

CIMB-PRINCIPAL CHINA RECOVERY STRUCTURED FUND
UNAUDITED INTERIM REPORT
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2010

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INVESTOR LETTER

Dear Valued Investors,

In 2010, the Malaysian market exceeded almost everyone's expectations. We expected about a 15% return at the beginning of 2010, but the FTSE Bursa Malaysia 100 Index (FBM100) has jumped 19.4% over the course of the year. By the end of December, our conventional equity funds have showed an average return of 23-28.5%.

In less than two years, the market has fully recovered from its low in March 2009, which was brought on by the global crisis. This is quite remarkable, considering that predictions about the rate of recovery at that time were quite dire. Investors, who stayed invested and continued to invest through the downturn, were rewarded with really good returns.

We hope that with the experience of the Asian financial crisis and this most recent global financial crisis, investors have seen for themselves that markets do bounce back and it is not easy to predict the speed at which they can recover.

We are cautiously optimistic for 2011. In light of the market having gone up two years in a row, our outlook for this year are returns in the low double digits. We expect the US economy to continue to recover, driven by consumer spending and corporate capital expenditures. The Federal Reserve's sustained purchases of bonds will continue to underpin the recovery. Events in Europe are expected to lead to volatility. At some point, we believe bond markets will force Portugal into accepting a bailout. We believe there is a 50-50 chance that Spain will be bailed out as well.

In Asia Pacific ex-Japan, the concern is mainly over inflation and rising interest rates. In China, the recent hikes in bank reserve requirements to 18.5% will not be sufficient to tame inflation. Although higher food prices are currently the main source of inflation, there are signs that input prices are also rising. We expect China to hike interest rates by 1.25% next year. However, this hike is unlikely to derail the economy, especially if it is balanced with the rumored loan quota of Renminbi 6.0-7.0 trillion.

For Bursa Malaysia, conditions seem right for continued market appreciation. The implementation of the Economic Transformation Program (ETP) will lead to the roll out of large projects that will benefit the construction as well as oil and gas sectors, and closer ties with Singapore will benefit projects in the Iskandar Region – all which could lead to a revival in corporate loans growth. We expect earnings growth in the mid-teens and price-to-earnings ratios (PERs) to re-rate to the long-term average of 14.5-15.0 times.

It's also been a busy year for us here at CIMB-Principal Asset Management Berhad ("CIMB-Principal"). We are happy to share that our total assets under management have grown 28% from RM23.1¹ billion to RM29.5 billion a clear sign of clients' confidence. With 66 unit trust funds (23 are Shariah-compliant), including 6 wholesale funds and 2 exchange-traded funds (ETFs), the Company is also one of the largest institutional money managers. Institutional AUM rose 35.3% to RM18.0 billion in December last year, also made further inroads into the region, managing RM1.4 billion for regional clients. The stability of our senior management team, with an average tenure of 5.3 years, has endowed the CIMB-Principal with the flexibility to adapt strategically and innovatively to rapidly-changing circumstances in a competitive regional marketplace.

¹ End December 2009

INVESTOR LETTER (CONTINUED)

You may not be aware but back in 2009, CIMB-Principal was the first Malaysian company to implement PAM® for Securities², a world class international portfolio management and accounting system. Last year, we implemented the Factset Attribution System to further enhance our fund managers' expertise. The firm remains ahead of the curve compared to many of its domestic peers, exemplified by the implementation of SWIFT and OMGEO connections for some clients, providing automated trading and settlement services. CIMB-Principal is one of the few fund managers in ASEAN with all these systems in place to better serve our clients and partners.

We thank you for your trust in us. As you continue to regularly invest with us in 2011, it is our promise to be a vigilant steward of your money and help you grow it over time.

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Yours sincerely

Campbell Tupling

Chief Executive

CIMB-Principal Asset Management Berhad

² http://www.pfs.com/products/Pages/PFS_Products_PAMsecurities.aspx

MANAGER'S REPORT

What is the investment objective of the Fund?

The Fund aims to provide investors with regular income over the tenure of the Fund linked to the performance of China equities.

Has the Fund achieved its objective?

For the period under review, the Fund's performance is in line with its stated objectives as stated under the fund performance review.

What are the Fund investment policy and its strategy?

The Fund is a closed-ended fund in which at least 95% of the Fund's NAV will be invested into a five (5) year China Recovery Structured Product ("China Recovery Structure") issued by CIMB and up to 5% of the Fund's NAV will be invested in liquid assets for liquidity purposes.

