage its exposures to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Fund is also exposed to the risk that its derivatives held with counterparties may not be recoverable in the events of any default by the parties concerned. The Manager minimises the Fund's credit risk by undertaking transactions with banks that are part of a banking group with good credit ratings assigned by international credit rating agencies.

The tables below summarise the credit rating of banks and custodians in which the Fund's assets are held as at 31 March 2010 and 2009.

	Credit Rating	Source of Credit Rating
As at 31 March 2010		
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	Aa1	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa1	Moody's
<hr/>		
As at 31 March 2009		
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	Aa1	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa1	Moody's
<hr/>		

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(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.

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Secured credit facility

The Fund has a credit facility with HSBC at 31 March 2010 and 2009

	2010	2009
	\$	\$
<u>Facility</u>		
Overdraft	10 million	10 million

The above credit facility is secured by way of a floating charge over all assets of the Fund and is not utilised at year end.

14. Financial ratios

	2010	2009
	%	%
Expense ratio ¹	1.81	1.85
Portfolio turnover ratio ²	164.40	174.17

¹ Expense ratio is calculated in accordance with IMAS Guidelines for the Disclosure of Expenses Ratios. The expense ratio does not include (where applicable) brokerage and other transaction costs, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fees.

² Portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

15. Comparatives

Certain comparative information in the financial statements for the year ended 31 March 2010 has been restated from the previous year, to be consistent with the current year presentation.

Report to Unitholders

For the financial year ended 31 March 2010

Investment Allocation as at 31 March 2010

By Country	Market Value in SGD	% of NAV
Australia	5,086,124	1.00
China	4,309,484	0.85
Hong Kong	43,353,272	8.52
India	60,904,169	11.96
Indonesia	88,311,911	17.34
Japan	5,007,125	0.98
Malaysia	63,970,291	12.56
Singapore	171,553,722	33.69
Thailand	55,229,774	10.85
	497,725,872	97.75
Accrued interest on fixed income securities	51,884	0.01
Portfolio of investments	497,777,756	97.76
Other net assets	11,411,648	2.24
Total	509,189,404	100.00

By Industry	Market Value in SGD	% of NAV
Agriculture	8,349,120	1.64
Airlines	9,359,556	1.84
Automotives and trucks	27,364,652	5.37
Bank	50,566,190	9.93
Building and construction	44,760,011	8.80
Chemical	10,093,160	1.98
Computer and software	23,956,128	4.71
Consumer	12,678,622	2.49
Department stores	5,194,717	1.02
Diversified resource	7,511,407	1.47
Educational services	6,404,290	1.26
Engineering and machinery	30,474,805	5.99
Entertainment	22,565,212	4.43
Finance	14,581,326	2.86
Foods	2,339,400	0.46
Hotels	11,065,609	2.17
Manufacturing	15,309,517	3.01
Material	8,122,700	1.60
Media	5,086,124	1.00
Miscellaneous	20,819,148	4.08
Oil & gas	31,862,728	6.26
Real estate	47,157,701	9.26
Retail	19,096,924	3.75
Rubber	11,747,807	2.31
Services	4,853,635	0.95
Shipbuilding	5,514,600	1.08
Telecommunication	12,633,103	2.48
Transport	18,868,200	3.71
Warehousing	9,389,480	1.84
	497,725,872	97.75
Accrued interest on fixed income securities	51,884	0.01
Portfolio of investments	497,777,756	97.76
Other net assets	11,411,648	2.24
Total	509,189,404	100.00

Report to Unitholders

For the financial year ended 31 March 2010

By Asset Class	Market Value in SGD	% of NAV
Equities	496,016,232	97.41
Fixed income securities	1,709,640	0.34
	497,725,872	97.75
Accrued interest on fixed income securities	51,884	0.01
Portfolio of investments	497,777,756	97.76
Other net assets	11,411,648	2.24
Total	509,189,404	100.00

Top 10 Holdings

Holdings as at 31 March 2010	Market Value in SGD	% of NAV
PT Holcim Indonesia Tbk	20,191,461	3.97
Astra International Inc	19,096,924	3.75
Ezra Holdings Pte Limited	18,868,200	3.71
China Animal Healthcare Limited	18,179,965	3.57
SC Global Developments Limited	16,785,860	3.30
Ezion Holdings Limited	16,686,000	3.28
Tata Motors Limited	16,504,872	3.24
Merrill Lynch (Exide Industries Limited) CWTS 09/03/2015	16,060,123	3.15
Genting Hong Kong Limited	12,678,622	2.49
PT Bank Tabungan Negara Tbk	12,544,918	2.46

Holdings as at 31 March 2009	Market Value in SGD	% of NAV
IOI Corporation	7,842,321	4.21
PT Indo Tambangraya Megah Tbk	5,989,382	3.22
CWT Limited	5,647,430	3.03
Bangkok Bank Public Company Limited Foreign	5,607,019	3.01
Bumiputra-Commerce Holdings Limited	5,487,335	2.95
DBS Group Holdings Limited	5,350,800	2.87
Indofood Agri Resources Limited	5,315,900	2.86
STX Pan Ocean Co Limited	5,289,558	2.84
Macquarie Bank (Young Fast Optoelectronics Co Limited) CWTS 17/03/2014	5,160,826	2.77
Star Cruises Limited	5,043,796	2.71

Exposure to Derivatives

	Market value in SGD	% of NAV
Spot foreign exchange contracts as at 31 March 2010	(1,944)	- *
Net gains/(losses) on contracts realised for the period 1 April 2009 to 31 March 2010	(1,313,137)	
Net gains/(losses) on outstanding contracts marked to market as at 31 March 2010	(1,944)	

* Less than 0.001%

Report to Unitholders

For the financial year ended 31 March 2010

Investment in other unit trust, mutual funds and collective investment schemes

Nil as at 31 March 2010

Borrowings

Nil as at 31 March 2010

Amount of Redemptions and Subscriptions

For the period 1 April 2009 to 31 March 2010

	SGD
Redemptions	\$140,485,046
Subscriptions	\$201,568,304

Related Party Transactions

For the period 1 April 2009 to 31 March 2010

Refer to Note 11 of the "Notes to the Financial Statements".

Performance

	Legg Mason Southeast Asia Special Situations Trust*	Benchmark
3-month	+ 3.04%	+ 4.76%
6-month	+ 4.57%	+ 11.84%
1-year	+ 133.87%	+ 78.02%
3-year	+ 0.73%	+ 4.15%
5-year	+ 15.29%	+ 12.40%
10-year	+ 5.47%	+ 6.29%
Since inception	+ 12.14%	+ 4.55%

* Average Annual Compounded Return for periods above one year, bid to bid with dividends reinvested

Benchmark : MSCI AC Far East ex Japan, ex China, ex Hong Kong, ex Taiwan, ex Korea (S\$)

The inception date was 2 March 1998

Source : Legg Mason Asset Management Singapore Pte. Limited and Lipper

Expense Ratio

For the period 1 April 2009 to 31 March 2010	1.81%
For the period 1 April 2008 to 31 March 2009	1.85%

The expense ratio was calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios.

The expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.

Report to Unitholders

For the financial year ended 31 March 2010

Turnover Ratio

For the period 1 April 2009 to 31 March 2010	164.40%
For the period 1 April 2008 to 31 March 2009	174.17%

The turnover ratio was calculated in accordance with the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore.

The turnover ratio is calculated based on the lesser of purchases or sales of underlying investments of the Fund expressed as a percentage of daily average net asset value.

Other Material Information

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

Soft Dollar Commission/Arrangements

The Investment Manager shall be entitled to and currently do receive and enter into soft dollar commissions or arrangements in respect of the Fund. The Investment Manager will comply with applicable regulatory and industry standards on soft dollar commissions or arrangements. The soft dollar commissions or arrangements include specific advice as to the advisability of dealing in, or as to the value of any investments, research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis, and custodial services in relation to the investments managed for clients.

Soft dollar commissions or arrangements shall not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employees' salaries or direct money payments.

The Investment Manager will not accept or enter into soft dollar commissions or arrangements unless (a) such soft dollar commissions or arrangements would, in the opinion of the Investment Manager, assist the Investment Manager in its management of the relevant Fund, (b) the Investment Manager shall ensure at all times that transactions are executed on the best available terms taking into account the relevant market at the time for transactions of the kind and size concerned, and (c) no unnecessary trades are entered into in order to qualify for such soft dollar commissions or arrangements.

All goods and services acquired with the soft dollar commission were for the benefit of the Fund. The broker(s), who has executed trades for other schemes managed by the Investment Manager, had executed the trades on best available terms and there was no churning of trades.

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Legg Mason Asian Enterprise Trust

Legg Mason Southeast Asia Special Situations Trust

Legg Mason Funds

- **Legg Mason Singapore Dollar Fund**

- **Legg Mason Singapore Opportunities Trust**

Legg Mason Global Bond Trust

Legg Mason Asian Bond Trust

Legg Mason Singapore Bond Fund

Legg Mason Funds

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

Report of the Trustee

The Trustee is under a duty to take into custody and to hold the assets of the sub-funds of Legg Mason Funds, namely Legg Mason Singapore Dollar Fund and Legg Mason Singapore Opportunities Trust (the "Funds") 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 Units 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 Funds during the year covered by these financial statements, set out on pages 67 to 95 comprising the Statements of Total Return, Balance Sheets, Portfolio Statements and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed and Supplemental Deeds, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee

HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised Signatory

28 June 2010

Legg Mason Funds

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

Statement by the Manager

In the opinion of the directors of Legg Mason Asset Management Singapore Pte. Limited (formerly known as Legg Mason International Equities (Singapore) Pte. Limited) (the "Manager"), the accompanying financial statements set out on pages 67 to 95, comprising the Statements of Total Return, Balance Sheets, Portfolio Statements and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions of the sub-funds of Legg Mason Funds, namely Legg Mason Singapore Dollar Fund and Legg Mason Singapore Opportunities Trust (the "Funds") as at 31 March 2010 and the total return for the year 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 Funds will be able to meet its financial obligations as and when they materialise.

For and on behalf of directors of
LEGG MASON ASSET MANAGEMENT SINGAPORE PTE. LIMITED

Director
Legg Mason Asset Management Singapore Pte. Limited

28 June 2010

Independent Auditor's Report To The Unitholders of Legg Mason Funds

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

We have audited the accompanying financial statements of the sub-funds of Legg Mason Funds, namely Legg Mason Singapore Dollar Fund and Legg Mason Singapore Opportunities Trust (the "Funds") set out on pages 67 to 95, which comprise the Balance Sheets and Portfolio Statements as at 31 March 2010, the Statements of Total Return for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Manager's Responsibility for the Financial Statements

The 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 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 positions of the Funds as at 31 March 2010 and the total return for the year 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, 28 June 2010

Statement of Total Return

For the financial year ended 31 March 2010

	Note	31/3/2010	
		Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
Income			
Dividend income		-	836,211
Interest income	11	86,536	105
		86,536	836,316
Less: Expenses			
Audit fee		9,300	9,508
Custody fee	11	31,821	12,174
Management fee	11	270,222	111,011
Trustee fee	11	-	20,167
Registration fee	11	4,991	6,535
Printing expenses		4,918	316
Professional fees		13,328	(11,360)
Valuation fee	11	21,226	13,528
Goods & services tax expenses		3,496	10,365
Other expenses		8,540	(10,561)
		367,842	161,683
Net investment (loss)/income		(281,306)	674,633
Net gains or losses on value of investments			
Net realised gains on investments		1,169,608	3,531,912
Net change in fair value on investments		(178,607)	14,534,762
Net realised losses on financial derivatives		(6)	(1,390)
Net foreign exchange (losses)/gains		(41)	62
Net gains on value of investments		990,954	18,065,346
Total return for the year before income tax		709,648	18,739,979
Less: Income tax	4	-	(8,545)
Total return for the year		709,648	18,731,434

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

Statement of Total Return

For the financial year ended 31 March 2010

		31/3/2009	
		Legg Mason Singapore Dollar Fund	Legg Mason Singapore Opportunities Trust
	Note	\$	\$
Income			
Dividend income		-	787,161
Interest income	11	206,895	2,316
		<hr/>	<hr/>
		206,895	789,477
Less: Expenses			
Audit fee		-	11,999
Custody fee	11	-	10,980
Management fee	11	327,968	16,248
Trustee fee	11	-	13,897
Registration fee	11	-	3,927
Printing expenses		-	4,997
Professional fees		-	15,415
Valuation fee	11	-	8,796
Goods & services tax expenses		22,225	4,782
Other expenses		795	5,536
		<hr/>	<hr/>
		350,988	96,577
Net investment (loss)/income		<hr/>	<hr/>
		(144,093)	692,900
Net gains or losses on value of investments			
Net realised gains/(losses) on investments		1,487,792	(9,186,082)
Net change in fair value on investments		(104,479)	(3,446,032)
Net realised losses on financial derivatives		(38)	(667)
Net foreign exchange gains		4,046	1,135
Net gains/(losses) on value of investments		<hr/>	<hr/>
		1,387,321	(12,631,646)
Total return/(deficit) for the year before income tax		<hr/>	<hr/>
		1,243,228	(11,938,746)
Less: Income tax	4	-	(15,276)
Total return/(deficit) for the year		<hr/>	<hr/>
		1,243,228	(11,954,022)

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

Balance Sheet

As at 31 March 2010

		31/3/2010	
		Legg Mason Singapore Dollar Fund	Legg Mason Singapore Opportunities Trust
	Note	\$	\$
ASSETS			
Portfolio of investments		73,365,898	41,781,958
Cash and bank balances	6	6,706,689	1,600,027
Receivables	7	7,318	670,712
Sales awaiting settlement		499,970	-
Total assets		80,579,875	44,052,697
LIABILITIES			
Payables	8	746,492	1,226,570
Purchases awaiting settlement		2,250,000	-
Net assets attributable to unitholders	9	77,583,383	42,826,127
Total liabilities		80,579,875	44,052,697

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

Balance Sheet

As at 31 March 2009

		31/3/2009	
		Legg Mason Singapore Dollar Fund	Legg Mason Singapore Opportunities Trust
	Note	\$	\$
ASSETS			
Portfolio of investments		126,463,285	10,638,100
Cash and bank balances	6	17,400,941	1,698,060
Receivables	7	46,166	11,794
Sales awaiting settlement		-	391,609
Total assets		143,910,392	12,739,563
LIABILITIES			
Payables	8	32,369	53,609
Purchases awaiting settlement		1,500,000	228,592
Net assets attributable to unitholders	9	142,378,023	12,457,362
Total liabilities		143,910,392	12,739,563

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

Portfolio Statements

As at 31 March 2010

Legg Mason Singapore Dollar Fund

	Nominal holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
<u>By Geography - (Primary)</u>			
Quoted Bonds			
Cayman Islands			
ADCB Finance Cayman Ltd EMTN 4.08% 30/06/2010	500,000	500,450	0.65
Germany			
Kreditanstalt Fur Wiederaufbau AG EMTN (BR) 1.9% 17/03/2011	1,500,000	1,500,000	1.93
RWE AG EMTN 2.3% 08/07/2010	1,000,000	998,614	1.29
		2,498,614	3.22
Great Britain			
Standard Chartered PLC EMTN 2.48% 07/04/2010	1,500,000	1,500,000	1.93
Hong Kong			
The Hong Kong Mortgage Corporation Limited EMTN (BR) 1.4% 24/08/2011	750,000	755,263	0.97
New Zealand			
ANZ National (Intl) Ltd EMTN 3.22% 08/07/2010	1,500,000	1,500,000	1.93
Singapore			
CMT MTN Pte Limited MTN (BR) FRN 30/04/2010	250,000	250,058	0.32
Housing & Development Board MTN (BR) 2.82% 06/10/2010	500,000	502,238	0.64
Singapore Airlines Limited 4.15% 19/12/2011	750,000	782,910	1.01
Singapore Treasury Bill Series 91 03/06/2010	9,000,000	8,993,769	11.59
Singapore Treasury Bill Series 364 01/11/2010	2,000,000	1,993,004	2.57
Singapore Treasury Bill Series 91 08/04/2010	18,000,000	17,997,923	23.20
Singapore Treasury Bill Series 91 15/04/2010	3,000,000	2,999,391	3.87
Singapore Treasury Bill Series 91 22/04/2010	2,000,000	1,999,446	2.58
Singapore Treasury Bill Series 91 29/04/2010	3,000,000	2,998,966	3.87
Singapore Treasury Bill Series 91 06/05/2010	14,000,000	13,994,615	18.04
Singapore Treasury Bill Series 91 20/05/2010	1,000,000	999,462	1.28
Singapore Treasury Bill Series 91 10/06/2010	4,000,000	3,997,169	5.15
Singapore Treasury Bill Series 91 17/06/2010	2,000,000	1,998,477	2.58
		59,507,428	76.70

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

Portfolio Statements

As at 31 March 2010

Legg Mason Singapore Dollar Fund

	Nominal holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
By Geography - (Primary) (continued)			
Quoted Bonds (continued)			
South Korea			
Export-Import Bank of Korea EMTN 1.35% 09/04/2011	2,250,000	2,250,000	2.90
Hana Bank EMTN (BR) 3.53% 16/06/2010	1,000,000	1,000,776	1.29
Industrial Bank of Korea EMTN 4.7% 17/05/2010	1,000,000	1,000,000	1.29
National Agricultural Cooperative Federation Series GMTN 3.3% 18/08/2010	1,750,000	1,750,000	2.26
Shinhan Bank Series EMTN (BR) 3.8% 14/07/2010	1,000,000	1,000,000	1.29
		7,000,776	9.03
Quoted bonds		73,262,531	94.43
Accrued interest on fixed income securities		103,367	0.13
Portfolio of investments		73,365,898	94.56
Other net assets		4,217,485	5.44
Net assets attributable to unitholders		77,583,383	100.00

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

Portfolio Statements

As at 31 March 2010

Legg Mason Singapore Dollar Fund

	Percentage of total net assets attributable to unitholders at 31/3/2010 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
By Geography (Summary)		
Quoted Bonds		
Cayman Islands	0.65	0.35
Germany	3.22	2.29
Great Britain	1.93	1.05
Hong Kong	0.97	-
New Zealand	1.93	1.05
Singapore	76.70	68.96
South Korea	9.03	12.46
United States	-	2.46
	<hr/> 94.43	88.62
Accrued interest on fixed income securities	0.13	0.20
	<hr/> 94.56	88.82
Portfolio of investments	94.56	88.82
Other net assets	5.44	11.18
	<hr/> 100.00	100.00
Net assets attributable to unitholders	100.00	100.00

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

Portfolio Statements

As at 31 March 2010

Legg Mason Singapore Dollar Fund

	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
By Industry (Secondary)			
Airlines	782,910	1.01	-
Banks	11,500,776	14.82	16.15
Commerce	-	-	0.70
Electrical and electronic	998,614	1.29	0.70
Finance	1,255,713	1.62	2.81
Government	57,972,222	74.73	64.71
Real estate	502,238	0.64	1.95
Transport	-	-	1.42
Miscellaneous	250,058	0.32	0.18
	<hr/> 73,262,531	<hr/> 94.43	<hr/> 88.62
Accrued interest on fixed income securities	103,367	0.13	0.20
	<hr/> 73,365,898	<hr/> 94.56	<hr/> 88.82
Portfolio of investments	73,365,898	94.56	88.82
Other net assets	4,217,485	5.44	11.18
	<hr/> 77,583,383	<hr/> 100.00	<hr/> 100.00
Net assets attributable to unitholders	77,583,383	100.00	100.00

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

Portfolio Statements

As at 31 March 2010

Legg Mason Singapore Opportunities Trust

	Holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
<u>By Geography - (Primary)</u>			
Quoted Equities			
China			
Yangzijiang Shipbuilding Holdings Limited	1,354,000	1,557,100	3.64
Hong Kong			
China Animal Healthcare Limited	3,472,000	1,024,240	2.39
Hong Kong Land Holdings Limited	133,000	942,719	2.20
		1,966,959	4.59
Israel			
Sarin Technologies Limited	1,695,000	1,152,600	2.69
Singapore			
CDL Hospitality Trusts	581,000	1,034,180	2.41
City Developments Limited	134,000	1,420,400	3.32
DBS Group Holdings Limited	243,500	3,482,050	8.13
Del Monte Pacific Limited	800,000	336,000	0.78
Ezra Holdings Pte Limited	691,600	1,632,176	3.81
Ho Bee Investment Limited	512,000	916,480	2.14
Indofood Agri Resources Limited	304,000	677,920	1.58
Jardine Cycle & Carriage Limited	47,000	1,380,860	3.22
Jiutian Chemical Group Limited	3,495,000	489,300	1.14
Keppel Corporation Limited	208,000	1,894,880	4.42
Keppel Land Limited	603,000	2,213,010	5.17
Neptune Orient Lines Limited	495,250	995,452	2.32
Otto Marine Limited	3,519,000	1,601,145	3.74
Oversea-Chinese Banking Corporation Limited	376,484	3,275,411	7.65
Raffles Education Corporation Limited	1,957,000	714,305	1.67
SC Global Developments Limited	428,000	778,960	1.82
Sembcorp Marine Limited	342,000	1,429,560	3.34
Singapore Airport Terminal Services Limited	315,000	834,750	1.95
Singapore Exchange Limited	66,000	504,900	1.18
Singapore Press Holdings Limited	330,000	1,257,300	2.94
Singapore Telecommunications Limited	686,000	2,174,620	5.08
Straits Asia Resources Limited	414,000	890,100	2.08
Tiger Airways Holdings Limited	760,000	1,352,800	3.16
United Overseas Bank Limited	202,000	3,882,440	9.07
Wilmar International Limited	289,000	1,936,300	4.52
		37,105,299	86.64
Portfolio of investments		41,781,958	97.56
Other net assets		1,044,169	2.44
Net assets attributable to unitholders		42,826,127	100.00

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

Portfolio Statements

As at 31 March 2010

Legg Mason Singapore Opportunities Trust

	Percentage of total net assets attributable to unitholders at 31/3/2010 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
By Geography (Summary)		
Quoted Equities		
China	3.64	-
Hong Kong	4.59	-
Israel	2.69	2.08
Singapore	86.64	80.01
South Korea	-	3.31
Portfolio of investments	97.56	85.40
Other net assets	2.44	14.60
Net assets attributable to unitholders	100.00	100.00

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

Portfolio Statements

As at 31 March 2010

Legg Mason Singapore Opportunities Trust

	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
By Industry (Secondary)			
Agriculture	2,614,220	6.10	3.15
Airlines	1,352,800	3.16	6.02
Automotives	1,380,860	3.22	-
Banks	10,639,901	24.85	24.86
Chemical	489,300	1.14	0.70
Commercial Services	834,750	1.95	-
Educational services	714,305	1.67	-
Electronic	-	-	0.36
Entertainment	1,257,300	2.94	-
Finance	504,900	1.18	3.97
Foods	336,000	0.78	3.48
Industrials	-	-	2.23
Investment	-	-	1.35
Manufacturing	1,152,600	2.69	2.08
Materials	890,100	2.08	4.98
Pharmaceuticals	1,024,240	2.39	-
Real estate	7,305,749	17.06	11.81
Shipbuilding	4,925,585	11.50	6.35
Shipping	995,452	2.32	3.31
Telecommunications services	2,174,620	5.08	7.49
Transport-Ship	3,189,276	7.45	3.26
Portfolio of investments	41,781,958	97.56	85.40
Other net assets	1,044,169	2.44	14.60
Net assets attributable to unitholders	42,826,127	100.00	100.00

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

Notes to the Financial Statements

For the financial year ended 31 March 2010

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

1. General

Legg Mason Funds is an umbrella unit trust constituted pursuant to the Trust Deed dated 6 March 2000, as amended by various Supplemental Deeds between HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") and Legg Mason Asset Management (Asia) Pte Ltd (the "Manager"). A Supplemental Deed dated 1 October 2006 was entered to effect the change of investment manager from Legg Mason Asset Management (Asia) Pte Ltd to Legg Mason International Equities (Singapore) Pte. Limited (the "Manager"). The Trust Deed and subsequent Supplemental Deeds are governed in accordance with the laws of the Republic of Singapore.

Legg Mason Funds comprise the following 2 sub-funds:

- Legg Mason Singapore Dollar Fund
- Legg Mason Singapore Opportunities Trust

Legg Mason Singapore Dollar Fund invests in money market instruments and securities such as term deposits, commercial papers, short-term bonds, and certificate of deposits. Legg Mason Singapore Dollar Fund has 2 classes of units in issue at the balance sheet date. Class A and Class B unitholders currently pay management fees of 0.5% per annum and 0.25% per annum respectively.

The principal objective of Legg Mason Singapore Opportunities Trust relates to holding of certain authorised investments for medium to long-term capital appreciation. Legg Mason Singapore Opportunities Trust has 2 classes of units, Class A and I in issue at the balance sheet date. Only Class A unitholders currently pay management fees of 1.5% per annum.

Legg Mason Singapore Opportunities Trust is approved under the Central Provident Fund Investment Scheme.

The Manager, Legg Mason International Equities (Singapore) Pte. Limited changed its name to Legg Mason Asset Management Singapore Pte. Limited on 1 October 2009.

2. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and 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.

The financial statements are expressed in Singapore dollars, which is the functional currency of the Funds.

(b) Income recognition

Dividend income is recorded gross in the financial statements in the accounting year which the security is quoted ex-dividend.

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

(c) Foreign currencies

(i) Functional and presentation currency

The Funds' investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore dollars.

The performances of the Funds are measured and reported to the investors in Singapore dollars. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Funds' functional and presentation currency is the Singapore Dollar.

Notes to the Financial Statements

For the financial year ended 31 March 2010

2. Significant accounting policies (continued)

(c) Foreign currencies (continued)

(ii) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the date of balance sheet. Foreign currency transactions during the financial year are converted into Singapore dollars at the rates of exchange ruling on the transaction dates.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation of foreign currency monetary assets and liabilities at balance sheet date are taken to the Statements of Total Return.

(d) Investments

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

(i) Initial recognition

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

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statements of Total Return in the year which they arise. The resultant unrealised gains and losses are taken to the Statements of Total Return.

(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 taken up in the Statements of Total Return.

(e) Basis of valuation of investments

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The quoted market price for the investments held by the Funds is the current market quoted bid price or dealer's quote as applicable. Accrued interest is included in the fair value of the fixed income instruments.

(f) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when their fair value is positive and as liabilities when fair values are negative.

The best evidence of the fair value of a derivative at fair value is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable market transactions in the same instrument (i.e. without modification or packaging) or based on a valuation technique that whose variables include only data from observable markets.

Notes to the Financial Statements

For the financial year ended 31 March 2010

3. Fees borne by the Manager

There is no trustee fee in the financial year ended 31 March 2010 for Legg Mason Singapore Dollar Fund as the fee is borne by the Manager. In the financial year ended 31 March 2009, there were no audit fee, custody fee, trustee fee, registration fee, valuation fee, professional fees and printing expenses as these were borne by the Manager.

4. Income Tax

	2010 Legg Mason Singapore Opportunities Trust \$
Singapore income tax	9,547
Overseas income tax (Reverse tax overaccrual)	(1,002)
Total income tax	<u>8,545</u>
	2009 Legg Mason Singapore Opportunities Trust \$
Singapore income tax	9,565
Overseas income tax	5,711
	<u>15,276</u>

- (a) The Funds are designated unit trusts and therefore, the following income is exempted from tax in accordance with Section 35(12) of the Income Tax Act:
- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities and transactions in foreign exchange, futures, forwards, swaps and options relating to securities, financial indices, interest rates and currencies;
 - (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
 - (iii) distribution from foreign unit trusts and dividends derived from outside Singapore and received in Singapore; and
 - (iv) dividends derived from outside Singapore and received in Singapore
- (b) The Singapore income tax represents tax deducted at source for Singapore sourced dividends. The overseas income tax represents tax deducted at source on income derived from outside Singapore and received in Singapore.
- (c) For Legg Mason Singapore Dollar Fund, there is no income tax for the financial year ended 31 March 2010 (31 March 2009: \$Nil).

Notes to the Financial Statements

For the financial year ended 31 March 2010

5. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2010 (31 March 2009: \$Nil).

6. Cash and bank balances

	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
31/3/2010		
Held with a related company of the Trustee:		
- Cash and bank balances	706,689	1,600,027
Held with other financial institutions:		
- Fixed deposits	6,000,000	-
Total	6,706,689	1,600,027
31/3/2009		
Held with a related company of the Trustee:		
- Cash and bank balances	400,941	1,097,945
- Fixed deposits	3,000,000	-
	3,400,941	1,097,945
Held with other financial institutions:		
- Fixed deposits	14,000,000	600,115
Total	17,400,941	1,698,060

	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
31/3/2010		
Average maturity days on fixed deposits	7	-
Weighted average effective interest rate	0.53%	-
31/3/2009		
Average maturity days on fixed deposits	45	6
Weighted average effective interest rate	0.68%	0.04%

Notes to the Financial Statements

For the financial year ended 31 March 2010

7. Receivables

	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
31/3/2010		
Amount due from unitholders	-	652,118
Dividends receivable	-	18,594
Interest receivable	7,318	-
	7,318	670,712
31/3/2009		
Dividends receivable	-	11,794
Interest receivable	33,488	-
Other receivable	12,678	-
	46,166	11,794

8. Payables

	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
31/3/2010		
Amount due to unitholders	712,369	1,144,286
Accrued management fee	17,439	30,552
Accrued trustee fee	-	2,234
Other payables and accruals	16,684	49,498
	746,492	1,226,570
31/3/2009		
Amount due to unitholders	-	2,085
Accrued management fee	31,082	680
Accrued trustee fee	-	929
Other payables and accruals	1,287	49,915
	32,369	53,609

Notes to the Financial Statements

For the financial year ended 31 March 2010

9. Net assets attributable to unitholders

	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
31/3/2010		
At the beginning of the financial year	142,378,023	12,457,362
Operations		
Change in net assets attributable to unitholders resulting from operations	709,648	18,731,434
Unitholders' contributions/(withdrawals)		
Creation of units	35,688,009	36,426,895
Cancellation of units	(101,192,297)	(24,789,564)
Change in net assets attributable to unitholders resulting from net (cancellation)/creation of units	(65,504,288)	11,637,331
Total (decrease)/increase in net assets attributable to unitholders	(64,794,640)	30,368,765
At the end of the financial year	77,583,383	42,826,127
Units in issue (Note 10)		
Class A	1,665,623	30,429,950
Class B	64,853,436	-
Class I	-	25,126,684
Net assets attributable to unitholders per unit		
Class A	1.10	0.79
Class B	1.17	-
Class I	-	0.75

Notes to the Financial Statements

For the financial year ended 31 March 2010

9. Net assets attributable to unitholders (continued)

	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
31/3/2009		
At the beginning of the financial year	102,038,705	26,159,703
Operations		
Change in net assets attributable to unitholders resulting from operations	1,243,228	(11,954,022)
Unitholders' contributions/(withdrawals)		
Creation of units	84,921,154	3,504,993
Cancellation of units	(45,825,064)	(5,253,312)
Change in net assets attributable to unitholders resulting from net creation/(cancellation) of units	39,096,090	(1,748,319)
Total increase/(decrease) in net assets attributable to unitholders	40,339,318	(13,702,341)
At the end of the financial year	142,378,023	12,457,362
Units in issue (Note 10)		
Class A	1,991,455	1,513,151
Class B	120,836,276	-
Class I	-	34,373,103
Net assets attributable to unitholders per unit		
Class A	1.09	0.37
Class B	1.16	-
Class I	-	0.35

Notes to the Financial Statements

For the financial year ended 31 March 2010

10. Units in issue

	2010	2009
Legg Mason Singapore Dollar Fund (Class A)		
Units at beginning of the financial year	1,991,455	3,388,459
Units created	92,813	268,255
Units cancelled	(418,645)	(1,665,259)
Units at end of the financial year	1,665,623	1,991,455
Legg Mason Singapore Dollar Fund (Class B)		
Units at beginning of the financial year	120,836,276	85,611,670
Units created	30,533,565	73,360,367
Units cancelled	(86,516,405)	(38,135,761)
Units at end of the financial year	64,853,436	120,836,276
	2010	2009
Legg Mason Singapore Opportunities Trust (Class A)		
Units at beginning of the financial year	1,513,151	2,028,391
Units created	39,975,691	2,000,635
Units cancelled	(11,058,892)	(2,515,875)
Units at end of the financial year	30,429,950	1,513,151
Legg Mason Singapore Opportunities Trust (Class I)		
Units at beginning of the financial year	34,373,103	33,510,265
Units created	14,686,239	5,270,270
Units cancelled	(23,932,658)	(4,407,432)
Units at end of the financial year	25,126,684	34,373,103

11. Related party transactions

The Manager of the Funds is Legg Mason Asset Management Singapore Pte. Limited (formerly known as Legg Mason International Equities (Singapore) Pte. Limited) and the Trustee and Custodian is HSBC Institutional Trust Services (Singapore) Limited. The management fee, trustee fee, custody fee, registration fee and valuation fee paid or payable by the Funds are related party transactions and are shown in the Statements of Total Return.

The Manager of the Funds has agreed to reimburse the expenses of Legg Mason Singapore Opportunities Trust if the expense ratio of Class A exceeds 1.95%.

	2010	2009
	\$	\$
Management fee (gross)	111,011	17,495
Reimbursement	-	(1,247)
Management fee (net)	111,011	16,248

Trustee fee of the Legg Mason Singapore Dollar Fund is absorbed by the Manager.

In addition to related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial year between the Funds and their related parties at terms agreed between the parties concerned and within the provisions of the Trust Deed:

Notes to the Financial Statements

For the financial year ended 31 March 2010

11. Related party transactions (continued)

	2010	
	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
Interest income received and receivable from a bank which is a related company of the Trustee	5,094	105
	2009	
	Legg Mason Singapore Dollar Fund \$	Legg Mason Singapore Opportunities Trust \$
Interest income received and receivable from a bank which is a related company of the Trustee	48,990	540

12. Financial risk management

The Funds' activities expose them to a variety of market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Funds' overall risk management policy seeks to minimise potential adverse effects of such risks on the Funds' financial performance. The Funds may use futures, options and/or currency forward contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries are in place for the Funds at any time as part of the overall financial risk management to reduce the Funds' risk exposures.

The Funds' assets principally consist of financial instruments such as equity investments, debt securities, money market investments and cash. They are held in accordance with the published investment policies. 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 and rates, including observable variables such as interest rates, 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 Funds' investments are substantially dependent on changes in market prices. The Funds' investments are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Funds. Guidelines are set to reduce the Funds' risk exposures to market volatility such as diversifying the portfolio by investing across various geographies and industries, and alternatively, the Funds may be hedged using derivative strategies.

The Funds' market risk is affected primarily by changes in three components: changes in actual market prices, interest rate volatility and foreign exchange movements.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk

Price risk primarily results from exposure to volatility of equity prices. The Legg Mason Singapore Dollar Fund invests in Singapore Dollar denominated money market instruments and debt securities with a remaining maturity of one year or less, to achieve a return above short-term cash deposit whilst managing liquidity and risk to preserve capital. Therefore the Fund is not exposed to significant amount of risk arising from changes in equity prices.

The table below summarises the impact of increases/decreases from Legg Mason Singapore Opportunities Trust's underlying investments in equities on the Fund's net assets attributable to unitholders at 31 March 2010 and 2009. The analysis is based on the assumption that the index components within the benchmark increased/ decreased by a reasonable possible shift, with all other variables held constant and that the fair value of the Fund's investments moved according to the historical correlation with the index. The Manager has used their view of what would be a "reasonable possible shift" to estimate the change in market sensitivity analysis above. However, this does not represent a prediction of the future movement in the corresponding key markets.

Legg Mason Singapore Opportunities Trust

Benchmark Component	Benchmark increase / decrease by 10% Impact on net assets attributable to unitholders *	
	2010 \$'000	2009 \$'000
MSCI Singapore	± 5,417	± 1,204

* NAV change which is calculated by multiplying the correlation ratio (1-year beta) of the Fund to the benchmark's "reasonable possible shift".

(ii) Interest rate risk

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

It affects the value of fixed income securities more than equities. As interest rate rise, prices of fixed income securities may fall and vice versa. The rationale is that as interest rate increases, the opportunity cost of holding a bond increases since investors are able to realise greater yields by switching to other investments that reflect the higher interest rate. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk.

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate change may affect different industries and securities and then seeks to adjust the Fund's portfolio investment accordingly.

However, the effects of changes in interest rates on the Legg Mason Singapore Opportunities Trust's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect. Consequently, no sensitivity analysis has been presented separately.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

As Legg Mason Singapore Dollar Fund invests in primarily debt securities, the values of which are driven by changes in interest rates, the Fund is mainly subject to interest rate risk. When interest rates rise, the value of previously acquired debt securities will normally fall because new debt securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired debt securities will normally rise. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk. In a rising interest rate environment, the Fund will acquire debts with a shorter maturity profile to minimise the negative impact to the portfolio.

The tables below summarise the Fund's exposure to interest rate risks. They include the Fund's assets and trading liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates. All variable rate financial instruments are reset within a month.

Legg Mason Singapore Dollar Fund

As at 31/3/2010	Variable rates	Up to 3 months	Fixed rates 3 - 6 months	Over 6 months	Non- interest bearing	Total
	\$	\$	\$	\$	\$	\$
Assets						
Portfolio of investments	58,222,280	3,500,776	5,749,064	5,790,411	103,367	73,365,898
Cash and bank balances	706,689	6,000,000	-	-	-	6,706,689
Receivables	-	-	-	-	7,318	7,318
Sales awaiting settlement	-	-	-	-	499,970	499,970
Total assets	58,928,969	9,500,776	5,749,064	5,790,411	610,655	80,579,875
Liabilities						
Payables	-	-	-	-	746,492	746,492
Purchases awaiting settlement	-	-	-	-	2,250,000	2,250,000
Net assets attributable to unitholders	-	-	-	-	77,583,383	77,583,383
Total liabilities	-	-	-	-	80,579,875	80,579,875

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

As at 31/3/2009	Variable rates \$	Up to 3 months \$	Fixed rates 3 - 6 months \$	Over 6 months \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	93,891,448	6,500,872	9,760,649	16,028,342	281,974	126,463,285
Cash and bank balances	400,941	17,000,000	-	-	-	17,400,941
Receivables	-	-	-	-	46,166	46,166
Total assets	94,292,389	23,500,872	9,760,649	16,028,342	328,140	143,910,392
Liabilities						
Payables	-	-	-	-	32,369	32,369
Purchases awaiting settlement	-	-	-	-	1,500,000	1,500,000
Net assets attributable to unitholders	-	-	-	-	142,378,023	142,378,023
Total liabilities	-	-	-	-	143,910,392	143,910,392

As at 31 March 2010, a reasonable possible change in interest rates by 50 basis points (2009: 50 basis points) with all other variables remaining constant, would result in an insignificant impact to the net assets attributable to unitholders as the Fund invests primarily in debt securities that have short maturity of less than one year.

(iii) Currency risk

The Funds hold monetary financial assets/liabilities denominated in currencies other than Singapore dollars and the Funds may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore dollar and such other currencies. The Funds may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

Legg Mason Singapore Dollar Fund

No currency tables have been presented for Legg Mason Singapore Dollar Fund as the Fund is primarily exposed only to Singapore Dollar (the Fund's functional currency) denominated assets and liabilities, and therefore is not exposed to significant currency risk.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

The tables below summarise the exposure to currency risks for Legg Mason Singapore Opportunities Trust:

Legg Mason Singapore Opportunities Trust

As at 31/3/2010	SGD	USD	Total
	\$	\$	\$
Assets			
Portfolio of investments	40,839,239	942,719	41,781,958
Cash and bank balances	1,600,027	-	1,600,027
Receivables	652,118	18,594	670,712
Total assets	43,091,384	961,313	44,052,697
Liabilities			
Payables	1,225,941	629	1,226,570
Net assets attributable to unitholders	42,826,127	-	42,826,127
Total liabilities	44,052,068	629	44,052,697
Net financial assets/(liabilities)	(960,684)	960,684	-
Fair value of currency spot and financial derivatives	-	-	
Currency exposure	(960,684)	960,684	
As at 31/3/2009			
	SGD	USD	Total
	\$	\$	\$
Assets			
Portfolio of investments	10,638,100	-	10,638,100
Cash and bank balances	1,697,513	547	1,698,060
Receivables	-	11,794	11,794
Sales awaiting settlement	391,609	-	391,609
Total assets	12,727,222	12,341	12,739,563
Liabilities			
Payables	52,788	821	53,609
Purchases awaiting settlement	228,592	-	228,592
Net assets attributable to unitholders	12,457,362	-	12,457,362
Total liabilities	12,738,742	821	12,739,563
Net financial assets/(liabilities)	(11,520)	11,520	-
Fair value of currency spot and financial derivatives	-	-	
Currency exposure	(11,520)	11,520	

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

Equity investments are non-monetary financial assets and are exposed to both currency risk and price risk. As these financial assets are non-monetary, no separate sensitivity analysis has been performed to analyse currency risk. The impact of currency risk arising from these financial assets on the Fund's net asset value has been included in the above other price risk sensitivity analysis.

The Fund's monetary assets/liabilities are measured for their sensitivity to exchange rate movements based on the balance of the monetary assets/liabilities, forecasted exchange rate movements and the net asset value of the fund.

As of 31 March 2010 and 2009, the Fund's exposure to foreign currency fluctuations with respect to the monetary assets/liabilities is not considered to be significant and consequently no sensitivity analysis on foreign currency risk has been performed.

(b) Liquidity risk

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

The Funds are exposed to daily cash redemption of units in the Funds. The Funds invest the majority of its assets in investments that are traded in active markets 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 (depends on actual circumstances). At 31 March 2010, there are no investments in unlisted or unquoted securities (2009: \$Nil).

In accordance with the Funds' policies, the Manager monitors the Funds' liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The Manager also has the option to limit redemption orders to 10% of the net asset value, with the approval of the Trustee. In this event, the limitation will apply pro rata so that all unitholders of the relevant class or classes wishing to redeem units in that Fund on that dealing day will redeem the same proportion by value of such units, and units not redeemed will be carried forward for redemption, subject to the same limitation, on the next dealing day.