The China Recovery Structure will consist of two (2) components – money market instruments and OTC options. Through the China Recovery Structure, the Fund will receive potential annual distribution payments linked to the performance of China equities as represented by the CIMB Isovot China Index ("Reference Index"). The China Recovery Structure also incorporates enhanced features whereby investors would benefit if the Reference Index is bearish within the first six (6) months of the Fund's inception and subsequently outperforms. Effectively, the Fund will lock-in the lowest point out of the six (6) observation dates in the first six (6) months of the Fund's tenure. The lowest point will subsequently form the Lookback Floor Level ("Floor Level") for computing the Fund's annual returns and potential annual distributions.

The Fund's policies on investments were carried out in accordance with the Deed and it will continue its operations until terminated in accordance with the provisions of the Deed.

Fund category / type

Structured Product / Income

How long should you invest for?

5 years

Indication of short-term risk (low, moderate, high)

Low

When was the Fund launched?

20 April 2009

What was the size of the Fund as at 31 December 2010?

RM 73.58 (157.90 million units)

What is the Fund's benchmark?

CIMB Bank 1-year Fixed Deposit Rate.

What is the Fund distribution policy?

Subject to the availability of income for distribution, the Manager aims to make annual distributions. The distribution will be declared on the last Business Day of the financial year end or such other later date as the Manager will determine from time to time (each a "Distribution Period").

What was the net income distribution for the period ended 31 December 2010?

Consistent with its investment objective of maximising capital growth, no distribution was declared for the six months financial period ended 31 December 2010.

PERFORMANCE DATA

Details of portfolio composition of the Fund for the financial period are as follows:

	31.12.2010
	%
Structured Product	99.56
Cash and Other Net Assets	0.44
	<hr/>
	100.00
	<hr/>

Performance details of the Fund for the financial period are as follows:

	31.12.2010
Net asset value (RM Million)	73.58
Units in circulation (million)	157.90
Net asset value per unit (RM)	0.4660
Highest NAV per unit (RM)	0.4745
Lowest NAV per unit (RM)	0.4609
Total return (%)	(2.71)
- Capital growth (%)	(2.98)
- Income distribution (%)	-
Management expense ratio (%)	0.05
Portfolio turnover ratio (times) #	0.04

Period	Total return	Annualised
	%	%
- One year	(2.71)	(2.71)
- Since inception	(5.18)	(3.24)

(Launch date: 20 April 2009)

For the period under review, the portfolio turnover is minimal at 0.04 times, which was solely due to redemptions.

	01.07.2010 to 31.12.2010	Since inception
Annual total return (%)	(2.71)	(5.18)

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up. All performance figures ended 31 December 2010 has been verified by Consulting Actuaries, Mercer Zainal Consulting Sdn Bhd.

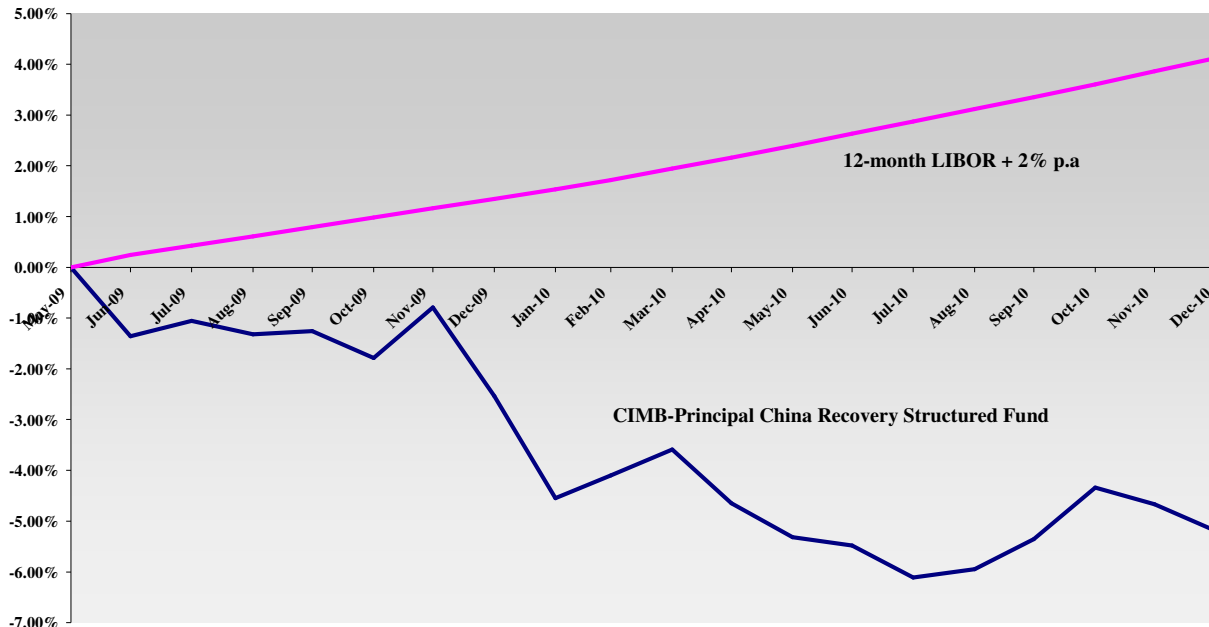
MARKET REVIEW (SINCE INCEPTION TO 31 DECEMBER 2010)