The Funds may, from time to time, invest in currency forward contracts traded over the counter, which are not traded in an organised market and may be illiquid.

The tables below analyse the Funds' financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(b) Liquidity risk (continued)

Legg Mason Singapore Dollar Fund

As at 31/3/2010	Due on Demand \$	Less than 3 months \$
Liabilities		
Payables	-	746,492
Purchases awaiting settlement	-	2,250,000
Net assets attributable to unitholders	77,583,383	-
<hr/>		
As at 31/3/2009		
Liabilities		
Payables	-	32,369
Purchases awaiting settlement	-	1,500,000
Net assets attributable to unitholders	142,378,023	-
<hr/>		

Legg Mason Singapore Opportunities Trust

As at 31/3/2010	Due on Demand \$	Less than 3 months \$
Liabilities		
Payables	-	1,226,570
Net assets attributable to unitholders	42,826,127	-
<hr/>		
As at 31/3/2009		
Liabilities		
Payables	-	53,609
Purchases awaiting settlement	-	228,592
Net assets attributable to unitholders	12,457,362	-
<hr/>		

(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.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

Legg Mason Singapore Dollar Fund invests mostly in financial assets, which have an investment grade as rated by Standard and Poor's or Moody's. The credit ratings are reviewed regularly.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(c) Credit risk (continued)

The table below analyses Legg Mason Singapore Dollar Fund's investments by credit ratings.

Legg Mason Singapore Dollar Fund

	2010	2009
	%	%
AAA	1.93	64.71
Aaa	-	1.05
AA +	0.97	2.46
AA	1.93	1.05
Aa3	-	0.35
A	10.31	11.76
A-	-	1.24
A2	2.58	0.70
A3	0.32	0.18
Ae	-	1.05
Unrated (Singapore - incorporated debt securities)	76.39	4.07
Accrued interest on debt securities	0.13	0.20
Total	94.56	88.82

The Funds do not have a significant concentration of credit risk that arises from an exposure to a single issuer or counterparty. Furthermore, the Funds do not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered 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.

Credit risk also arises from cash and cash equivalents held with financial institutions. The Funds may also enter into derivatives to manage its exposure to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Funds are also exposed to the risk that its derivatives held with counterparties may not be recoverable in the event of any default by the parties concerned. The Manager minimises the Funds' credit risk by undertaking transactions with banks that are part of a banking group with good credit ratings assigned by international credit rating agencies.

The tables below summarise the credit rating of banks and custodians in which the Funds' assets are held as at 31 March 2010 and 2009.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(c) Credit risk (continued)

	Credit Rating	Source of Credit Rating
Legg Mason Singapore Dollar Fund		
As at 31/3/2010		
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	Aa1	Moody's
<u>Bank</u>		
ANZ Bank	Aa1	Moody's
The Hongkong and Shanghai Banking Corporation Limited	Aa1	Moody's
<hr/>		
As at 31/3/2009		
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	Aa1	Moody's
<u>Bank</u>		
JP Morgan Chase	Aa3	Moody's
Oversea-Chinese Banking Corporation Limited	Aa1	Moody's
The Hongkong and Shanghai Banking Corporation Limited	Aa1	Moody's
<hr/>		
	Credit Rating	Source of Credit Rating
Legg Mason Singapore Opportunities Trust		
As at 31/3/2010		
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	Aa1	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa1	Moody's
<hr/>		
As at 31/3/2009		
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	Aa1	Moody's
<u>Bank</u>		
Standard Chartered PLC	A-1	S&P
The Hongkong and Shanghai Banking Corporation Limited	Aa1	Moody's
<hr/>		

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(d) Capital management

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

13. Secured credit facility

Legg Mason Singapore Dollar Fund has a credit facility with HSBC at 31 March 2010.

	2010	2009
	\$	\$
<u>Facility</u>		
Overdraft	3.2 million	3.2 million

The above credit facility is secured by way of a floating charge over all assets of Legg Mason Singapore Dollar Fund and is not utilised at year end.

For Legg Mason Singapore Opportunities Trust, there is no credit facility as at 31 March 2010 and 2009.

14. Financial ratios

	%	2010	%	2009
	Class A	Class B	Class A	Class B
Legg Mason Singapore Dollar Fund				
Expense ratio ¹	0.59	0.34	0.54	0.27
Portfolio turnover ratio ²	249.81	249.81	229.64	229.64
<hr/>				
	%	2010	%	2009
	Class A	Class I	Class A	Class I
Legg Mason Singapore Opportunities Trust				
Expense ratio ¹	1.68	0.17	1.94	0.44
Portfolio turnover ratio ²	99.84	99.84	55.80	55.80

¹ Expense ratio is calculated in accordance with IMAS Guidelines for the Disclosure of Expenses Ratios. The expense ratio does not include (where applicable) brokerage and other transaction costs, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Funds do not pay any performance fees.

² Portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

15. Comparatives

Certain comparative information in the financial statements for the year ended 31 March 2010 has been restated from the previous year, to be consistent with the current year presentation.

Report to Unitholders

For the financial year ended 31 March 2010

Investment Allocation as at 31 March 2010

Legg Mason Singapore Dollar Fund

By Country	Market Value in SGD	% of NAV
Cayman Islands	500,450	0.65
Germany	2,498,614	3.22
Great Britain	1,500,000	1.93
Hong Kong	755,263	0.97
New Zealand	1,500,000	1.93
Singapore	59,507,428	76.70
South Korea	7,000,776	9.03
	73,262,531	94.43
Accrued interest on fixed income securities	103,367	0.13
Portfolio of investments	73,365,898	94.56
Other net assets	4,217,485	5.44
Total	77,583,383	100.00

By Industry	Market Value in SGD	% of NAV
Airlines	782,910	1.01
Banks	11,500,776	14.82
Electrical and electronic	998,614	1.29
Finance	1,255,713	1.62
Government	57,972,222	74.73
Real estate	502,238	0.64
Miscellaneous	250,058	0.32
	73,262,531	94.43
Accrued interest on fixed income securities	103,367	0.13
Portfolio of investments	73,365,898	94.56
Other net assets	4,217,485	5.44
Total	77,583,383	100.00

By Asset Class	Market Value in SGD	% of NAV
Fixed Income securities	73,262,531	94.43
	73,262,531	94.43
Accrued interest on Fixed Income Securities	103,367	0.13
Portfolio of investments	73,365,898	94.56
Other net assets	4,217,485	5.44
Total	77,583,383	100.00

Report to Unitholders

For the financial year ended 31 March 2010

By Credit Rating *	Market Value in SGD	% of NAV
AAA	1,500,000	1.93
AA +	755,263	0.97
AA	1,500,000	1.93
A	7,999,064	10.31
A2	2,000,776	2.58
A3	250,058	0.32
Unrated	59,257,370	76.39
	73,262,531	94.43
Accrued interest on fixed income securities	103,367	0.13
Portfolio of investments	73,365,898	94.56
Other net assets	4,217,485	5.44
Total	77,583,383	100.00

*By Standard & Poor's /Moody's

Distribution of Investments

	Market Value in SGD	% of NAV
By type of money market instruments / debt securities		
Foreign Corporate	7,499,840	9.67
Local Agency	502,238	0.65
Local Corporate	1,032,968	1.33
Singapore Government T-Bills	57,972,222	74.72
Supranationals/ Sovereign/ Local Governments	6,255,263	8.06
	73,262,531	94.43
Accrued interest on fixed income securities	103,367	0.13
Portfolio of investments	73,365,898	94.56
Other net assets	4,217,485	5.44
Total	77,583,383	100.00

By Maturity Breakdown

Legg Mason Singapore Dollar Fund	Market Value in SGD	% of NAV
30 days or less	27,745,784	35.77
31 - 90 days	32,484,718	41.86
91 - 180 days	5,248,614	6.77
181 - 365 days	3,995,242	5.15
More than 1 year	3,788,173	4.88
	73,262,531	94.43
Accrued interest on fixed income securities	103,367	0.13
Portfolio of investments	73,365,898	94.56
Other net assets	4,217,485	5.44
Total	77,583,383	99.99

Report to Unitholders

For the financial year ended 31 March 2010

Legg Mason Singapore Opportunities Trust

By Country	Market Value in SGD	% of NAV
China	1,557,100	3.64
Hong Kong	1,966,959	4.59
Israel	1,152,600	2.69
Singapore	37,105,299	86.64
Portfolio of investments	41,781,958	97.56
Other net assets	1,044,169	2.44
Total	42,826,127	100.00

By Industry	Market Value in SGD	% of NAV
Agriculture	2,614,220	6.10
Airlines	1,352,800	3.16
Automotives	1,380,860	3.22
Banks	10,639,901	24.85
Chemical	489,300	1.14
Commercial Services	834,750	1.95
Educational services	714,305	1.67
Entertainment	1,257,300	2.94
Finance	504,900	1.18
Foods	336,000	0.78
Manufacturing	1,152,600	2.69
Materials	890,100	2.08
Pharmaceuticals	1,024,240	2.39
Real estate	7,305,749	17.06
Shipbuilding	4,925,585	11.50
Shipping	995,452	2.32
Telecommunications services	2,174,620	5.08
Transport-Ship	3,189,276	7.45
Portfolio of investments	41,781,958	97.56
Other net assets	1,044,169	2.44
Total	42,826,127	100.00

By Asset Class	Market Value in SGD	% of NAV
Equities	41,781,958	97.56
Portfolio of investments	41,781,958	97.56
Other net assets	1,044,169	2.44
Total	42,826,127	100.00

Report to Unitholders

For the financial year ended 31 March 2010

Top 10 Holdings

Legg Mason Singapore Dollar Fund

Holdings as at 31 March 2010

	Market Value in SGD	% of NAV
Singapore Treasury Bill Series 91 08/04/2010	17,997,923	23.20
Singapore Treasury Bill Series 91 06/05/2010	13,994,615	18.04
Singapore Treasury Bill Series 9 03/06/2010	8,993,769	11.59
Singapore Treasury Bill Series 91 10/06/2010	3,997,169	5.15
Singapore Treasury Bill Series 91 15/04/2010	2,999,391	3.87
Singapore Treasury Bill Series 91 29/04/2010	2,998,966	3.87
Export-Import Bank of Korea EMTN 1.35% 09/04/2011	2,250,000	2.90
Singapore Treasury Bill Series 91 22/04/2010	1,999,446	2.58
Singapore Treasury Bill Series 91 17/06/2010	1,998,477	2.58
Singapore Treasury Bill Series 364 01/11/2010	1,993,004	2.57

Holdings as at 31 March 2009

	Market Value in SGD	% of NAV
Singapore Treasury Bill Series 91 09/04/2009	25,496,413	17.91
Singapore Treasury Bill Series 91 25/06/2009	16,987,297	11.93
Singapore Treasury Bill Series 367 04/05/2009	12,493,230	8.77
Singapore Treasury Bill Series 91 21/05/2009	9,197,119	6.46
Singapore Treasury Bill Series 91 30/04/2009	7,398,522	5.20
Singapore Treasury Bill Series 91 14/05/2009	5,998,242	4.21
Singapore Treasury Bill Series 91 11/06/2009	5,997,191	4.21
Singapore Treasury Bill Series 91 16/04/2009	5,493,235	3.86
General Electric Capital Corporation Series EMTN 3.65% 06/04/2009	3,500,841	2.46
Export-Import Bank of Korea EMTN (BR) 2.28% 06/05/2009	3,000,031	2.11

Legg Mason Singapore Opportunities Trust

Holdings as at 31 March 2010

	Market Value in SGD	% of NAV
United Overseas Bank Limited	3,882,440	9.07
DBS Group Holdings Limited	3,482,050	8.13
Oversea-Chinese Banking Corporation Limited	3,275,411	7.65
Keppel Land Limited	2,213,010	5.17
Singapore Telecommunications Limited	2,174,620	5.08
Wilmar International Limited	1,936,300	4.52
Keppel Corporation Limited	1,894,880	4.42
Ezra Holdings Pte Limited	1,632,176	3.81
Otto Marine Limited	1,601,145	3.74
Yangzijiang Shipbuilding Holdings Limited	1,557,100	3.64

Report to Unitholders

For the financial year ended 31 March 2010

Holdings as at 31 March 2009	Market Value in SGD	% of NAV
DBS Group Holdings Limited	1,264,200	10.15
Singapore Telecommunications Limited	933,570	7.49
United Overseas Bank Limited	922,450	7.40
Oversea-Chinese Banking Corporation	910,378	7.31
Keppel Corporation Limited	791,580	6.35
Singapore Airlines Limited	750,000	6.02
Straits Asia Resources Limited	619,920	4.98
Singapore Exchange Limited	494,700	3.97
City Developments Limited	476,580	3.83
Del Monte Pacific Limited	433,440	3.48

Exposure to Derivatives

Nil for the period under review

Investment in other unit trust, mutual funds and collective investment schemes

Legg Mason Singapore Dollar Fund

Nil as at 31 March 2010

Legg Mason Singapore Opportunities Trust

	Market Value in SGD	% of NAV
CDL Hospitality Trusts	1,034,180	2.41

Borrowings

Nil as at 31 March 2010

Amount of Redemptions and Subscriptions

For the period 1 April 2009 to 31 March 2010

Legg Mason Singapore Dollar Fund

	SGD
Redemptions	\$101,192,297
Subscriptions	\$35,688,009

Legg Mason Singapore Opportunities Trust

	SGD
Redemptions	\$24,789,564
Subscriptions	\$36,426,895

Related Party Transactions

For the period 1 April 2009 to 31 March 2010

Refer to Note 11 of the "Notes to the Financial Statements".

Report to Unitholders

For the financial year ended 31 March 2010

Performance

	Legg Mason Singapore Dollar Fund*		Benchmark
	Class A	Class B	
3-month	+0.11%	+0.16%	+0.03%
6-month	+0.21%	+0.33%	+0.07%
1-year	+0.42%	+0.66%	+0.13%
3-year	+1.03%	+1.29%	+0.89%
5-year	+1.41%	+1.66%	+1.61%
10-year	N/A	N/A	N/A
Since inception	+1.21%	+1.59%	+1.29%

* Average Annual Compounded Return for periods above one year, bid-to-bid with dividends reinvested

Benchmark : 1-month Singapore Inter-Bank Bid Rate Average

The inception dates were 28 June 2002 and 17 April 2000 respectively for Class A and Class B.

Benchmark since inception performance is for Class A only.

Since inception figures are calculated from the first full month of investment.

Source : Legg Mason Asset Management Singapore Pte. Limited

	Legg Mason Singapore Opportunities Trust*		Benchmark
	Class A	Class I	
3-month	+1.81%	+2.03%	-1.67%
6-month	+12.55%	+13.40%	+7.53%
1-year	+113.24%	+116.38%	+73.69%
3-year	N/A	N/A	N/A
5-year	N/A	N/A	N/A
10-year	N/A	N/A	N/A
Since inception	-9.69%	-11.08%	-5.26%

* Average Annual Compounded Return for periods above one year, bid-to-bid with dividends reinvested

Benchmark : MSCI Singapore Index

The inception date were 3 December 2007 and 31 October 2007 respectively for Class A and Class I.

Benchmark since inception performance is for Class A only.

Source : Legg Mason Asset Management Singapore Pte. Limited and Lipper

Report to Unitholders

For the financial year ended 31 March 2010

Expense Ratio

Legg Mason Singapore Dollar Fund - Class A

For the period 1 April 2009 to 31 March 2010	0.59%
For the period 1 April 2008 to 31 March 2009	0.54%

Legg Mason Singapore Dollar Fund - Class B

For the period 1 April 2009 to 31 March 2010	0.34%
For the period 1 April 2008 to 31 March 2009	0.27%

Legg Mason Singapore Opportunities Trust - Class A

For the period 1 April 2009 to 31 March 2010	1.68%
For the period 1 April 2008 to 31 March 2009	1.94%

Legg Mason Singapore Opportunities Trust - Class I

For the period 1 April 2009 to 31 March 2010	0.17%
For the period 1 April 2008 to 31 March 2009	0.44%

The expense ratio was calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios.

The expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.

Turnover Ratio

Legg Mason Singapore Dollar Fund

For the period 1 April 2009 to 31 March 2010	249.81%
For the period 1 April 2008 to 31 March 2009	229.64%

Legg Mason Singapore Opportunities Trust

For the period 1 April 2009 to 31 March 2010	99.84%
For the period 1 April 2008 to 31 March 2009	55.80%

The turnover ratio was calculated in accordance with the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore.

The turnover ratio is calculated based on the lesser of purchases or sales of underlying investments of the Funds expressed as a percentage of daily average net asset value.

Other Material Information

There are no other material information that will adversely impact the valuation of the Funds.

Soft Dollar Commission/Arrangements

The Investment Manager did not receive any soft dollar commission or enter into any soft dollar arrangement in the management of the Funds.

Legg Mason Asian Enterprise Trust

Legg Mason Southeast Asia Special Situations Trust

Legg Mason Funds

- Legg Mason Singapore Dollar Fund

- Legg Mason Singapore Opportunities Trust

Legg Mason Global Bond Trust

Legg Mason Asian Bond Trust

Legg Mason Singapore Bond Fund

Legg Mason Global Bond Trust

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

Report of the Trustee

The Trustee is under a duty to take into custody and to hold the assets of Legg Mason Global Bond Trust (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 the Statement of Recommended Accounting Practice 7 "Reporting Framework for Units 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 year covered by these financial statements set out on pages 107 to 127, 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

HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised Signatory

28 June 2010

Legg Mason Global Bond Trust

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

Statement by the Manager

In the opinion of the directors of Legg Mason Asset Management Singapore Pte. Limited (formerly known as Legg Mason International Equities (Singapore) Pte. Limited) (the "Manager"), the accompanying financial statements set out on pages 107 to 127, 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 Legg Mason Global Bond Trust (the "Fund") as at 31 March 2010 and the total deficit for the year 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
LEGG MASON ASSET MANAGEMENT SINGAPORE PTE. LIMITED

Director
Legg Mason Asset Management Singapore Pte. Limited

28 June 2010

Independent Auditor's Report To The Unitholders of Legg Mason Global Bond Trust

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

We have audited the accompanying financial statements of Legg Mason Global Bond Trust (the "Fund") set out on pages 107 to 127, which comprise the Balance Sheet and Portfolio Statement as at 31 March 2010, the Statement of Total Return for the year then ended and a summary of significant accounting policies and other explanatory notes.

Manager's Responsibility for the Financial Statements

The 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 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 March 2010 and the total deficit for the year 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, 28 June 2010

Statement of Total Return

For the financial year ended 31 March 2010

	Notes	31/3/2010 \$	31/3/2009 \$
Income			
Interest income	12	20,867	508,888
Less: Expenses			
Audit fee		20,083	23,742
Commission fee		106,124	56,378
Custody fee	12	6,141	4,672
Management fee	12	2,690,181	2,810,395
Trustee fee	12	184,345	192,360
Registration fee	12	33,760	35,753
Printing expenses		35,436	51,745
Professional fees		15,350	35,766
Valuation fee	12	95,923	99,930
Goods & services tax expenses		216,373	220,269
Other expenses		(17,559)	47,874
		3,386,157	3,578,884
Net investment loss		(3,365,290)	(3,069,996)
Net gains or losses on value of investments			
Net realised gains on investments		5,724,810	13,927,459
Net change in fair value on investments		(19,729,847)	1,560,125
Net realised gains on financial derivatives		2,550,815	6,966,313
Net change in fair value on financial derivatives		794,577	63,112
Net foreign exchange gains/(losses)		1,274,120	(4,097,676)
Net (losses)/gains on value of investments		(9,385,525)	18,419,333
Total (deficit)/return for the financial year before income tax		(12,750,815)	15,349,337
Less: Income tax	3	-	-
Total (deficit)/return for the financial year		(12,750,815)	15,349,337

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

Balance Sheet

As at 31 March 2010

	Notes	31/3/2010 \$	31/3/2009 \$
ASSETS			
Portfolio of investments		311,482,681	350,599,113
Cash and bank balances	5	13,443,785	15,247,031
Margin accounts	6	8,605,553	11,444,111
Receivables	7	309,241	6,768,550
Sales awaiting settlement		16,813,167	-
Fair value of financial derivatives	8	4,731,877	4,548,934
Total assets		355,386,304	388,607,739
LIABILITIES			
Payables	9	1,004,781	5,034,134
Purchases awaiting settlement		14,029,060	3,865,851
Fair value of financial derivatives	8	3,937,300	4,485,822
Net assets attributable to unitholders	10	336,415,163	375,221,932
Total liabilities		355,386,304	388,607,739

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

Portfolio Statement

As at 31 March 2010

	Nominal holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
<u>By Geography (Primary)</u>			
Quoted Bonds			
Australia			
National Australia Bank 3.375% 08/07/2014	1,800,000	2,581,969	0.77
Queensland Treasury Corporation Series 11G 6% 14/06/2011	1,740,000	2,258,301	0.67
		4,840,270	1.44
Canada			
Government of Canada 4.25% 01/06/2018	4,210,000	6,125,446	1.82
Government of Canada 5% 01/06/2014	630,000	946,724	0.28
Government of Canada 5.5% 01/06/2010	300,000	416,749	0.12
Government of Canada 6% 01/06/2011	1,010,000	1,469,622	0.44
Government of Canada Series WL43 5.75% 01/06/2029	500,000	840,787	0.25
		9,799,328	2.91
Denmark			
Kingdom of Denmark 6% 15/11/2011	4,400,000	1,205,329	0.36
Nykredit Series 12E 2% 01/01/2013	12,660,000	3,200,539	0.95
Realkredit Danmark Series 10S 2% 01/01/2013	19,160,000	4,838,917	1.44
		9,244,785	2.75
France			
Government of France Oat 4% 25/10/2013	12,040,000	24,573,347	7.30
Government of France Oat 4% (BR) 25/04/2055	4,210,000	7,989,867	2.38
Government of France Oat 4% 25/04/2060	1,680,000	3,160,579	0.94
HSBC Covered Bonds France EMTN (BR) 3.375% 20/01/2017	2,000,000	3,820,102	1.14
		39,543,895	11.76
Germany			
Bundesrepublik Deutschland (BR) 3.75% 04/01/2019	31,000,000	62,103,255	18.46
Bundesrepublik Deutschland Series 05 (BR) 4% 04/01/2037	3,060,000	5,932,106	1.76
Bundesrepublik Deutschland Series 08 (BR) 4.75% 04/07/2040	120,000	264,805	0.08
Eurohypo AG (BR) 5.25% 17/01/2011	150,000	293,006	0.09
Kredit Fuer Wiederaufbau GMTN 2.25% 16/04/2012	1,800,000	2,567,605	0.76
Kredit Fuer Wiederaufbau 5% 04/07/2011	200,000	397,533	0.12
Landwirtschaftliche Rentenbank 3.125% 15/07/2015	2,400,000	3,373,093	1.00
		74,931,403	22.27

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

Portfolio Statement

As at 31 March 2010

	Nominal holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
By Geography (Primary) (continued)			
Quoted Bonds (continued)			
Great Britain			
Barclays Bank Public Limited Company EMTN 3.125% 14/01/2015	1,600,000	3,059,260	0.91
Barclays Bank Public Limited Company EMTN 4.25% 27/10/2011	1,450,000	2,869,144	0.85
Granite Master Issuer Public Limited Company Series 2005-1 CL A5 FRN 20/12/2054	900,000	771,194	0.23
Granite Master Issuer Public Limited Company Series 2006-4 CL A7 FRN 20/12/2054	650,000	705,691	0.21
UK Treasury 4.25% 07/06/2032	540,000	1,112,507	0.33
UK Treasury 4.5% 07/03/2019	3,700,000	8,245,126	2.45
UK Treasury 4.75% 07/06/2010	4,680,000	10,000,116	2.97
UK Treasury 6.25% 25/11/2010	200,000	439,689	0.13
UK Treasury 8% 07/06/2021	6,020,000	17,251,542	5.13
		44,454,269	13.21
Greece			
Hellenic Republic I/L HICP 2.3% 25/07/2030	990,000	1,316,942	0.39
Hellenic Republic 3.7% 20/07/2015	6,200,000	10,518,984	3.13
Hellenic Republic Series 30Yr 4.6% 20/09/2040	1,140,000	1,589,154	0.47
		13,425,080	3.99
Netherlands			
Government of Netherlands 4% 15/01/2037	9,320,000	17,916,098	5.33
Norway			
Eksportfinans AS GMTN 1.875% 02/04/2013	1,970,000	2,742,616	0.82
Kommunalbanken AS EMTN (BR) 2% 14/01/2013	2,400,000	3,368,741	1.00
		6,111,357	1.82
Supra-National			
Asian Development Bank (BR) 2.625% 09/02/2015	2,480,000	3,437,319	1.02
European Investment Bank 2.875% 15/01/2015	2,400,000	3,371,261	1.00
Inter-Amer Development Bank 3.875% 14/02/2020	2,460,000	3,386,645	1.01
Nordic Investment Bank (BR) 4.125% 15/03/2011	200,000	388,555	0.12
		10,583,780	3.15

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

Portfolio Statement

As at 31 March 2010

	Nominal holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
By Geography (Primary) (continued)			
Quoted Bonds (continued)			
Sweden			
Government of Sweden Series 1049 4.5% 12/08/2015	21,110,000	4,509,185	1.34
Swedish Covered Bond EMTN 3.25% 30/03/2017	2,240,000	4,208,173	1.25
		8,717,358	2.59
United States of America			
Freddie Mac 4.125% 12/07/2010	286,000	404,228	0.12
TSY Infl IX N/B 2.125% 15/02/2040	900,000	1,247,432	0.37
US Treasury Bond 4.375% 15/11/2039	25,400,000	33,579,590	9.98
US Treasury Bond 4.75% 15/02/2037	2,530,000	3,585,701	1.06
US Treasury N/B 4.5% 15/02/2036	2,190,000	2,990,449	0.89
US Treasury Note 1% 31/12/2011	7,100,000	9,946,318	2.96
US Treasury Note 3.375% 15/11/2019	1,240,000	1,672,636	0.50
US Treasury Note 3.875% 15/09/2010	10,350,000	14,707,213	4.37
		68,133,567	20.25
Quoted Bonds		307,701,190	91.47
Accrued interest on fixed income securities		3,781,491	1.12
Portfolio of investments		311,482,681	92.59
Other net assets		24,932,482	7.41
Net assets attributable to unitholders		336,415,163	100.00

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

Portfolio Statement

As at 31 March 2010

	Percentage of total net assets attributable to unitholders at 31/3/2010 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
By Geography (Summary)		
Quoted Bonds		
Australia	1.44	0.51
Austria	-	0.43
Canada	2.91	0.91
Denmark	2.75	0.35
France	11.76	8.41
Germany	22.27	33.78
Great Britain	13.21	11.88
Greece	3.99	-
Netherlands	5.33	4.92
Norway	1.82	-
Supra-National	3.15	0.11
Sweden	2.59	1.16
United States of America	20.25	29.90
	<hr/> 91.47	<hr/> 92.36
Accrued interest on fixed income securities	1.12	1.08
	<hr/> 92.59	<hr/> 93.44
Portfolio of investments	92.59	93.44
Other net assets	7.41	6.56
	<hr/> 100.00	<hr/> 100.00
Net assets attributable to unitholders	100.00	100.00

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

Portfolio Statement

As at 31 March 2010

	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
By Industry (Secondary)			
Bank	40,327,080	11.99	1.51
Electronic	-	-	0.44
Finance	5,296,987	1.58	-
Government	261,688,568	77.78	89.32
Investment	388,555	0.12	0.11
Miscellaneous	-	-	0.75
Transport	-	-	0.23
	<hr/> 307,701,190	<hr/> 91.47	<hr/> 92.36
Accrued interest on fixed income securities	3,781,491	1.12	1.08
	<hr/> 311,482,681	<hr/> 92.59	<hr/> 93.44
Portfolio of investments	311,482,681	92.59	93.44
Other net assets	24,932,482	7.41	6.56
	<hr/> 336,415,163	<hr/> 100.00	<hr/> 100.00
Net assets attributable to unitholders	336,415,163	100.00	100.00

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

Notes to the Financial Statements

For the financial year ended 31 March 2010

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

1. General

Legg Mason Global Bond Trust (the "Fund") is an open-ended unit trust constituted pursuant to the Trust Deed dated 14 August 1998, as amended by various Supplemental Deeds between HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") and Legg Mason Asset Management (Asia) Pte Ltd. A Supplemental Deed dated 28 September 2006 was entered to effect the change of investment manager from Legg Mason Asset Management (Asia) Pte Ltd to Legg Mason International Equities (Singapore) Pte. Limited (the "Manager"). The Trust Deed and subsequent Supplemental Deeds are governed in accordance with the laws of the Republic of Singapore.

The principal objective of the Fund relates to holding of certain authorised investments for long-term capital appreciation.

The Fund is approved under the Central Provident Fund Investment Scheme.

The Manager, Legg Mason International Equities (Singapore) Pte. Limited changed its name to Legg Mason Asset Management Singapore Pte. Limited on 1 October 2009.

2. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and 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.

The financial statements are expressed in Singapore dollars, which is the functional currency of the Fund.

(b) Income recognition

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

(c) Foreign currencies

(i) Functional and presentation currency

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore dollars.

The performance of the Fund is measured and reported to the investors in Singapore dollars. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's functional and presentation currency is the Singapore Dollar.

(ii) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the date of balance sheet. Foreign currency transactions during the financial year are converted into Singapore dollars at the rates of exchange ruling on the transaction dates.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation of foreign currency monetary assets and liabilities at balance sheet date are taken to the Statement of Total Return.

Notes to the Financial Statements

For the financial year ended 31 March 2010

2. Significant accounting policies (continued)

(d) Investments

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

(i) Initial recognition

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

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statement of Total Return in the year which they arise. The resultant unrealised gains and losses are taken to the Statement of Total Return.

(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 taken up in the Statement of Total Return.

(e) Basis of valuation of investments

The fair value of financial instruments traded in an active market 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 or dealer's quote as applicable. Accrued interest is included in the fair value of the fixed income instruments.

(f) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when their fair value is positive and as liabilities when fair values are negative.

The best evidence of the fair value of a derivative at fair value is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable market transactions in the same instrument (i.e. without modification or packaging) or based on a valuation technique that whose variables include only data from observable markets.

3. Income Tax

The Fund is a designated unit trust and therefore, the following income is exempted from tax in accordance with Section 35(12) of the Income Tax Act:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities and transactions in foreign exchange, futures, forwards, swaps and options relating to securities, financial indices, interest rates and currencies;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (iii) distribution from foreign unit trusts and dividends derived from outside Singapore and received in Singapore; and
- (iv) dividends derived from outside Singapore and received in Singapore.

Notes to the Financial Statements

For the financial year ended 31 March 2010

4. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2010 (31 March 2009: \$Nil).

5. Cash and bank balances

	2010	2009
	\$	\$
Held with a related company of the Trustee:		
- Cash and bank balances	3,443,546	10,014,027
Held with other financial institutions:		
- Fixed deposits	10,000,239	5,233,004
Total	13,443,785	15,247,031

The fixed deposits have the following average maturity from the end of the financial year:

	2010	2009
	days	days
Singapore Dollar	3	1
United States Dollar	-	1

The fixed deposits have the following weighted average effective interest rates at the balance sheet date:

	2010	2009
	%	%
Singapore Dollar	0.04	0.80
United States Dollar	-	0.30

6. Margin accounts

	2010	2009
	\$	\$
Margin deposits with brokers	8,605,553	11,444,111

7. Receivables

	2010	2009
Amount due from unitholders	309,229	6,768,468
Interest receivable	12	82
	309,241	6,768,550

Notes to the Financial Statements

For the financial year ended 31 March 2010

8. Fair value of financial derivatives

The table below sets out the notional contract amounts and fair value of forward foreign exchange and futures contracts entered into with third parties.

As at financial year end, commitments under forward foreign exchange and futures contracts due for settlement within 3 months (31 March 2009: 3 months) are as follows:

	Notional amount \$	Fair value assets \$	Fair value liabilities \$
31/3/2010			
Forward foreign exchange contracts	414,939,520	4,544,363	(3,612,191)
Futures contracts	153,858,962	187,514	(325,109)
		<u>4,731,877</u>	<u>(3,937,300)</u>
31/3/2009			
Forward foreign exchange contracts:	241,877,393	4,110,060	(3,161,102)
Futures contracts	117,577,298	438,874	(1,324,720)
		<u>4,548,934</u>	<u>(4,485,822)</u>

The forward foreign exchange and futures contracts were undertaken for purpose of efficient portfolio management.

All financial derivatives are stated at their fair values on the balance sheet.

9. Payables

	2010 \$	2009 \$
Amount due to unitholders	739,634	4,736,916
Accrued management fee	216,711	239,525
Accrued trustee fee	14,847	16,211
Other payables and accruals	33,589	41,482
	<u>1,004,781</u>	<u>5,034,134</u>

Notes to the Financial Statements

For the financial year ended 31 March 2010

10. Net assets attributable to unitholders

	2010	2009
	\$	\$
At the beginning of the financial year	375,221,932	413,457,577
Operations		
Change in net assets attributable to unitholders resulting from operations	(12,750,815)	15,349,337
Unitholders' contributions/(withdrawals)		
Creation of units	148,364,181	432,293,694
Cancellation of units	(174,420,135)	(485,878,676)
Change in net assets attributable to unitholders resulting from net cancellation of units	(26,055,954)	(53,584,982)
Total decrease in net assets attributable to unitholders	(38,806,769)	(38,235,645)
At the end of the financial year	336,415,163	375,221,932
Units in issue (Note 11)	284,316,530	305,649,122
Net assets attributable to unitholders per unit	1.18	1.23

11. Units in issue

	2010	2009
Units at beginning of the financial year	305,649,122	352,399,501
Units created	122,990,004	372,911,559
Units cancelled	(144,322,596)	(419,661,938)
Units at end of the financial year	284,316,530	305,649,122

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Related party transactions

The Manager of the Fund is Legg Mason Asset Management Singapore Pte. Limited (formerly known as Legg Mason International Equities (Singapore) Pte. Limited) and the Trustee and Custodian is HSBC Institutional Trust Services (Singapore) Limited. The management fee, trustee fee, custody fee, registration fee and valuation fee paid or payable by the Fund are related party transactions and are shown in the Statement of Total Return.

In addition to related party information disclosed elsewhere in the financial statements, the following transactions took place during the financial year between the Fund and related parties at terms agreed between the parties concerned and within the provisions of the Trust Deed:

	2010	2009
	\$	\$
Interest income received and receivable from a bank which is a related company of the Trustee	16,404	414,584
Interest expenses incurred with a bank which is a related company of the Trustee	(29,656)	32,265

13. Financial risk management

The Fund's activities expose it to a variety of market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Fund's overall risk management policy seeks to minimise potential adverse effects of such risks on the Fund's financial performance. The Fund may use futures, options and/or currency forward contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines 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 exposures.

The Fund's assets principally consist of financial instruments such as debt securities, money market 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 the 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 and rates, including observable variables such as interest rates, 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 so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies and industries, and alternatively, the Fund may be hedged using derivative strategies.

The Legg Mason Global Bond Trust's objective is to maximise total returns in Singapore Dollar terms over the longer term by investing a portfolio of high quality debt securities of Singapore and major global bond markets such as the G10 countries and Australia and New Zealand. The Fund aims to outperform the Citigroup World Government Bond Index ex-Japan.

The Fund's market risk is affected primarily by changes in three components: changes in actual market prices, interest rate volatility and foreign exchange movements.

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk

Price risk primarily results from exposure to volatility of equity prices. The Fund does not hold any equities as of 31 March 2010 and 2009, and therefore is not exposed to significant amount of risk arising from changes in equity prices.

(ii) Interest rate risk

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

It affects the value of fixed income securities more than equities. As interest rates rise, prices of fixed income securities may fall and vice versa. The rationale is that as interest rate increases, the opportunity cost of holding a bond increases since investors are able to realise greater yields by switching to other investments that reflect the higher interest rate. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk.

As the Fund invests in primarily debt securities, the values of which are driven significantly by changes in interest rates, the Fund is mainly subject to interest rate risk. When interest rates rise, the value of previously acquired debt securities will normally fall because new debt securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired debt securities will normally rise. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk. In a rising interest rate environment, the Fund will acquire debts with a shorter maturity profile to minimise the negative impact to the portfolio.

The tables below summarise the Fund's exposure to interest rate risks. They include the Fund's assets and trading liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates. All variable rate financial instruments are reset within a month.

As at 31/3/2010	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	1,476,885	26,649,556	72,834,545	206,740,204	3,781,491	311,482,681
Cash and bank balances	3,443,546	10,000,239	-	-	-	13,443,785
Margin accounts	8,605,553	-	-	-	-	8,605,553
Receivables	-	-	-	-	309,241	309,241
Sales awaiting settlement	-	-	-	-	16,813,167	16,813,167
Fair value of financial derivatives	-	-	-	-	4,731,877	4,731,877
Total assets	13,525,984	36,649,795	72,834,545	206,740,204	25,635,776	355,386,304
Liabilities						
Payables	-	-	-	-	1,004,781	1,004,781
Purchases awaiting settlement	-	-	-	-	14,029,060	14,029,060
Fair value of financial derivatives	-	-	-	-	3,937,300	3,937,300
Net assets attributable to unitholders	-	-	-	-	336,415,163	336,415,163
Total liabilities	-	-	-	-	355,386,304	355,386,304

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

As at 31/3/2009	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	7,648,840	9,224,227	103,409,951	226,263,220	4,052,875	350,599,113
Cash and bank balances	10,014,027	5,233,004	-	-	-	15,247,031
Margin accounts	11,444,111	-	-	-	-	11,444,111
Receivables	-	-	-	-	6,768,550	6,768,550
Fair value of financial derivatives	-	-	-	-	4,548,934	4,548,934
Total assets	29,106,978	14,457,231	103,409,951	226,263,220	15,370,359	388,607,739
Liabilities						
Payables	-	-	-	-	5,034,134	5,034,134
Purchases awaiting settlement	-	-	-	-	3,865,851	3,865,851
Fair value of financial derivatives	-	-	-	-	4,485,822	4,485,822
Net assets attributable to unitholders	-	-	-	-	375,221,932	375,221,932
Total liabilities	-	-	-	-	388,607,739	388,607,739

As at 31 March 2010, should interest rates have lowered or risen by 50 basis points ("bps") (31 March 2009: 50 bps) with all other variables remaining constant, the increase or decrease in net assets attributable to unitholders for the year would be as follows:

	2010		2009	
	+ 50 bps \$'000	- 50 bps \$'000	+ 50 bps \$'000	- 50 bps \$'000
Effect on net assets attributable to unitholders	(9,803)	10,727	(12,781)	13,724

(iii) Currency risk

The Fund holds monetary financial assets/liabilities denominated in currencies other than Singapore dollars and the Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore dollar and such other currencies. The Fund may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

The tables below summarise the exposure to currency risks for the Fund:

As at 31/3/2010	DKK \$	EUR \$	GBP \$	SGD \$	USD \$	Others \$	Total \$
Assets							
(excluding foreign exchange derivatives)							
Portfolio of investments	9,309,838	153,921,211	37,569,259	-	93,813,746	16,868,627	311,482,681
Cash and bank balances	-	604,224	380,632	10,461,875	1,959,597	37,457	13,443,785
Margin deposits	-	1,149,201	1,038,352	-	6,418,000	-	8,605,553
Receivables	-	-	-	309,241	-	-	309,241
Sales awaiting settlement	-	-	-	-	16,813,167	-	16,813,167
Fair value of financial derivatives	-	-	-	-	187,514	-	187,514
Total assets	9,309,838	155,674,636	38,988,243	10,771,116	119,192,024	16,906,084	350,841,941
Liabilities							
(excluding foreign exchange derivatives)							
Payables	-	-	-	1,003,530	1,251	-	1,004,781
Purchases awaiting settlement	-	-	-	-	14,029,060	-	14,029,060
Fair value of financial derivatives	-	195,640	129,469	-	-	-	325,109
Net assets attributable to unitholders	-	-	-	336,415,163	-	-	336,415,163
Total liabilities	-	195,640	129,469	337,418,693	14,030,311	-	351,774,113
Net financial assets/ (liabilities)	9,309,838	155,478,996	38,858,774	(326,647,577)	105,161,713	16,906,084	(932,172)
Fair value of currency forwards	1,711,487	(5,670,284)	(11,022,888)	(9,738,874)	11,335,658	14,317,073	
Currency exposure	11,021,325	149,808,712	27,835,886	(336,386,451)	116,497,371	31,223,157	

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

As at 31/3/2009	DKK \$	EUR \$	GBP \$	SGD \$	USD \$	Others \$	Total \$
Assets							
(excluding foreign exchange derivatives)							
Portfolio of investments	1,338,325	183,823,380	42,173,698	-	113,205,681	10,058,029	350,599,113
Cash and bank balances	167,090	3,779,326	1,059,521	5,170,533	3,160,283	1,910,278	15,247,031
Margin deposits	-	3,615,213	4,052,600	-	3,006,273	770,025	11,444,111
Receivables	-	-	-	6,768,530	20	-	6,768,550
Fair value of financial derivatives	-	438,875	-	-	-	-	438,875
Total assets	1,505,415	191,656,794	47,285,819	11,939,063	119,372,257	12,738,332	384,497,680
Liabilities							
(excluding foreign exchange derivatives)							
Payables	-	-	-	5,033,891	243	-	5,034,134
Purchases awaiting settlement	-	-	-	-	3,865,851	-	3,865,851
Fair value of financial derivatives	-	429,691	-	-	895,030	-	1,324,721
Net assets attributable to unitholders	-	-	-	375,221,932	-	-	375,221,932
Total liabilities	-	429,691	-	380,255,823	4,761,124	-	385,446,638
Net financial assets/ (liabilities)	1,505,415	191,227,103	47,285,819	(368,316,760)	114,611,133	12,738,332	(948,958)
Fair value of currency forwards	1,825,211	13,496,304	(13,118,941)	(3,556,189)	(5,865,884)	8,168,457	
Currency exposure	3,330,626	204,723,407	34,166,878	(371,872,949)	108,745,249	20,906,789	

The following table analyses the Fund's sensitivity to foreign currency exposure should those currencies increase or decrease by 5% with all other variables held constant.