Chinese equities rose at the start of the period as economic data suggested China's growth is still healthy with a soft landing scenario. Confidence in the country was further boosted by strong domestic demand and news that manufacturing activity continued to accelerate. A surprise interest rate hike by People's Bank of China (PBoC) in October failed to dampen optimism as expectations of further quantitative easing by the US Federal Reserve buoyed risk appetite.

However, the stock market began to tumble in mid November as the PBoC continued to tighten policy, raising the minimum reserve ratio twice in 50bps increments. Renewed concerns about the fiscal position of several countries in the Eurozone were an added negative. Chinese equities continued to fall in tandem with the regional markets' plunge following news of an exchange of artillery fire between North and South Korea. The market continued to remain lackluster towards the end of the period when Portugal's debt rating was downgraded by a rating agency on concerns of Portugal's economy possibly plunging into recession which also affected the global markets. China ended the year with another hike in interest rates by 25bps on Christmas day. The government's tightening policy has been primarily targeted at the housing sector which, as a large and important part of the economy, has impacted many other sectors.

FUND PERFORMANCE

	6 Months to 31/12/2010	1 Year to 31/12/2010	Since Inception to 31/12/2010
Income (%)	-	0.28	0.28
Capital (%)	0.32	(2.98)	(5.44)
Total Return (%)	0.32	(2.71)	(5.18)
Benchmark (%)	1.45	2.73	4.12
Average Total Return (%)	-	-	(3.24)



FUND PERFORMANCE (CONTUNIED)

Changes in Net Asset Value (“NAV”)

	31.12.2010	Change (%)
Net Asset Value (“NAV”) (RM Million)	73.56	-
NAV/unit (RM)	0.4660	-

For the period under review, the Fund gained 0.32% underperforming the benchmark which gained 1.45%. Since inception, the total return declined by 5.18% while the benchmark increased by 4.12%.

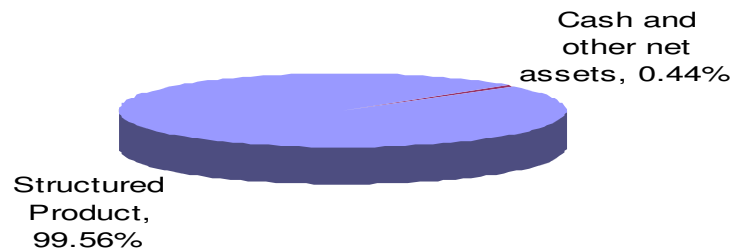
Performance data represents the combined income and capital return as a result of holding units in the fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the fund are reinvested and are net of management and trustee fees. Past performance is not reflective of future performance and income distributions are not guaranteed. Unit prices and income distributions, if any, may fall and rise. All performance figures ended 31 December 2010 has been verified by Consulting Actuaries, Mercer Zainal Consulting Sdn Bhd.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31 December 2010
Structured Product	99.56
Cash and other net assets	0.44
TOTAL	100.00

The Fund remained almost fully invested into the Structured Product during the period under review. Some cash and other liquid assets are maintained at all times primarily for liquidity purposes.



MARKET OUTLOOK

We believe that the China market would continue to generate positive performance, though inflation will be the key policy concern. The closure of the Local Government Financing Vehicles (LGFVs) issue accorded the market room to breathe. Even though inflation will be the main policy risk, the previous track record indicated that it takes about six to eight months for food inflation to moderate. The main issue is the acceptance of higher prices by consumers as income is supported by healthy wage growth. Expectations are for 2011 to be easier than 2010, owing to better policy clarity and fixed asset investment underpinning GDP growth. The start of the 10 million units of low cost housing project would also be an added positive.