Currency	Currency risen / lowered by 5% Increase / (decrease) in net assets attributable to unitholders	
	2010 \$	2009 \$
DKK	551,066	166,531
EUR	7,490,436	10,236,170
GBP	1,391,794	1,708,344
USD	5,824,869	5,437,262

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Financial risk management (continued)

(b) Liquidity risk

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

The Fund is exposed to daily cash redemption of units in the Fund. The Fund invests the majority of its assets in investments that are traded in active markets 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 (depends on actual circumstances). At 31 March 2010, there are no investments in unlisted or unquoted securities (31 March 2009: \$Nil).

In accordance with the Fund's policies, the Manager monitors the Fund's liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The Manager also has the option to limit redemption orders to 10% of the net asset value, with the approval of the Trustee. In this event, the limitation will apply pro rata so that all unitholders of the relevant class or classes wishing to redeem units in that Fund on that dealing day will redeem the same proportion by value of such units, and units not redeemed will be carried forward for redemption, subject to the same limitation, on the next dealing day.

The Fund may, from time to time, invest in currency forward contracts traded over the counter, which are not traded in an organised market and may be illiquid.

The tables below analyse the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining year at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31/3/2010	Due on Demand	Less than 3 months	3 months - 1 year
	\$	\$	\$
Liabilities			
Payables	-	1,004,781	-
Purchases awaiting settlement	-	14,029,060	-
Fair value of financial derivatives	-	3,937,300	-
Net assets attributable to unitholders	336,415,163	-	-

As at 31/3/2009

Liabilities			
Payables	-	5,034,134	-
Purchases awaiting settlement	-	3,865,851	-
Fair value of financial derivatives	-	4,153,468	332,354
Net assets attributable to unitholders	375,221,932	-	-

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Financial risk management (continued)

(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.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

The Fund invests mostly in financial assets, which have an investment grade as rated by Standard and Poor's or Moody's. The credit ratings are reviewed regularly.

The table below analyses the Fund's investments by credit ratings.

	2010	2009
	%	%
AAA	62.87	86.26
Aaa	23.79	4.92
AA +	-	0.95
AA	0.82	-
AA-	-	0.23
BBB +	3.99	-
Accrued interest on fixed income securities	1.12	1.08
Total	92.59	93.44

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single issuer or counterparty. Furthermore, the Fund does not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered 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.

Credit risk also arises from cash and cash equivalents held with financial institutions. The Fund may also enter into derivatives to manage its exposure to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Fund is also exposed to the risk that its derivatives held with counterparties may not be recoverable in the event of any default by the parties concerned. The Manager minimises the Fund's credit risk by undertaking transactions with banks that are part of banking groups with good credit ratings assigned by international credit rating agencies.

The table below summaries the credit rating of banks and custodians in which the Funds' assets are held as at 31 March 2010 and 2009.

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Financial risk management (continued)

(c) Credit risk (continued)

As at 31/3/2010	Credit Rating	Source of Credit Rating
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	Aa1	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa1	Moody's
ANZ Bank	Aa1	Moody's
UBS AG	Aa3	Moody's
<hr/>		
As at 31/3/2009		
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	Aa1	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa1	Moody's
UBS AG	Aa2	Moody's
<hr/>		

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(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.

14. Secured credit facility

The Fund has a credit facility with HSBC at 31 March 2010 and 2009.

	2010	2009
	\$	\$
<u>Facility</u>		
Overdraft	20 million	20 million
<hr/>		

The above credit facility is secured by way of a floating charge over all assets of the Fund and is not utilised at year end.

Notes to the Financial Statements

For the financial year ended 31 March 2010

15. Financial ratios

	2010	2009
	%	%
Expense ratio ¹	0.95	0.95
Portfolio turnover ratio ²	258.70	149.51

¹ Expense ratio is calculated in accordance with IMAS Guidelines for the Disclosure of Expenses Ratios. The expense ratio does not include (where applicable) brokerage and other transaction costs, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fees.

² Portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

16. Comparatives

Certain comparative information in the financial statements for the year ended 31 March 2010 has been restated from the previous year, to be consistent with the current year presentation.

Report to Unitholders

For the financial year ended 31 March 2010

Investment Allocation as at 31 March 2010

By Country	Market Value in SGD	% of NAV
Australia	4,840,270	1.44
Canada	9,799,328	2.91
Denmark	9,244,785	2.75
France	39,543,895	11.76
Germany	74,931,403	22.27
Great Britain	44,454,269	13.21
Greece	13,425,080	3.99
Netherlands	17,916,098	5.33
Norway	6,111,357	1.82
Supra-National	10,583,780	3.15
Sweden	8,717,358	2.59
United States of America	68,133,567	20.25
	307,701,190	91.47
Accrued interest on fixed income securities	3,781,491	1.12
Portfolio of investments	311,482,681	92.59
Other net assets	24,932,482	7.41
Total	336,415,163	100.00

By Industry	Market Value in SGD	% of NAV
Bank	40,327,080	11.99
Finance	5,296,987	1.58
Government	261,688,568	77.78
Investment	388,555	0.12
	307,701,190	91.47
Accrued interest on fixed income securities	3,781,491	1.12
Portfolio of investments	311,482,681	92.59
Other net assets	24,932,482	7.41
Total	336,415,163	100.00

By Asset Class	Market Value in SGD	% of NAV
Fixed Income securities	307,701,190	91.47
	307,701,190	91.47
Accrued interest on fixed income securities	3,781,491	1.12
Portfolio of investments	311,482,681	92.59
Other net assets	24,932,482	7.41
Total	336,415,163	100.00

By Credit Rating *	Market Value in SGD	% of NAV
AAA	211,514,141	62.87
Aaa	80,019,353	23.79
AA	2,742,616	0.82
BBB+	13,425,080	3.99
	307,701,190	91.47
Accrued interest on fixed income securities	3,781,491	1.12
Portfolio of investments	311,482,681	92.59
Other net assets	24,932,482	7.41
	336,415,163	100.00

*By Standard & Poor's /Moody's

Report to Unitholders

For the financial year ended 31 March 2010

Top 10 Holdings

Holdings as at 31 March 2010	Market Value in SGD	% of NAV
Bundesrepublik Deutschland (BR) 3.75% 04/01/2019	62,103,255	18.46
US Treasury Bond 4.375% 15/11/2039	33,579,590	9.98
Government of France Oat 4% 25/10/2013	24,573,347	7.30
Government of Netherlands 4% 15/01/2037	17,916,098	5.33
UK Treasury 8% 07/06/2021	17,251,542	5.13
US Treasury Note 3.875% 15/09/2010	14,707,213	4.37
Hellenic Republic 3.7% 20/07/2015	10,518,984	3.13
UK Treasury 4.75% 07/06/2010	10,000,116	2.97
US Treasury Note 1% 31/12/2011	9,946,318	2.96
UK Treasury 4.5% 07/03/2019	8,245,126	2.45

Holdings as at 31 March 2009	Market Value in SGD	% of NAV
Bundesrepublik Deutschland Series 04 (BR) 3.75% 04/01/2015	53,806,393	14.34
US Treasury Note 5.125% 15/05/2016	51,202,426	13.65
Bundesrepublik Deutschland Series 07 (BR) 4% 04/01/2018	33,561,121	8.94
Bundesrepublik Deutschland Series 0303 (BR) 4.25% 04/01/2014	31,475,610	8.39
US Treasury Note 3.875% 15/09/2010	21,263,423	5.67
UK Treasury 4.75% 07/06/2010	20,714,434	5.52
UK Treasury 8% 07/06/2021	19,119,211	5.09
Government of Netherlands 4% 15/01/2037	18,445,138	4.92
US Treasury Note 4.75% 15/08/2017	13,250,709	3.53
Government of France Oat 4% 25/10/2013	12,016,645	3.20

Exposure to Derivatives

	Market value in SGD	% of NAV
Forward foreign exchange and futures contracts as at 31 March 2010	794,577	0.24
Net gains/(losses) on contracts realised for the period 1 April 2009 to 31 March 2010	2,550,815	
Net gains/(losses) on outstanding contracts marked to market as at 31 March 2010	794,577	

Investment in other unit trust, mutual funds and collective investment schemes

Nil as at 31 March 2010

Borrowings

Nil as at 31 March 2010

Report to Unitholders

For the financial year ended 31 March 2010

Amount of Redemptions and Subscriptions

For the period 1 April 2009 to 31 March 2010

	SGD
Redemptions	\$174,420,135
Subscriptions	\$148,364,181

Related Party Transactions

For the period 1 April 2009 to 31 March 2010

Refer to Note 12 of the "Notes to the Financial Statements".

Performance

	Legg Mason Global Bond Trust*	Benchmark
3-month	-1.74%	-2.08%
6-month	-3.58%	-3.73%
1-year	-3.58%	-2.61%
3-year	+1.93%	+2.84%
5-year	+0.74%	+1.50%
10-year	+2.95%	+4.44%
Since inception	+1.75%	+4.03%

* Average Annual Compounded Return for periods above one year, bid to bid with dividends reinvested

Benchmark : Citigroup World Government Bond Index (S\$) ex Japan

The inception date was 2 November 1998

Source : Legg Mason Asset Management Singapore Pte. Limited and Lipper

Expense Ratio

For the period 1 April 2009 to 31 March 2010	0.95%
For the period 1 April 2008 to 31 March 2009	0.95%

The expense ratio was calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios.

The expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.

Turnover Ratio

For the period 1 April 2009 to 31 March 2010	258.70%
For the period 1 April 2008 to 31 March 2009	149.51%

The turnover ratio was calculated in accordance with the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore.

The turnover ratio is calculated based on the lesser of purchases or sales of underlying investments of the Fund expressed as a percentage of daily average net asset value.

Report to Unitholders

For the financial year ended 31 March 2010

Other Material Information

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

Soft Dollar Commission/Arrangements

The Investment Manager did not receive any soft dollar commission or enter into any soft dollar arrangement in the management of the Fund.

Intentionally left blank

Legg Mason Asian Enterprise Trust

Legg Mason Southeast Asia Special Situations Trust

Legg Mason Funds

- Legg Mason Singapore Dollar Fund

- Legg Mason Singapore Opportunities Trust

Legg Mason Global Bond Trust

Legg Mason Asian Bond Trust

Legg Mason Singapore Bond Fund

Legg Mason Asian Bond Trust

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

Report of the Trustee

The Trustee is under a duty to take into custody and to hold the assets of Legg Mason Asian Bond Trust (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 the Statement of Recommended Accounting Practice 7 "Reporting Framework for Units 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 year covered by these financial statements set out on pages 137 to 159, 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

HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised Signatory

28 June 2010

Legg Mason Asian Bond Trust

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

Statement by the Manager

In the opinion of the directors of Legg Mason Asset Management Singapore Pte. Limited (formerly known as Legg Mason International Equities (Singapore) Pte. Limited) (the "Manager"), the accompanying financial statements set out on pages 137 to 159, 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 Legg Mason Asian Bond Trust (the "Fund") as at 31 March 2010 and the total return for the year 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
LEGG MASON ASSET MANAGEMENT SINGAPORE PTE. LIMITED

Director
Legg Mason Asset Management Singapore Pte. Limited

28 June 2010

Independent Auditor's Report To The Unitholders of Legg Mason Asian Bond Trust

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

We have audited the accompanying financial statements of Legg Mason Asian Bond Trust (the "Fund") set out on pages 137 to 159, which comprise the Balance Sheet and Portfolio Statement as at 31 March 2010, the Statement of Total Return for the year then ended and a summary of significant accounting policies and other explanatory notes.

Manager's Responsibility for the Financial Statements

The 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 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 March 2010 and the total return for the year 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, 28 June 2010

Statement of Total Return

For the financial year ended 31 March 2010

	Notes	31/3/2010 \$	31/3/2009 \$
Income			
Dividends		711	
Interest income	12	870	6,031
Sundry income		9,896	-
		11,477	6,031
Less: Expenses			
Audit fee		8,579	10,427
Commissions		3,977	6,721
Custody fee	12	3,476	7,949
Management fee	12	468,467	422,376
Trustee fee	12	28,423	26,119
Registration fee	12	18,564	19,006
Printing expenses		6,310	8,447
Professional fees		18,813	15,890
Valuation fee	12	17,962	16,809
Goods & services tax expenses		8,796	33,669
Other expenses		5,498	3,847
		588,865	571,260
Net investment loss		(577,388)	(565,229)
Net gains or losses on value of investments			
Net realised gains on investments		1,790,434	441,665
Net change in fair value on investments		4,737,884	(670,860)
Net realised gains/(losses) on financial derivatives		3,422,700	(5,462,999)
Net change in fair value on financial derivatives		462,751	760,962
Net foreign exchange losses		(48,672)	(9,180)
Net gains/(losses) on value of investments		10,365,097	(4,940,412)
Total return/(deficit) for the financial year before income tax		9,787,709	(5,505,641)
Less: Income tax	3	(26,580)	(77,961)
Total return/(deficit) for the financial year		9,761,129	(5,583,602)

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

Balance Sheet

As at 31 March 2010

	Notes	31/3/2010 \$	31/3/2009 \$
ASSETS			
Portfolio of investments		31,456,225	36,964,096
Cash and bank balances	5	2,432,854	3,667,062
Margin accounts	6	182,054	446,121
Receivables	7	80,355	230,662
Sales awaiting settlement		292,306	-
Fair value of financial derivatives	8	564,248	1,078,412
Total assets		35,008,042	42,386,353
LIABILITIES			
Payables	9	127,784	77,033
Purchases awaiting settlement		974,461	1,170,532
Fair value of financial derivatives	8	101,497	317,450
Net assets attributable to unitholders	10	33,804,300	40,821,338
Total liabilities		35,008,042	42,386,353

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

Portfolio Statement

As at 31 March 2010

	Nominal holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
<u>By Geography (Primary)</u>			
Quoted Bonds			
Bermuda			
Asia Aluminum Holdings Ltd 8% 23/12/2011	100,000	18,874	0.06
British Virgin Islands			
CLP Power Hong Kong Financing Ltd 4.75% 19/03/2020	300,000	417,611	1.24
Wharf Finance Ltd EMTN 6.125% 06/11/2017	180,000	267,453	0.79
		685,064	2.03
Canada			
Sino-Forest Corporation 10.25% 28/07/2014	250,000	386,309	1.14
Cayman Islands			
Guangdong Alliance Limited [^]	5,812	-	-
Hong Kong Property Co Limited [^]	5,812	-	-
Parkson Retail Group Ltd 7.125% 30/05/2012	200,000	290,794	0.86
Swire Pacific MTN Financing Ltd EMTN 5.625% 30/03/2016	400,000	604,070	1.79
		894,864	2.65
Hong Kong			
Agile Property Holdings Limited 9% 22/09/2013	100,000	148,368	0.44
Agile Property Holdings Limited 10% 14/11/2016	100,000	148,815	0.44
Bank of China (Hong Kong) Limited 5.55% 11/02/2020	250,000	345,703	1.02
Dah Sing Bank Limited Series EMTN 6.625% 11/02/2020	320,000	460,569	1.36
GH Water Supply Holdings Limited [^]	2,208	-	-
Hutchison Whampoa International Limited 7.45% 24/11/2033	300,000	484,642	1.44
		1,588,097	4.70

[^] There is no readily available market quotation as the securities are not traded on any exchange. The Manager made certain estimates and assumptions to arrive at the fair value, after taking into account all relevant information. The actual proceeds that could be realised from the sale of these shares could be different from the estimated fair value.

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

Portfolio Statement

As at 31 March 2010

	Nominal holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
By Geography (Primary) (continued)			
Quoted Bonds (continued)			
India			
Bank of Baroda Series EMTN 4.75% 07/10/2015	460,000	639,371	1.89
ICICI Bank Limited 5.5% 25/03/2015	400,000	565,662	1.67
		1,205,033	3.56
Indonesia			
PT Adaro Indonesia 7.625% 22/10/2019	260,000	375,972	1.11
PT Ciliandra Perkasa 10.75% 08/12/2011	300,000	427,799	1.27
Indo Integrated Energy 8.5% 01/06/2012	100,000	146,774	0.43
MGTI Finance Company Limited 8.375% 15/09/2010	100,000	140,546	0.42
Republic of Indonesia 8.5% 12/10/2035	510,000	893,039	2.64
Republic of Indonesia 6.625% 17/02/2037	1,800,000	2,573,111	7.61
Prime Dig Private Limited 11.75% 03/11/2014	200,000	304,238	0.90
Sertifikat Bank Indonesia Series 91 Treasury Bill 20/05/2010	2,000,000,000	304,545	0.90
		5,166,024	15.28
Malaysia			
Malaysia Treasury Bills Series 273 09/04/2010	450,000	192,776	0.57
Petronas Capital Limited 5.25% 12/08/2019	500,000	705,498	2.08
Petronas Capital Limited 7.875% 22/05/2022	500,000	851,776	2.52
Sarawak International Inc 5.5% 03/08/2015	1,050,000	1,530,018	4.53
Telekom Malaysia 7.875% 01/08/2025	200,000	331,994	0.98
		3,612,062	10.68
Netherlands			
Listrindo Capital BV 9.25% 29/01/2015	100,000	151,213	0.45
Majapahit Holding BV 7.75% 20/01/2020	130,000	196,922	0.58
		348,135	1.03

[^] There is no readily available market quotation as the securities are not traded on any exchange. The Manager made certain estimates and assumptions to arrive at the fair value, after taking into account all relevant information. The actual proceeds that could be realised from the sale of these shares could be different from the estimated fair value.

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

Portfolio Statement

As at 31 March 2010

	Nominal holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
<u>By Geography (Primary) (continued)</u>			
Quoted Bonds (continued)			
Philippines			
Land Bank of Philippines VAR 19/10/2016	100,000	148,273	0.43
National Power Corporation 6.875% 02/11/2016	2,000,000	3,044,170	9.01
Republic of Philippines 6.375% 15/01/2032	1,150,000	1,587,661	4.70
		4,780,104	14.14
Singapore			
CMT MTN Pte Limited EMTN 4.321% 08/04/2015	240,000	335,413	0.99
DBS Bank Limited VAR 16/05/2017	300,000	433,990	1.29
Oversea-Chinese Banking Corporation Limited FRN 18/11/2019	500,000	690,797	2.04
Stats Chippac Limited 7.5% 19/07/2010	100,000	141,378	0.42
United Overseas Bank Limited 5.796% PERP	100,000	135,451	0.40
United Overseas Bank Limited VAR 03/09/2019	500,000	713,970	2.11
		2,450,999	7.25
South Korea			
Korea Development Bank 8% 23/01/2014	800,000	1,281,925	3.79
Korea Electric Power Corporation 5.375% 18/04/2013	400,000	593,976	1.76
Korea Expressway Corporation 4.5% 23/03/2015	160,000	226,372	0.67
Korea Hydro & Nuclear Power Company Ltd 6.25% 17/06/2014	320,000	481,761	1.43
Korea National Oil Corporation 5.375% 30/07/2014	310,000	455,165	1.35
Korea Treasury Bond Series 1809 5.75% 10/09/2018	600,000,000	783,288	2.32
National Agricultural Cooperative Federation 5% 30/09/2014	270,000	389,983	1.16
Pusan Bank VAR 30/10/2017	250,000	344,602	1.02
Shinhan Bank 4.375% 15/09/2015	440,000	609,532	1.80
Shinhan Bank VAR 20/09/2036	150,000	203,408	0.60
Shinsegae Company Limited 6.125% 27/06/2011	150,000	218,738	0.65
SK Telecom Company Limited 4.25% 01/04/2011	400,000	571,774	1.69
SK Telecom Company Limited 6.625% 20/07/2027	700,000	1,015,402	3.00
Small Business Corporation 5.75% 14/09/2016	200,000	284,833	0.84
Woori Bank 7% 02/02/2015	400,000	619,303	1.83
Woori Bank 7.63% 14/04/2015	100,000	153,120	0.45
		8,233,182	24.36

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

Portfolio Statement

As at 31 March 2010

	Nominal holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
<u>By Geography (Primary) (continued)</u>			
Quoted Bonds (continued)			
Sri Lanka			
Republic of Sri Lanka 7.4% 22/01/2015	290,000	422,398	1.25
United Arab Emirates			
Axis Bank Limited EMTN 5.25% 30/09/2015	360,000	500,973	1.48
United States of America			
CII Carbon LLC 11.125% 15/11/2015	250,000	349,513	1.03
CII Carbon LLC (144A) 11.125% 15/11/2015	100,000	139,805	0.41
Galaxy Entertainment Finance Co Ltd 9.875% 15/12/2012	160,000	232,076	0.69
		721,394	2.13
Quoted bonds		31,013,512	91.74
Accrued interest on fixed income securities		442,713	1.31
Portfolio of investments		31,456,225	93.05
Other net assets		2,348,075	6.95
Net assets attributable to unitholders		33,804,300	100.00

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

Portfolio Statement

As at 31 March 2010

	Percentage of total net assets attributable to unitholders at 31/3/2010 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
By Geography (Summary)		
Quoted Bonds		
Bermuda	0.06	0.05
British Virgin Islands	2.03	1.17
Canada	1.14	0.96
Cayman Islands	2.65	5.49
China	-	0.49
Hong Kong	4.70	6.05
India	3.56	3.76
Indonesia	15.28	13.47
Malaysia	10.68	8.97
Netherlands	1.03	0.99
Philippines	14.14	24.14
Singapore	7.25	6.40
South Korea	24.36	12.63
Sri Lanka	1.25	-
Thailand	-	3.97
United Arab Emirates	1.48	-
United States of America	2.13	0.48
	<hr/> 91.74	<hr/> 89.02
Accrued interest on fixed income securities	1.31	1.53
	<hr/> 93.05	<hr/> 90.55
Portfolio of investments	93.05	90.55
Other net assets	6.95	9.45
	<hr/> 100.00	<hr/> 100.00
Net assets attributable to unitholders	100.00	100.00

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

Portfolio Statement

As at 31 March 2010

	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
By Industry (Secondary)			
Agriculture	427,799	1.27	-
Bank	8,541,177	25.26	14.64
Casino Hotels	232,076	0.69	-
Diversified resource	1,356,165	4.02	2.49
Electrical and electronic	4,875,818	14.42	7.28
Energy	522,746	1.54	0.57
Finance	475,959	1.41	2.26
Foods	-	-	1.51
Forestry	386,309	1.14	0.96
Government	6,963,478	20.60	38.78
Metal products	489,318	1.44	-
Mining	304,238	0.90	-
Miscellaneous	1,767,630	5.24	9.65
Oil and gas	2,012,439	5.95	2.54
Property	-	-	1.79
Public utility	331,994	0.98	0.73
Real estate	297,183	0.88	1.71
Retail	290,794	0.86	0.60
Telecommunication	1,587,176	4.69	2.38
Utility- Electric	151,213	0.45	-
Wholesale	-	-	1.13
	31,013,512	91.74	89.02
Accrued interest on fixed income securities	442,713	1.31	1.53
Portfolio of investments	31,456,225	93.05	90.55
Other net assets	2,348,075	6.95	9.45
Net assets attributable to unitholders	33,804,300	100.00	100.00

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

Notes to the Financial Statements

For the financial year ended 31 March 2010

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

1. General

Legg Mason Asian Bond Trust (the "Fund") is an open-ended unit trust constituted pursuant to the Trust Deed dated 26 November 1996, as amended by various Supplemental Deeds between HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") and Legg Mason Asset Management (Asia) Pte Ltd. A Supplemental Deed dated 28 September 2006 was entered to effect the change of investment manager from Legg Mason Asset Management (Asia) Pte Ltd to Legg Mason International Equities (Singapore) Pte. Limited (the "Manager"). The Trust Deed and subsequent Supplemental Deeds are governed in accordance with the laws of the Republic of Singapore.

The principal objective of the Fund relates to holding of certain authorised investments for long-term capital appreciation.

The Manager, Legg Mason International Equities (Singapore) Pte. Limited changed its name to Legg Mason Asset Management Singapore Pte. Limited on 1 October 2009.

2. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and 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.

The financial statements are expressed in Singapore dollars, which is the functional currency of the Fund.

(b) Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates may differ from actual results. The estimates and assumptions that the management adopts are outlined below:

Fair value of investments

The Fund may, from time to time, hold investments that are not quoted in active markets. Fair values of such investments are determined by the Manager after taking into account all relevant information to make certain estimates and assumptions. The actual proceeds that could be realised from the sale of these shares could be different from the estimated fair value.

All the Fund's financial assets and financial liabilities are held for the purpose of being traded.

(c) Income recognition

Dividend income is recorded gross in the financial statements in the accounting year which the security is quoted ex-dividend.

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

Notes to the Financial Statements

For the financial year ended 31 March 2010

2. Significant accounting policies (continued)

(d) Foreign currencies

(i) Functional and presentation currency

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore dollars.

The performance of the Fund is measured and reported to the investors in Singapore dollars. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's functional and presentation currency is the Singapore Dollar.

(ii) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the date of balance sheet. Foreign currency transactions during the financial year are converted into Singapore dollars at the rates of exchange ruling on the transaction dates.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation of foreign currency monetary assets and liabilities at balance sheet date are taken to the Statement of Total Return.

(e) Investments

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

(i) Initial recognition

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

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statement of Total Return in the year which they arise. The resultant unrealised gains and losses are taken to the Statement of Total Return.

(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 taken up in the Statement of Total Return.

(f) Basis of valuation of investments

The fair value of financial instruments traded in an active market 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 or dealer's quote as applicable. Accrued interest is included in the fair value of the fixed income instruments.

Notes to the Financial Statements

For the financial year ended 31 March 2010

2. Significant accounting policies (continued)

(g) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when their fair value is positive and as liabilities when fair values are negative.

The best evidence of the fair value of a derivative at fair value is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable market transactions in the same instrument (i.e. without modification or packaging) or based on a valuation technique that whose variables include only data from observable markets.

3. Income Tax

	2010 \$	2009 \$
Overseas income tax	<u>26,580</u>	<u>77,961</u>

(a) The Fund is a designated unit trust and therefore, the following income is exempted from tax in accordance with Section 35(12) of the Income Tax Act:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities and transactions in foreign exchange, futures, forwards, swaps and options relating to securities, financial indices, interest rates and currencies;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (iii) distribution from foreign unit trusts and dividends derived from outside Singapore and received in Singapore; and
- (iv) dividends derived from outside Singapore and received in Singapore.

(b) The overseas income tax represents tax deducted at source on income derived from outside Singapore and received in Singapore.

4. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2010 (31 March 2009: \$Nil).

Notes to the Financial Statements

For the financial year ended 31 March 2010

5. Cash and bank balances

	2010 \$	2009 \$
Held with a related company of the Trustee:		
- Cash and bank balances	1,034,722	1,496,627
Held with other financial institutions:		
- Fixed deposits	1,398,132	2,170,435
Total	<u>2,432,854</u>	<u>3,667,062</u>

The fixed deposits have the following average maturity from the end of the financial year:

	2010 days	2009 days
Singapore Dollar	-	1
United States Dollar	<u>5</u>	<u>1</u>

The fixed deposits have the following weighted average effective interest rates at the balance sheet date:

	2010 %	2009 %
Singapore Dollar	-	0.20
United States Dollar	<u>0.12</u>	<u>0.20</u>

6. Margin accounts

	2010 \$	2009 \$
Margin deposits with brokers	<u>182,054</u>	<u>446,121</u>

7. Receivables

	2010 \$	2009 \$
Amount due from unitholders	80,355	230,648
Interest receivable	-	14
	<u>80,355</u>	<u>230,662</u>

Notes to the Financial Statements

For the financial year ended 31 March 2010

8. Fair value of financial derivatives

The tables below set out the notional contract amounts and fair value of forward foreign exchange, futures and swap contracts entered into with third parties.

As at financial year end, commitments under forward foreign exchange and futures contracts are due for settlement within 8 months (31 March 2009: 5 months). Swap contracts will mature in financial years 2013, 2014 and 2019.

	Notional amount \$	Fair value assets \$	Fair value liabilities \$
31/3/2010			
Forward foreign exchange contracts	53,576,971	196,724	(73,582)
Futures contracts	8,048,352	17,410	(8,857)
Swap contracts	3,895,110	350,114	(19,058)
		<hr/> 564,248	<hr/> (101,497)
31/3/2009			
Forward foreign exchange contracts	58,482,376	1,053,372	(230,716)
Futures contracts	8,845,041	2,257	(54,214)
Swap contracts	2,819,524	22,783	(32,520)
		<hr/> 1,078,412	<hr/> (317,450)

The forward foreign exchange, futures and swap contracts were undertaken for purpose of efficient portfolio management.

All financial derivatives are stated at their fair values on the balance sheet.

9. Payables

	2010 \$	2009 \$
Amount due to unitholders	60,357	2,633
Accrued management fee	28,437	33,908
Accrued trustee fee	1,847	2,120
Other payables and accruals	37,143	38,372
	<hr/> 127,784	<hr/> 77,033

Notes to the Financial Statements

For the financial year ended 31 March 2010

10. Net assets attributable to unitholders

	2010 \$	2009 \$
At the beginning of the financial year	40,821,338	48,800,416
Operations		
Changes in net assets attributable to unitholders resulting from operations	9,761,129	(5,583,602)
Unitholders' contributions/(withdrawals)		
Creation of units	14,696,346	2,746,955
Cancellation of units	(31,474,513)	(5,142,431)
Change in net assets attributable to unitholders resulting from net cancellation of units	(16,778,167)	(2,395,476)
Total decrease in net assets attributable to unitholders	(7,017,038)	(7,979,078)
At the end of the financial year	33,804,300	40,821,338
Units in issue (Note 11)	27,597,214	41,224,296
Net assets attributable to unitholders per unit	1.22	0.99

11. Units in issue

	2010	2009
Units at beginning of the financial year	41,224,296	43,514,643
Units created	13,119,068	2,664,241
Units cancelled	(26,746,150)	(4,954,588)
Units at end of the financial year	27,597,214	41,224,296

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Related party transactions

The Manager of the Fund is Legg Mason Asset Management Singapore Pte. Limited (formerly known as Legg Mason International Equities (Singapore) Pte. Limited) and the Trustee and Custodian is HSBC Institutional Trust Services (Singapore) Limited. The management fee, trustee fee, custody fee, registration fee and valuation fee paid or payable by the Fund are related party transactions and are shown in the Statement of Total Return.

In addition to related party information disclosed elsewhere in the financial statements, the following transactions took place during the financial year between the Fund and related parties at terms agreed between the parties concerned and within the provisions of the Trust Deed:

	2010	2009
	\$	\$
Interest income received and receivable from a bank which is a related company of the Trustee	16	5,359
Interest expenses incurred with a bank which is a related company of the Trustee	3	38

13. Financial risk management

The Fund's activities expose it to a variety of market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Fund's overall risk management policy seeks to minimise potential adverse effects of such risks on the Fund's financial performance. The Fund may use futures, options and/or currency forward contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines 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 exposures.

The Fund's assets principally consist of financial instruments such as debt securities, money market 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 and rates, including observable variables such as interest rates, 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 so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies and industries, and alternatively, the Fund may be hedged using derivative strategies.

The Legg Mason Asian Bond Trust aims to maximise returns over the long term by investing mainly in the bond markets of Asia's developing economies.

The Fund's market risk is affected primarily by changes in three components: changes in actual market prices, interest rate volatility and foreign exchange movements.

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk

Price risk primarily results from exposure to volatility of equity prices. The Fund does not hold any equities as of 31 March 2010 and 2009, and therefore is not exposed to significant amount of risk arising from changes in equity prices.

(ii) Interest rate risk

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

It affects the value of fixed income securities more than equities. As interest rates rise, prices of fixed income securities may fall and vice versa. The rationale is that as interest rate increases, the opportunity cost of holding a bond increases since investors are able to realise greater yields by switching to other investments that reflect the higher interest rate. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk.

As the Fund invests in primarily debt securities, the values of which are driven significantly by changes in interest rates, the Fund is mainly subject to interest rate risk. When interest rates rise, the value of previously acquired debt securities will normally fall because new debt securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired debt securities will normally rise. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk. In a rising interest rate environment, the Fund will acquire debts with a shorter maturity profile to minimise the negative impact to the portfolio.

The tables below summarise the Fund's exposure to interest rate risks. They include the Fund's assets and trading liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates. All variable rate financial instruments are reset within a month.

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

As at 31/3/2010	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	-	779,245	7,933,502	22,300,765	442,713	31,456,225
Cash and bank balances	1,034,722	-	-	-	1,398,132	2,432,854
Margin accounts	182,054	-	-	-	-	182,054
Receivables	-	-	-	-	80,355	80,355
Sales awaiting settlement	-	-	-	-	292,306	292,306
Fair value of financial derivatives	-	-	-	-	564,248	564,248
Total assets	1,216,776	779,245	7,933,502	22,300,765	2,777,754	35,008,042
Liabilities						
Payables	-	-	-	-	127,784	127,784
Purchases awaiting settlement	-	-	-	-	974,461	974,461
Fair value of financial derivatives	-	-	-	-	101,497	101,497
Net assets attributable to unitholders	-	-	-	-	33,804,300	33,804,300
Total liabilities	-	-	-	-	35,008,042	35,008,042
As at 31/3/2009						
Assets						
Portfolio of investments	5,103,588	261,653	5,780,571	25,194,640	623,644	36,964,096
Cash and bank balances	1,496,627	2,170,435	-	-	-	3,667,062
Margin accounts	446,121	-	-	-	-	446,121
Receivables	-	-	-	-	230,662	230,662
Fair value of financial derivatives	-	-	-	-	1,078,412	1,078,412
Total assets	7,046,336	2,432,088	5,780,571	25,194,640	1,932,718	42,386,353
Liabilities						
Payables	-	-	-	-	77,033	77,033
Purchases awaiting settlement	-	-	-	-	1,170,532	1,170,532
Fair value of financial derivatives	-	-	-	-	317,450	317,450
Net assets attributable to unitholders	-	-	-	-	40,821,338	40,821,338
Total liabilities	-	-	-	-	42,386,353	42,386,353

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

As at 31 March 2010, should interest rates have lowered or risen by 50 basis points ("bps") (31 March 2009: 50 bps) with all other variables remaining constant, the increase or decrease in net assets attributable to unitholders for the year would be as follows:

	2010		2009	
	Parallel shift in interest rates by			
	+ 50 bps	- 50 bps	+ 50 bps	- 50 bps
	\$'000	\$'000	\$'000	\$'000
Effect on net assets attributable to unitholders	(859)	904	(1,080)	1,137

(iii) Currency risk

The Fund holds monetary financial assets/liabilities denominated in currencies other than Singapore dollars and the Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore dollar and such other currencies. The Fund may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

The tables below summarise the exposure to currency risks for the Fund:

As at 31/3/2010	IDR	KRW	MYR	SGD	USD	Others	Total
	\$	\$	\$	\$	\$	\$	\$
Assets							
(excluding foreign exchange derivatives)							
Portfolio of investments	304,545	785,836	192,776	-	30,173,068	-	31,456,225
Cash and bank balances	-	-	-	606,458	1,789,311	37,085	2,432,854
Margin accounts	-	58,597	-	-	123,457	-	182,054
Receivables	-	-	-	80,355	-	-	80,355
Sales awaiting settlement	-	-	-	-	292,306	-	292,306
Fair value of financial derivatives	-	-	-	-	136,281	-	136,281
Total assets	304,545	844,433	192,776	686,813	32,514,423	37,085	34,580,075
Liabilities							
(excluding foreign exchange derivatives)							
Payables	-	-	-	107,955	19,829	-	127,784
Purchases awaiting settlement	-	-	-	-	974,461	-	974,461
Fair value of financial derivatives	-	20,269	-	-	7,646	-	27,915
Net assets attributable to unitholders	-	-	-	33,804,300	-	-	33,804,300
Total liabilities	-	20,269	-	33,912,255	1,001,936	-	34,934,460
Net financial assets / (liabilities)	304,545	824,164	192,776	(33,225,442)	31,512,487	37,085	(354,385)
Fair value of currency forwards and currency swap	799,761	1,061	-	32,884,523	(32,114,915)	(1,216,045)	
Currency exposure	1,104,306	825,225	192,776	(340,919)	(602,428)	(1,178,960)	

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

As at 31/3/2009	INR \$	KRW \$	THB \$	SGD \$	USD \$	Others \$	Total \$
Assets							
(excluding foreign exchange derivatives)							
Portfolio of investments	1,585,669	1,132,425	1,068,370	663,072	31,888,236	626,324	36,964,096
Cash and bank balances	-	-	61,529	838,512	2,739,902	27,119	3,667,062
Margin accounts	-	367,116	-	-	79,005	-	446,121
Receivables	-	-	-	230,651	11	-	230,662
Fair value of financial derivatives	-	-	-	-	2,257	-	2,257
Total assets	1,585,669	1,499,541	1,129,899	1,732,235	34,709,411	653,443	41,310,198
Liabilities							
(excluding foreign exchange derivatives)							
Payables	-	-	-	57,205	19,828	-	77,033
Purchases awaiting settlement	-	-	-	-	1,170,532	-	1,170,532
Fair value of financial derivatives	-	54,214	-	-	32,520	-	86,734
Net assets attributable to unitholders	-	-	-	40,821,338	-	-	40,821,338
Total liabilities	-	54,214	-	40,878,543	1,222,880	-	42,155,637
Net financial assets / (liabilities)	1,585,669	1,445,327	1,129,899	(39,146,308)	33,486,531	653,443	(845,439)
Fair value of currency forwards and currency swap	(1,489,418)	(1,540,553)	(1,103,050)	34,377,218	(29,149,049)	(249,709)	
Currency exposure	96,251	(95,226)	26,849	(4,769,090)	4,337,482	403,734	

The following table analyses the Fund's sensitivity to foreign currency exposure should those currencies increase or decrease by 5% with all other variables held constant.

Currency	Currency risen / lowered by 5% Increase / (decrease) in net assets attributable to unitholders	
	2010 \$'000	2009 \$'000
IDR	55,215	598
INR	-	4,813
KRW	41,261	(4,761)
MYR	9,639	(2,217)
THB	-	1,342
USD	(30,121)	216,874

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Financial risk management (continued)

(b) Liquidity risk

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

The Fund is exposed to daily cash redemption of units in the Fund. The Fund invests the majority of its assets in investments that are traded in active markets 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 (depends on actual circumstances).

In accordance with the Fund's policies, the Manager monitors the Fund's liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The Manager also has the option to limit redemption orders to 10% of the net asset value, with the approval of the Trustee. In this event, the limitation will apply pro rata so that all unitholders of the relevant class or classes wishing to redeem units in that Fund on that dealing day will redeem the same proportion by value of such units, and units not redeemed will be carried forward for redemption, subject to the same limitation, on the next dealing day.

The Fund may, from time to time, invest in currency forward contracts traded over the counter, which are not traded in an organised market and may be illiquid.

The tables below analyse the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31/3/2010	Due on Demand \$	Less than 3 months \$	3 months - 1 year \$	1-5 years \$	Above 5 years \$
Liabilities					
Payables	-	127,784	-	-	-
Purchases awaiting settlement	-	974,461	-	-	-
Fair value of financial derivatives	-	42,205	40,234	-	19,058
Net assets attributable to unitholders	33,804,300	-	-	-	-

As at 31/3/2009

Liabilities					
Payables	-	77,033	-	-	-
Purchases awaiting settlement	-	1,170,532	-	-	-
Fair value of financial derivatives	-	204,477	80,453	-	32,520
Net assets attributable to unitholders	40,821,338	-	-	-	-

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Financial risk management (continued)

(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.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

The Fund invests mostly in financial assets, which have an investment grade as rated by Standard and Poor's or Moody's. The credit ratings are reviewed regularly.

The table below analyses the Fund's investments by credit ratings.

	2010	2009
	%	%
A +	3.61	5.01
A	18.97	12.86
A-	20.70	14.41
A3	2.01	0.31
BBB +	1.47	2.81
BBB	1.39	0.64
BBB-	3.15	-
BB +	-	0.83
BB	13.71	1.82
BB-	14.58	36.67
B +	0.42	1.71
B	1.94	1.17
B-	-	0.72
B1	1.27	-
B2	0.43	0.57
Baa1	1.36	-
Baa2	1.89	-
Ba1	1.11	-
Ba2	-	3.76
Ba3	0.90	-
CCC +	1.44	0.48
D	-	0.05
Unrated (Singapore - incorporated debt securities)	1.39	5.20
Accrued interest on fixed income securities	1.31	1.53
Total	93.05	90.55

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single issuer or counterparty. Furthermore, the Fund does not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Financial risk management (continued)

(c) Credit risk (continued)

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered 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.

Credit risk also arises from cash and cash equivalents held with financial institutions. The Fund may also enter into derivatives to manage its exposure to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Fund is also exposed to the risk that its derivatives held with counterparties may not be recoverable in the event of any default by the parties concerned. The Manager minimises the Fund's credit risk by undertaking transactions with banks that are part of banking groups with good credit ratings assigned by international credit rating agencies. The tables below summarise the credit rating of banks and custodians in which the Funds' assets are held as at 31 March 2010 and 2009.

	Credit Rating	Source of Credit Rating
As at 31/3/2010		
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	Aa1	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa1	Moody's
UBS AG	Aa3	Moody's
<hr/>		
As at 31/3/2009		
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	Aa1	Moody's
<u>Bank</u>		
JP Morgan Chase	Aa3	Moody's
Oversea-Chinese Banking Corporation Limited	Aa1	Moody's
The Hongkong and Shanghai Banking Corporation Limited	Aa1	Moody's
UBS AG	Aa2	Moody's
<hr/>		

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

Notes to the Financial Statements

For the financial year ended 31 March 2010

13. Financial risk management (continued)

(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.

14. Secured credit facility

The Fund has a credit facility with HSBC at 31 March 2010 and 2009.

	2010	2009
	\$	\$
<u>Facility</u>		
Overdraft	2 million	2 million

The above credit facility is secured by way of a floating charge over all assets of the Fund and is not utilised at year end.

15. Financial ratios

	2010	2009
	%	%
Expense ratio ¹	1.26	1.35
Portfolio turnover ratio ²	72.12	46.07

¹ Expense ratio is calculated in accordance with IMAS Guidelines for the Disclosure of Expenses Ratios. The expense ratio does not include (where applicable) brokerage and other transaction costs, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fees.

² Portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

16. Comparatives

Certain comparative information in the financial statements for the year ended 31 March 2010 has been restated from the previous year, to be consistent with the current year presentation.

Report to Unitholders

For the financial year ended 31 March 2010

Investment Allocation as at 31 March 2010

By Country	Market Value in SGD	% of NAV
Bermuda	18,874	0.06
British Virgin Islands	685,064	2.03
Canada	386,309	1.14
Cayman Islands	894,864	2.65
Hong Kong	1,588,097	4.70
India	1,205,033	3.56
Indonesia	5,166,024	15.28
Malaysia	3,612,062	10.68
Netherlands	348,135	1.03
Philippines	4,780,104	14.14
Singapore	2,450,999	7.25
South Korea	8,233,182	24.36
Sri Lanka	422,398	1.25
United Arab Emirates	500,973	1.48
United States of America	721,394	2.13
	31,013,512	91.74
Accrued interest on fixed income securities	442,713	1.31
Portfolio of investments	31,456,225	93.05
Other net assets	2,348,075	6.95
Total	33,804,300	100.00

By Industry	Market Value in SGD	% of NAV
Agriculture	427,799	1.27
Bank	8,541,177	25.26
Casino Hotels	232,076	0.69
Diversified resource	1,356,165	4.02
Electrical and electronic	4,875,818	14.42
Energy	522,746	1.54
Finance	475,959	1.41
Forestry	386,309	1.14
Government	6,963,478	20.60
Metal products	489,318	1.44
Mining	304,238	0.90
Miscellaneous	1,767,630	5.24
Oil and gas	2,012,439	5.95
Public utility	331,994	0.98
Real estate	297,183	0.88
Retail	290,794	0.86
Telecommunication	1,587,176	4.69
Utility- Electric	151,213	0.45
	31,013,512	91.74
Accrued interest on fixed income securities	442,713	1.31
Portfolio of investments	31,456,225	93.05
Other net assets	2,348,075	6.95
Total	33,804,300	100.00

Report to Unitholders

For the financial year ended 31 March 2010

By Asset Class	Market Value in SGD	% of NAV
Fixed Income securities	31,013,512	91.74
	31,013,512	91.74
Accrued interest on fixed income securities	442,713	1.31
Portfolio of investments	31,456,225	93.05
Other net assets	2,348,075	6.95
Total	33,804,300	100.00

By Credit Rating *	Market Value in SGD	% of NAV
A +	1,217,278	3.61
A	6,409,599	18.97
A-	6,997,768	20.70
A3	680,015	2.01
BBB +	498,823	1.47
BBB	470,861	1.39
BBB-	1,066,635	3.15
BB	4,637,358	13.71
BB-	4,923,590	14.58
B +	141,378	0.42
B	654,474	1.94
B1	427,799	1.27
B2	146,774	0.43
Baa1	460,569	1.36
Baa2	639,371	1.89
Ba1	375,972	1.11
Ba3	304,238	0.90
CCC +	489,318	1.44
Unrated	471,692	1.39
	31,013,512	91.74
Accrued interest on fixed income securities	442,713	1.31
Portfolio of investments	31,456,225	93.05
Other net assets	2,348,075	6.95
	33,804,300	100.00

*By Standard & Poor's /Moody's

Report to Unitholders

For the financial year ended 31 March 2010

Top 10 Holdings

Holdings as at 31 March 2010	Market Value in SGD	% of NAV
National Power Corporation 6.875% 02/11/2016	3,044,170	9.01
Republic of Indonesia 6.625% 17/02/2037	2,573,111	7.61
Republic of Philippines 6.375% 15/01/2032	1,587,661	4.70
Sarawak International 5.5% 03/08/2015	1,530,018	4.53
Korea Development Bank 8% 23/01/2014	1,281,925	3.79
SK Telecom Company Limited 6.625% 20/07/2027	1,015,402	3.00
Republic of Indonesia 8.5% 12/10/2035	893,039	2.64
Petronas Capital Limited 7.875% 22/05/2022	851,776	2.52
Korea Treasury Bond Series 1809 5.75% 10/09/2018	783,288	2.32
United Overseas Bank Limited VAR 03/09/2019	713,970	2.11

Holdings as at 31 March 2009	Market Value in SGD	% of NAV
National Power Corporation 6.875% 02/11/2016	2,834,535	6.94
Republic of Philippines 9.5% 02/02/2030	2,390,438	5.86
Republic of Indonesia 6.625% 17/02/2037	1,847,043	4.52
Republic of Philippines 10.625% 16/03/2025	1,786,691	4.38
Republic of Philippines 6.375% 15/01/2032	1,582,148	3.88
Export-Import Bank Korea 8.125% 21/01/2014	1,565,545	3.84
Government of India 7.37% 16/04/2014	1,535,062	3.76
Sarawak International 5.5% 03/08/2015	1,356,363	3.32
Standard Chartered Bank EMTN VAR 30/01/2012	1,354,999	3.32
Republic of Indonesia 8.5% 12/10/2035	1,282,061	3.14

Exposure to Derivatives

	Market value in SGD	% of NAV
Forward foreign exchange, futures and swap contracts as at 31 March 2010	462,751	1.37
Net gains/(losses) on contracts realised for the period 1 April 2009 to 31 March 2010	3,422,700	
Net gains/(losses) on outstanding contracts marked to market as at 31 March 2010	462,751	

Investment in other unit trust, mutual funds and collective investment schemes

Nil as at 31 March 2010

Borrowings

Nil as at 31 March 2010

Report to Unitholders

For the financial year ended 31 March 2010

Amount of Redemptions and Subscriptions

For the period 1 April 2009 to 31 March 2010

	SGD
Redemptions	\$31,474,513
Subscriptions	\$14,696,346

Related Party Transactions

For the period 1 April 2009 to 31 March 2010

Refer to Note 12 of the "Notes to the Financial Statements".

Performance

	Legg Mason Asian Bond Trust*	Benchmark
3-month	+ 3.19%	+ 2.89%
6-month	+ 5.04%	+ 5.13%
1-year	+ 23.62%	+ 23.10%
3-year	+ 2.65%	+ 7.08%
5-year	+ 3.85%	+ 7.15%
10-year	+ 3.76%	+ 7.96%
Since inception	+ 1.80%	N/A

* Average Annual Compounded Return for periods above one year, bid to bid with dividends reinvested

Benchmark : From Nov 06, benchmark is Customised JP Morgan Asian Credit Index, Sovereign & Quasi Sovereign, fully hedged into SGD. From Oct 02 to Oct 06, benchmark was JP Morgan Asian Credit Index - Sovereign and Quasi Sovereign (Hedged in S\$). Since Jan 99 to Sep 02, benchmark was JP Morgan Asian Credit Index Sovereign (Hedged in S\$).

The inception date was 23 December 1996

Source : Legg Mason Asset Management Singapore Pte. Limited and Lipper

Expense Ratio

For the period 1 April 2009 to 31 March 2010	1.26%
For the period 1 April 2008 to 31 March 2009	1.35%

The expense ratio was calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios.

The expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.

Report to Unitholders

For the financial year ended 31 March 2010

Turnover Ratio

For the period 1 April 2009 to 31 March 2010	72.12%
For the period 1 April 2008 to 31 March 2009	46.07%

The turnover ratio was calculated in accordance with the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore.

The turnover ratio is calculated based on the lesser of purchases or sales of underlying investments of the Fund expressed as a percentage of daily average net asset value.

Other Material Information

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

Soft Dollar Commission/Arrangements

The Investment Manager did not receive any soft dollar commission or enter into any soft dollar arrangement in the management of the Fund.

Legg Mason Asian Enterprise Trust

Legg Mason Southeast Asia Special Situations Trust

Legg Mason Funds

- Legg Mason Singapore Dollar Fund

- Legg Mason Singapore Opportunities Trust

Legg Mason Global Bond Trust

Legg Mason Asian Bond Trust

Legg Mason Singapore Bond Fund

Legg Mason Singapore Bond Fund

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

Report of the Trustee

The Trustee is under a duty to take into custody and to hold the assets of Legg Mason Singapore Bond Fund (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 year covered by these financial statements, set out on pages 169 to 189 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 and Supplemental Deeds, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee

HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised Signatory

28 June 2010

Legg Mason Singapore Bond Fund

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

Statement by the Manager

In the opinion of the directors of Legg Mason Asset Management Singapore Pte. Limited (formerly known as Legg Mason International Equities (Singapore) Pte. Limited) (the "Manager"), the accompanying financial statements set out on pages 169 to 189, 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 the Legg Mason Singapore Bond Fund (the "Fund") as at 31 March 2010 and the total return for the year 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
LEGG MASON ASSET MANAGEMENT SINGAPORE PTE. LIMITED

Director
Legg Mason Asset Management Singapore Pte. Limited

28 June 2010

Independent Auditor's Report To The Unitholders of Legg Mason Singapore Bond Fund

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

We have audited the accompanying financial statements of Legg Mason Singapore Bond Fund (the "Fund") set out on pages 169 to 189 which comprise the Balance Sheet and Portfolio Statement as at 31 March 2010, the Statement of Total Return for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Manager's Responsibility for the Financial Statements

The 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 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 March 2010 and the total return for the year 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, 28 June 2010

Statement of Total Return

For the financial year ended 31 March 2010

	Notes	31/3/2010 \$	31/3/2009 \$
Income			
Dividends		57,405	29,500
Interest income	11	176	6,317
		<u>57,581</u>	<u>35,817</u>
Less: Expenses			
Audit fee		(9,596)	13,935
Custody fee	11	23,761	32,339
Management fee	11	391,608	368,000
Trustee fee	11	39,567	38,820
Registration fee	11	12,513	11,536
Printing expenses		(5,913)	19,501
Professional fees		15,300	28,920
Valuation fee	11	22,736	22,425
Goods and services tax expenses		34,553	31,213
Other expenses		7,183	5,907
		<u>531,712</u>	<u>572,596</u>
Net investment loss		(474,131)	(536,779)
Net gains or losses on value of investments			
Net realised gains on investments		3,356,514	2,014,716
Net change in fair value on investments		(1,449,392)	190,316
Net realised gains/(losses) on financial derivatives		229,737	(162,875)
Net change in fair value on financial derivatives		5,190	2,857
Net foreign exchange (losses)/gains		(3,707)	6,511
Net gains on value of investments		2,138,342	2,051,525
Total return for the financial year before income tax		1,664,211	1,514,746
Less: Income tax	3	-	-
Total return for the financial year		1,664,211	1,514,746

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

Balance Sheet

As at 31 March 2010

	Notes	31/3/2010 \$	31/3/2009 \$
ASSETS			
Portfolio of investments		70,798,379	64,861,780
Cash and bank balances	5	658,696	598,438
Receivables	6	165,256	166,810
Fair value of financial derivatives	7	5,190	2,857
Total assets		71,627,521	65,629,885
LIABILITIES			
Payables	8	232,049	222,444
Purchase awaiting settlement		1,750,000	-
Net assets attributable to unitholders	9	69,645,472	65,407,441
Total liabilities		71,627,521	65,629,885

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

Portfolio Statement

As at 31 March 2010

	Nominal holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
<u>By Geography (Primary)</u>			
Quoted Bonds			
Cayman Islands			
DBS Capital Funding Preference Shares	7,500	781,084	1.12
Jackson National Life Fund EMTN 3.92% 08/03/2011	2,000,000	1,984,336	2.85
Oversea-Chinese Banking Corporation Limited Capital Corporation 5.1% PERPETUAL	1,250,000	1,248,913	1.79
		4,014,333	5.76
Germany			
Deutsche Bank EMTN 3.25% 10/10/2012	1,800,000	1,829,844	2.63
India			
ICICI Bank Limited EMTN (BR) 3.92% 15/02/2012	750,000	740,610	1.06
Singapore			
Ascendas Private Limited MTN (BR) 3.66% 14/05/2010	750,000	752,464	1.08
CapitaCommercial Trust MTN 3.15% 24/01/2011	500,000	504,449	0.72
CapitaLand Commercial Limited Series MTN 3.98% 07/05/2010	750,000	751,242	1.08
CapitaLand Treasury Limited Series MTN 3.8% 30/10/2014	500,000	507,247	0.73
CCT MTN Private Limited Series MTN 3.85% 20/08/2010	500,000	505,272	0.73
City Developments Limited (MTN) (BR) 4.85% 16/04/2012	750,000	792,111	1.14
City Developments Limited (MTN) (BR) 3.88% 08/10/2014	750,000	775,692	1.11
HK Land Treasury (BR) 3.01% 04/10/2010	1,000,000	1,008,498	1.45
HK Land Treasury (BR) 3.65% 05/10/2015	250,000	252,791	0.36
HK Land Treasury GMTN 3.86% 29/12/2017	1,000,000	993,300	1.43
Housing & Development Board MTN (BR) 1.795% 03/07/2012	250,000	252,387	0.36
Housing & Development Board MTN (BR) 1.55% 26/10/2012	1,500,000	1,504,380	2.16
Housing & Development Board MTN (BR) 3.455% 15/07/2013	250,000	263,755	0.38
Housing & Development Board MTN (BR) 3.56% 23/02/2014	1,500,000	1,590,100	2.28
Balance carried forward		10,453,688	15.01

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

Portfolio Statement

As at 31 March 2010

	Nominal holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
By Geography (Primary) (continued)			
Quoted Bonds (continued)			
Singapore (continued)			
Balance brought forward		10,453,688	15.01
Housing & Development Board MTN (BR) 3.73% 07/03/2016	500,000	542,665	0.78
Midpoint Prop MIDSP 3.88% 17/01/2011	500,000	503,753	0.72
National Uni of Singapore Series MTN (BR) 3.2% 12/06/2014	750,000	771,341	1.11
Oversea-Chinese Banking Corporation Limited 5% 06/09/2011	980,000	1,021,875	1.47
Oversea-Chinese Banking Corporation Limited Preferred	2,800	292,880	0.42
Oversea-Chinese Banking Corporation Limited Series MTN 3.78% 28/11/2017	500,000	506,113	0.73
Public Utilities Board 2.42% 15/12/2016	1,500,000	1,484,313	2.13
Sembcorp Financial Services MTN (BR) 5% 21/04/2014	750,000	808,873	1.16
Sembcorp Financial Services 3.7325% 09/04/2020	250,000	249,846	0.36
Singapore Government SIGB 2.625% 01/04/2012	100,000	104,203	0.15
Singapore Government SIGB 3.625% 01/07/2014	1,290,000	1,421,797	2.04
Singapore Government SIGB 2.875% 01/07/2015	60,000	63,456	0.09
Singapore Government SIGB 3.75% 01/09/2016	6,020,000	6,564,373	9.43
Singapore Government SIGB 4% 01/09/2018	3,633,000	3,982,998	5.72
Singapore Government SIGB 2.5% 01/06/2019	3,250,000	3,124,972	4.49
Singapore Government SIGB 3.25% 01/09/2020	1,505,000	1,532,833	2.20
Singapore Government SIGB 3.125% 01/09/2022	2,330,000	2,303,003	3.31
Singapore Government SIGB 3% 01/09/2024	650,000	625,118	0.90
Singapore Government SIGB 3.5% 01/03/2027	7,010,000	7,056,279	10.13
Singapore Post Limited 3.5% 30/03/2020	750,000	745,687	1.07
Singapore Press Holdings Limited MTN 2.81% 02/03/2015	1,750,000	1,757,595	2.52
Singapore Treasury Bill Series 91 15/04/2010	500,000	499,950	0.72
Singapore Treasury Bill Series 91 03/06/2010	3,000,000	2,998,200	4.30
Singapore Treasury Bill Series 91 13/05/2010	1,800,000	1,799,280	2.58
Singtel Group Treasury 3.4875% 08/04/2020	1,500,000	1,499,738	2.15
SMRT Corporation Limited Series MTN 2.42% 07/10/2014	250,000	251,801	0.36
ST Treasury Services Limited 3.98% 02/04/2014	750,000	749,837	1.08
Temasek Financial I Limited GMTN 3.265% 19/02/2020	1,000,000	994,860	1.43
Temasek Financial I Limited GMTN 4.0475% 05/03/2035	500,000	494,915	0.71
United Overseas Bank Limited 4.95% 30/09/2016	1,250,000	1,294,201	1.86
United Overseas Land Limited (BR) 3.34% 15/05/2012	1,250,000	1,256,230	1.80
		57,756,673	82.93

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

Portfolio Statement

As at 31 March 2010

	Nominal holdings as at 31/3/2010	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %
<u>By Geography (Primary) (continued)</u>			
Quoted Bonds (continued)			
Supra-National			
Asian Development Bank MTN (BR) 3.27% 08/02/2012	750,000	776,986	1.12
Central American BK CABI 2.64% 06/07/2010	500,000	498,150	0.71
International Finance Corporation Series GMTN 1.1% 25/09/2012	2,000,000	1,982,400	2.85
		3,257,536	4.68
United States			
Citigroup Inc EMTN 4.98% 20/06/2013	800,000	833,160	1.20
General Electric Capital Corporation EMTN (BR) 3.03% 11/02/2013	2,000,000	1,991,080	2.86
		2,824,240	4.06
Quoted bonds		70,423,236	101.12
Accrued interest on fixed income securities		375,143	0.54
Portfolio of investments		70,798,379	101.66
Other net liabilities		(1,152,907)	(1.66)
Net assets attributable to unitholders		69,645,472	100.00

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

Portfolio Statement

As at 31 March 2010

	Percentage of total net assets attributable to unitholders at 31/3/2010 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
By Geography (Summary)		
Quoted Bonds		
Cayman Islands	5.76	5.67
Germany	2.63	2.84
India	1.06	0.94
Singapore	82.93	78.53
South Korea	-	1.84
Supra-National	4.68	1.92
United Arab Emirates	-	0.38
United States	4.06	6.42
	<hr/>	<hr/>
	101.12	98.54
Accrued interest on fixed income securities	0.54	0.63
	<hr/>	<hr/>
Portfolio of investments	101.66	99.17
Other net (liabilities)/assets	(1.66)	0.83
	<hr/>	<hr/>
Net assets attributable to unitholders	100.00	100.00
	<hr/>	<hr/>

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

Portfolio Statement

As at 31 March 2010

	Fair value as at 31/3/2010 \$	Percentage of total net assets attributable to unitholders at 31/3/2010 %	Percentage of total net assets attributable to unitholders at 31/3/2009 %
By Industry (Secondary)			
Bank	9,692,896	13.93	13.67
Engineering	1,058,719	1.52	-
Finance	4,808,576	6.91	9.34
Government	32,076,462	46.06	58.68
Hotel	1,567,803	2.25	-
Investment	3,744,364	5.38	-
Miscellaneous	3,306,610	4.75	3.50
Publishing	1,757,595	2.52	-
Real estate	7,924,223	11.37	12.58
Real estate investment trust	504,449	0.72	0.77
Telecommunication	1,499,738	2.15	-
Transportation	997,488	1.43	-
Utilities	1,484,313	2.13	-
	70,423,236	101.12	98.54
Accrued interest on fixed income securities	375,143	0.54	0.63
Portfolio of investments	70,798,379	101.66	99.17
Other net (liabilities)/assets	(1,152,907)	(1.66)	0.83
Net assets attributable to unitholders	69,645,472	100.00	100.00

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

Notes to the Financial Statements

For the financial year ended 31 March 2010

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

1. General

Legg Mason Singapore Bond Fund (the "Fund") is a unit trust constituted by a Trust Deed dated 1 October 1997 as amended by Supplementary and the Amending and Restating Deed between Legg Mason Asset Management (Asia) Pte Ltd (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). A Supplemental Deed dated 1 October 2006 was entered to effect the change of investment manager from Legg Mason Asset Management (Asia) Pte Ltd to Legg Mason International Equities (Singapore) Pte. Limited (the "Manager"). The Trust Deed, subsequent Supplementary Deed and Amending and Restating Deeds are governed in accordance with the laws of the Republic of Singapore.

The principal objective of the Fund is to achieve yield enhancement by aiming to outperform the benchmark in Singapore dollar items via active but prudent management of a portfolio comprising primarily of Singapore bonds, cash and cash equivalent instruments.

The Fund has 2 classes of units in issue at balance sheet date. Class A and Class B unitholders currently pay management fees of 0.75% per annum and 0.5% per annum respectively.

The Fund is approved under the Central Provident Fund Investment Scheme.

The Manager, Legg Mason International Equities (Singapore) Pte. Limited changed its name to Legg Mason Asset Management Singapore Pte. Limited on 1 October 2009.

2. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of financial assets of fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trust" issued by the Institute of Certified Public Accountants of Singapore.

The financial statements are expressed in Singapore Dollars, which is the functional currency of the Fund.

(b) Income recognition

Dividend income is recorded gross in the financial statements in the accounting year which the security is quoted ex-dividend.

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

(c) Foreign currencies

(i) Functional and presentation currency

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore dollars.

The performance of the Fund is measured and reported to the investors in Singapore dollars. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's functional and presentation currency is the Singapore Dollar.

Notes to the Financial Statements

For the financial year ended 31 March 2010

2. Significant accounting policies (continued)

(c) Foreign currencies (continued)

(ii) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the date of the balance sheet. Foreign currency transactions during the financial year are converted into Singapore dollars at the rates of exchange ruling on the transaction dates.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation of foreign currency monetary assets and liabilities at balance sheet date are taken to the Statement of Total Return.

(d) Investments

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

(i) Initial recognition

Purchases of investments are recognised on the 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 year in which they arise. The resultant unrealised gains and losses are taken to the Statement of Total Return.

(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.

(e) Basis of valuation of investments

The fair value of financial instruments traded in an active market 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 or dealer's quote as applicable. Accrued interest is included in the fair value of the fixed income instruments.

(f) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when their fair value is positive and as liabilities when fair values are negative.

The best evidence of the fair value of a derivative at fair value is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable market transactions in the same instrument (i.e. without modification or packaging) or based on a valuation technique that whose variables include only data from observable markets.

Notes to the Financial Statements

For the financial year ended 31 March 2010

3. Income Tax

The Fund is a designated unit trust and therefore, the following income is exempted from tax in accordance with Section 35(12) of the Income Tax Act:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities and transactions in foreign exchange, futures, forwards, swaps and options relating to securities, financial indices, interest rates and currencies;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (iii) distribution from foreign unit trusts and dividends derived from outside Singapore and received in Singapore; and
- (iv) dividends derived from outside Singapore and received in Singapore.

4. Distribution to unitholders

The Manager has not proposed any distribution to unitholders for the financial year ended 31 March 2010 (31 March 2009: \$Nil).

5. Cash and bank balances

	2010	2009
	\$	\$
Cash and bank balances held with a related company of the Trustee	658,696	598,438

6. Receivables

	2010	2009
	\$	\$
Amount due from unitholders	165,256	166,670
Interest receivable	-	140
	165,256	166,810

Notes to the Financial Statements

For the financial year ended 31 March 2010

7. Fair value of financial derivatives

The tables below set out the notional contract amounts and fair value of swap and forward foreign exchange contracts entered into with third parties.

As at 31 March 2010, swap contract will mature in the financial year 2015.

As at 31 March 2009, commitments under forward foreign exchange contract was due for settlement within 3 months.

	Notional amount \$	Fair value assets \$	Fair value liabilities \$
31/3/2010			
Swap contract	2,000,000	5,190	-
<hr/>			
31/3/2009			
Forward foreign exchange contract	459,240	2,857	-
<hr/>			

The swap and forward foreign exchange contracts were undertaken for purpose of efficient portfolio management.

All financial derivatives are stated at their fair value on the balance sheet.

8. Payables

	2010 \$	2009 \$
Amount due to unitholders	160,364	114,128
Accrued management fee	37,140	31,665
Accrued trustee fee	3,593	3,327
Amount due to the Manager	-	203
Other payables and accruals	30,952	73,121
	<hr/> 232,049	<hr/> 222,444

Notes to the Financial Statements

For the financial year ended 31 March 2010

9. Net assets attributable to unitholders

	2010 \$	2009 \$
At the beginning of the financial year	65,407,441	71,312,459
Operations		
Changes in net assets attributable to unitholders resulting from operations	1,664,211	1,514,746
Unitholders' contributions/ (withdrawals)		
Creation of units	52,950,371	20,293,299
Cancellation of units	(50,376,551)	(27,713,063)
Changes in net assets attributable to unitholders resulting from net creation/(cancellation) of units	2,573,820	(7,419,764)
Total increase/(decrease) in net assets attributable to unitholders	4,238,031	(5,905,018)
At the end of financial year	69,645,472	65,407,441
Units in issue (Note 10)		
Class A	22,878,983	13,131,827
Class B	23,357,287	30,979,565
Net assets attributable to unitholders per unit		
Class A	1.46	1.43
Class B	1.55	1.51

10. Units in issue

	2010	2009
Class A		
Units at beginning of the financial year	13,131,827	13,901,603
Units created	25,270,175	3,212,745
Units cancelled	(15,523,019)	(3,982,521)
Units at end of the financial year	22,878,983	13,131,827
Class B		
Units at beginning of the financial year	30,979,565	35,503,700
Units created	10,520,425	10,696,468
Units cancelled	(18,142,703)	(15,220,603)
Units at end of the financial year	23,357,287	30,979,565

Notes to the Financial Statements

For the financial year ended 31 March 2010

11. Related party transactions

The Manager of the Fund is Legg Mason Asset Management Singapore Pte. Limited (formerly known as Legg Mason International Equities (Singapore) Pte. Limited) and the Trustee and Custodian is HSBC Institutional Trust Services (Singapore) Limited. The management fee, trustee fee and custody fee paid or payable by the Fund are related party transactions and are shown in the Statement of Total Return.

In 2010, the Manager of the Fund has agreed to reimburse the expenses if expense ratio of the Fund exceeds 1.15%. Both the expense ratios for Class A and Class B are within 1.15% for the year ended 31 March 2010.

In addition to related party information disclosed elsewhere in the financial statements, the following transaction took place during the financial year between the Fund and related parties at terms agreed between the parties concerned and within the provisions of the Trust Deed:

	2010	2009
	\$	\$
Interest income received and receivable from a bank which is a related company of the Trustee	20	3,753

12. Financial risk management

The Fund's activities expose it to a variety of market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Fund's overall risk management policy seeks to minimise potential adverse effects of such risks on the Fund's financial performance. The Fund may use futures, options and/or currency forward contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines 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 exposures.

The Fund's assets principally consist of financial instruments such as debt securities, money market 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 and rates, including observable variables such as interest rates, 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 so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies and industries, and alternatively, the Fund may be hedged using derivative strategies.

The Legg Mason Singapore Bond Fund seeks to achieve yield enhancement by aiming to outperform the benchmark in Singapore dollar terms via active but prudent management of a portfolio comprising Singapore bonds, cash and cash equivalent instruments.

The Fund's market risk is affected primarily by changes in three components: changes in actual market prices, interest rate volatility and foreign exchange movements.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk

Price risk primarily results from exposure to volatility of equity prices. The Fund does not hold any equities as of 31 March 2010 and 2009, and therefore is not exposed to significant amount of risk arising from changes in equity prices.

(ii) Interest rate risk

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

It affects the value of fixed income securities more directly than equities. As interest rates rise, prices of fixed income securities may fall and vice versa. The rationale is that as interest rates increase, the opportunity cost of holding a bond increases since investors are able to realise greater yields by switching to other investments that reflect the higher interest rate. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk.

As the Fund invests in primarily debt securities, the values of which are driven significantly by changes in interest rates, the Fund is mainly subject to interest rate risk. When interest rates rise, the value of previously acquired debt securities will normally fall because new debt securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired debt securities will normally rise. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk. In a rising interest rate environment, the Fund will acquire debts with a shorter maturity profile to minimise the negative impact to the portfolio.

The tables below summarise the Fund's exposure to interest rate risks. They include the Fund's assets and trading liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates. All variable rate financial instruments are reset within a month.

As at 31/3/2010	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	1,073,964	11,805,594	21,983,304	35,560,374	375,143	70,798,379
Cash and bank balances	658,696	-	-	-	-	658,696
Receivables	-	-	-	-	165,256	165,256
Fair value of financial derivatives	-	-	-	-	5,190	5,190
Total assets	1,732,660	11,805,594	21,983,304	35,560,374	545,589	71,627,521
Liabilities						
Payables	-	-	-	-	232,049	232,049
Purchase awaiting settlement	-	-	-	-	1,750,000	1,750,000
Net assets attributable to unitholders	-	-	-	-	69,645,472	69,645,472
Total liabilities	-	-	-	-	71,627,521	71,627,521

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

As at 31/3/2009	Variable rates \$	Up to 1 year \$	Fixed rates 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Assets						
Portfolio of investments	952,598	3,247,175	28,099,862	31,951,556	610,589	64,861,780
Cash and bank balances	598,438	-	-	-	-	598,438
Receivables	-	-	-	-	166,810	166,810
Fair value of financial derivatives	-	-	-	-	2,857	2,857
Total assets	1,551,036	3,247,175	28,099,862	31,951,556	780,256	65,629,885
Liabilities						
Payables	-	-	-	-	222,444	222,444
Net assets attributable to unitholders	-	-	-	-	65,407,441	65,407,441
Total liabilities	-	-	-	-	65,629,885	65,629,885

As at 31 March 2010, should interest rates have lowered or risen by 50 basis points ("bps") (31 March 2009: 50 bps) with all other variables remaining constant, the increase or decrease in net assets attributable to unitholders for the year would be as follows:

	2010		2009	
	+ 50 bps \$'000	- 50 bps \$'000	+ 50 bps \$'000	- 50 bps \$'000
Effect on net assets attributable to unitholders	(1,848)	1,932	(1,808)	1,900

(iii) Currency risk

The Fund holds monetary financial assets/liabilities denominated in currencies other than Singapore dollars and the Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore dollar and such other currencies. The Fund may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

The tables below summarise the exposure to currency risks for the Fund:

As at 31/3/2010	SGD	USD	Total
	\$	\$	\$
Assets			
(excluding foreign exchange derivatives)			
Portfolio of investments	70,798,379	-	70,798,379
Cash and bank balances	658,696	-	658,696
Receivables	165,256	-	165,256
Fair value of financial derivatives	5,190	-	5,190
Total assets	71,627,521	-	71,627,521
Liabilities			
(excluding foreign exchange derivatives)			
Payables	231,672	377	232,049
Purchase awaiting settlement	1,750,000	-	1,750,000
Net assets attributable to unitholders	69,645,472	-	69,645,472
Total liabilities	71,627,144	377	71,627,521
Net financial assets/(liabilities)	377	(377)	-
Fair value of currency forwards	-	-	
Currency exposure	377	(377)	

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

As at 31/3/2009	SGD \$	USD \$	Total \$
Assets			
(excluding foreign exchange derivatives)			
Portfolio of investments	64,149,977	711,803	64,861,780
Cash and bank balances	598,438	-	598,438
Receivables	166,810	-	166,810
Total assets	64,915,225	711,803	65,627,028
Liabilities			
(excluding foreign exchange derivatives)			
Payables	222,216	228	222,444
Net assets attributable to unitholders	65,407,441	-	65,407,441
Total liabilities	65,629,657	228	65,629,885
Net financial assets/(liabilities)	(714,432)	711,575	(2,857)
Fair value of currency forwards	459,240	(456,383)	
Currency exposure	(255,192)	255,192	

The following table analyses the Fund's sensitivity to foreign currency exposure should those currencies increase or decrease by 5% with all other variables held constant.

Currency	Currency risen / lowered by 5% Increase / (decrease) in net assets attributable to unitholders	
	2010 \$	2009 \$
USD	(19)	12,760

(b) Liquidity risk

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

The Fund is exposed to daily cash redemption of units in the Fund. The Fund invests the majority of its assets in investments that are traded in active markets 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 (depends on actual circumstances). At 31 March 2010, there are no investments in unlisted or unquoted securities (31 March 2009: \$Nil).

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(b) Liquidity risk (continued)

In accordance with the Fund's policies, the Manager monitors the Fund's liquidity position on a daily basis, and a risk oversight committee reviews them on a regular basis. The Manager also has the option to limit redemption orders to 10% of the net asset value, with the approval of the Trustee. In this event, the limitation will apply pro rata so that all unitholders of the relevant class or classes wishing to redeem units in that Fund on that dealing day will redeem the same proportion by value of such units, and units not redeemed will be carried forward for redemption, subject to the same limitation, on the next dealing day.

The Fund may, from time to time, invest in currency forward contracts traded over the counter, which are not traded in an organised market and may be illiquid.

The tables below analyse the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31/3/2010	Due on Demand	Less than 3 months
	\$	\$
Liabilities		
Payables	-	232,049
Purchase awaiting settlement	-	1,750,000
Net assets attributable to unitholders	69,645,472	-
<hr/>		
As at 31/3/2009		
Liabilities		
Payables	-	222,444
Net assets attributable to unitholders	65,407,441	-
<hr/>		

(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.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(c) Credit risk (continued)

The Fund invests mostly in financial assets, which have an investment grade as rated by Standard and Poor's or Moody's. The credit ratings are reviewed regularly.

The table below analyses the Fund's investments by credit ratings.

	2010	2009
	%	%
AAA	44.03	35.50
Aaa	2.01	24.34
AA +	2.86	6.42
AA-	1.07	-
AA	2.85	2.92
Aa2	-	1.50
A +	4.78	2.84
A	3.05	3.64
A-	8.02	4.78
A1	1.47	0.38
BBB +	-	1.84
BBB-	1.06	0.94
Baa3	1.45	1.52
Unrated (Singapore - incorporated debt securities)	28.47	11.92
Accrued interest on fixed income securities	0.54	0.63
Total	101.66	99.17

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single issuer or counterparty. Furthermore, the Fund does not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered 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.

Credit risk also arises from cash and cash equivalents held with financial institutions. The Fund may also enter into derivatives to manage its exposure to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Fund is also exposed to the risk that its derivatives held with counterparties may not be recoverable in the event of any default by the parties concerned. The Manager minimises the Fund's credit risk by undertaking transactions with banks that are part of banking groups with good credit ratings assigned by international credit rating agencies.

Notes to the Financial Statements

For the financial year ended 31 March 2010

12. Financial risk management (continued)

(c) Credit risk (continued)

The tables below summarise the credit rating of banks and custodians in which the Fund's assets are held as at 31 March 2010 and 2009.

As at 31/3/2010	Credit Rating	Source of Credit Rating
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	Aa1	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa1	Moody's
<hr/>		
As at 31/3/2009		
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	Aa1	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa1	Moody's

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(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.

13. Secured credit facility

The Fund has a credit facility with HSBC at 31 March 2010 and 2009.

<u>Facility</u>	2010	2009
	\$	\$
Overdraft	3.5 million	3.5 million

The above credit facility is secured by way of a floating charge over all assets of the Fund and is not utilised at year end.

Notes to the Financial Statements

For the financial year ended 31 March 2010

14. Financial ratios

	2010	2009
	%	%
Ratio of expenses to average net assets ¹		
Class A	0.96	1.08
Class B	0.71	0.81
Portfolio turnover rate ²	106.16	66.37

¹ Expense ratio is calculated in accordance with the IMAS Guidelines for the Disclosure of Expense Ratios. The expense ratio does not include (where applicable) brokerage and other transaction costs, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fees.

² Portfolio turnover rate is calculated in accordance with the formula stated in the Code on Collective Investment Schemes.

15. Comparatives

Certain comparative information in the financial statements for the year ended 31 March 2010 has been restated from the previous year, to be consistent with the current year presentation.

Report to Unitholders

For the financial year ended 31 March 2010

Investment Allocation as at 31 March 2010

By Country	Market Value in SGD	% of NAV
Cayman Islands	4,014,333	5.76
Germany	1,829,844	2.63
India	740,610	1.06
Singapore	57,756,673	82.93
Supra-National	3,257,536	4.68
United States	2,824,240	4.06
	70,423,236	101.12
Accrued interest on Fixed Income Securities	375,143	0.54
Portfolio of investments	70,798,379	101.66
Other net assets	(1,152,907)	(1.66)
Total	69,645,472	100.00

By Industry	Market Value in SGD	% of NAV
Bank	9,692,896	13.93
Engineering	1,058,719	1.52
Finance	4,808,576	6.91
Government	32,076,462	46.06
Hotel	1,567,803	2.25
Investment	3,744,364	5.38
Miscellaneous	3,306,610	4.75
Publishing	1,757,595	2.52
Real estate	7,924,223	11.37
Real estate investment trust	504,449	0.72
Telecommunication	1,499,738	2.15
Transportation	997,488	1.43
Utilities	1,484,313	2.13
	70,423,236	101.12
Accrued interest on Fixed Income Securities	375,143	0.54
Portfolio of investments	70,798,379	101.66
Other net assets	(1,152,907)	(1.66)
Total	69,645,472	100.00

By Asset Class	Market Value in SGD	% of NAV
Fixed income securities	70,423,236	101.12
	70,423,236	101.12
Accrued interest on Fixed Income Securities	375,143	0.54
Portfolio of investments	70,798,379	101.66
Other net assets	(1,152,907)	(1.66)
Total	69,645,472	100.00

Report to Unitholders

For the financial year ended 31 March 2010

By Credit Rating *	Market Value in SGD	% of NAV
AAA	30,654,876	44.03
Aaa	1,396,459	2.01
AA +	1,991,080	2.86
AA	1,984,336	2.85
AA-	745,687	1.07
A +	3,329,582	4.78
A	2,120,357	3.05
A-	5,588,733	8.02
A1	1,021,875	1.47
BBB-	740,610	1.06
Baa3	1,009,721	1.45
Unrated	19,839,920	28.47
	70,423,236	101.12
Accrued interest on Fixed Income Securities	375,143	0.54
Portfolio of investments	70,798,379	101.66
Other net assets	(1,152,907)	(1.66)
Total	69,645,472	100.00

*By Standard & Poor's /Moody's

Top 10 Holdings

Holdings as at 31 March 2010	Market Value in SGD	% of NAV
Singapore Government SIGB 3.5% 01/03/2027	7,056,279	10.13
Singapore Government SIGB 3.75% 01/09/2016	6,564,373	9.43
Singapore Government SIGB 4% 01/09/2018	3,982,998	5.72
Singapore Government SIGB 2.5% 01/06/2019	3,124,972	4.49
Singapore Treasury Bill Series 91 03/06/2010	2,998,200	4.30
Singapore Government SIGB 3.125% 01/09/2022	2,303,003	3.31
General Electric Capital Corporation EMTN (BR) 3.03% 11/02/2013	1,991,080	2.86
Jackson National Life Fund EMTN 3.92% 08/03/2011	1,984,336	2.85
International Finance Corporation Series GMTN 1.1% 25/09/2012	1,982,400	2.85
Deutsche Bank EMTN 3.25% 10/10/2012	1,829,844	2.63

Holdings as at 31 March 2009	Market Value in SGD	% of NAV
Singapore Government SIGB 3.5% 01/03/2027	9,078,773	13.88
Singapore Government SIGB 2.25% 01/07/2013	6,838,367	10.46
Singapore Government SIGB 4% 01/09/2018	6,459,274	9.87
Singapore Government SIGB 3.75% 01/09/2016	5,148,662	7.87
General Electric Capital Corporation EMTN 3.65% 06/04/2009	2,499,325	3.82
Singapore Government SIGB 2.5% 01/10/2012	2,300,166	3.52
Singapore Government SIGB 2.875% 01/07/2015	2,258,487	3.45
Singapore Government SIGB 3.125% 01/09/2022	2,180,139	3.33
Jackson National Life Fund EMTN 3.92% 08/03/2011	1,911,849	2.92
Deutsche Bank EMTN 3.25% 10/10/2012	1,860,750	2.84

Report to Unitholders

For the financial year ended 31 March 2010

Exposure to Derivatives

	Market Value in SGD	% of NAV
Swap contracts as at 31 March 2010	5,190	0.01
Net gains/(losses) on contracts realised for the period 1 April 2009 to 31 March 2010	229,737	
Net gains/(losses) on outstanding contracts marked to market as at 31 March 2010	5,190	

Investment in other unit trust, mutual funds and collective investment schemes

Nil as at 31 March 2010

Borrowings

Nil as at 31 March 2010

Amount of Redemptions and Subscriptions

For the period 1 April 2009 to 31 March 2010

	SGD
Redemptions	\$50,376,551
Subscriptions	\$52,950,371

Related Party Transactions

For the period 1 April 2009 to 31 March 2010

Refer to Note 11 of the "Notes to the Financial Statements".

Performance

	Legg Mason Singapore Bond Fund*		Benchmark
	Class A	Class B	
3-month	+0.07%	+0.06%	-0.01%
6-month	+0.48%	+0.58%	-0.17%
1-year	+2.59%	+2.78%	-0.06%
3-year	+3.16%	+3.47%	+3.66%
5-year	+2.78%	+3.18%	+3.59%
10-year	+2.80%	+3.26%	+2.86%
Since inception	+3.16%	+3.59%	+2.91%

* Average Annual Compounded Return for periods above one year, bid-to-bid with dividends reinvested

Benchmark : UOB Singapore Government Bond Index All (S\$) w.e.f. 1 October 2006. Prior to 1 October 2006, the benchmark was 70% 3-month SIBID and 30% UOB SGS Index.

The inception dates were 15 November 1997 and 21 April 1998 respectively for Class A and Class B.

Benchmark since inception performance is for Class A only.

Since inception figures are calculated from the first full month of investment.

Source : Legg Mason Asset Management Singapore Pte. Limited

Report to Unitholders

For the financial year ended 31 March 2010

Expense Ratio

Class A

For the period 1 April 2009 to 31 March 2010	0.96%
For the period 1 April 2008 to 31 March 2009	1.08%

Class B

For the period 1 April 2009 to 31 March 2010	0.71%
For the period 1 April 2008 to 31 March 2009	0.81%

The expense ratio was calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios.

The expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.

Turnover Ratio

For the period 1 April 2009 to 31 March 2010	106.16%
For the period 1 April 2008 to 31 March 2009	66.37%

The turnover ratio was calculated in accordance with the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore.

The turnover ratio is calculated based on the lesser of purchases or sales of underlying investments of the Fund expressed as a percentage of daily average net asset value.

Other Material Information

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

Soft Dollar Commission/Arrangements

The Investment Manager did not receive any soft dollar commission or enter into any soft dollar arrangement in the management of the Fund.

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GLOBAL ASSET MANAGEMENT

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