INVESTMENT STRATEGY

As this is a structured principal protected fund, the investment strategy has been preset at the inception of the Fund. The Fund will remain fully invested with minimal cash kept for liquidity purposes in order to fully participate in the investment.

UNIT HOLDING STATISTICS

Breakdown of unit holdings by size as at 31 December 2010 are as follows:

Size of holdings(units)	No. of unitholders	No. of units held	% of units held
5,000 and below	5	1,067	-
5,001 to 10,000	-	-	-
10,001 to 50,000	7	226,304	0.15
50,001 to 500,000	2	500,011	0.32
500,001 and above	1	154,176,480	99.53
	15	154,903,862	100.00

**STATEMENT BY MANAGER TO THE UNITHOLDERS OF
CIMB-PRINCIPAL CHINA RECOVERY STRUCTURED FUND**

I, being the Director of CIMB-Principal Asset Management Berhad, do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on [pages 10 to 33](#) are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 December 2010 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial period then ended in accordance with Financial Reporting Standards in Malaysia and the Securities Commission's Guidelines on Unit Trust Funds.

For and on behalf of the Manager
CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD
(Company No.: 304078-K)

JOHN CAMPBELL TUPLING
Chief Executive Officer / Director

Kuala Lumpur
28 February 2010

TRUSTEE'S REPORT

**TO THE UNITHOLDERS OF
CIMB-PRINCIPAL CHINA RECOVERY STRUCTURED FUND**

We have acted as Trustee of **CIMB-Principal China Recovery Structured Fund** ("the Fund") for the financial period ended 31 December 2010. To the best of our knowledge, **CIMB-Principal Asset Management Berhad** ("the Manager"), has operated and managed the Fund in accordance with the following:-

- a) Limitations imposed on the investment powers of the Manager and the Trustee under the Deed, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007, and other applicable laws;
- b) Valuation/pricing is carried out in accordance with the Deed and any regulatory requirements; and
- c) Creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements.

For HSBC (Malaysia) Trustee Berhad

YEE YIT SEONG
Chief Operating Officer

Kuala Lumpur
28 February 2010

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2010**

		01.07.2010 to 31.12.2010 RM	15.06.2009 to 30.06.2010 RM
NET INVESTMENT INCOME	Note		
Interest income		4,326	40,386
Income from investment in structured product		-	443,748
Unrealised capital loss on financial assets at fair value through profit or loss		656,624	-
Net realised gain/(loss) on sale of investments		(340,465)	(257,160)
		<u>320,485</u>	<u>226,974</u>
EXPENSES			
Trustee's fee	5	30,561	73,938
Audit fee		1,000	10,000
Tax agent's fee		-	7,000
Administration expenses		2,979	2,061
		<u>34,540</u>	<u>92,999</u>
NET INCOME BEFORE FINANCE COST AND TAXATION		285,945	133,975
FINANCE COST	6	<u>-</u>	<u>(222,832)</u>
NET LOSS BEFORE TAXATION		285,945	(88,857)
TAXATION	7	<u>-</u>	<u>-</u>
NET LOSS AFTER TAXATION		<u>285,945</u>	<u>(88,857)</u>
Net loss after finance cost and taxation is made up as follows:			
Realised amount		285,945	4,922,667
Unrealised amount		-	(5,011,524)
		<u>285,945</u>	<u>(88,857)</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Note	31.12.2010 RM	30.06.2010 RM
ASSETS			
CURRENTS ASSETS			
Financial assets at fair value through profit or loss	7	73,241,500	78,513,876
Cash and cash equivalents	8	464,737	912,352
Interest receivable		66	59
TOTAL ASSETS		73,706,303	79,426,287
LIABILITIES			
Amount due to Manager		120,695	590,182
Amount due to Trustee		4,880	5,229
Other payables and accruals		4,934	16,000
LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		130,509	611,411
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	9	73,575,794	78,814,876
REPRESENTED BY:			
Unitholders' capital		78,989,502	84,191,324
Retained earnings		(5,090,504)	(364,925)
Fair value reserve		-	(5,011,524)
		73,575,794	78,814,876
NUMBER OF UNITS IN CIRCULATION	9	157,903,862	169,775,972
NET ASSET VALUE PER UNIT (RM)	15	0.4660	0.4642

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2010**

	Note	Unitholders' Capital RM	Retained Earnings RM	Fair Value Reserve RM	Total RM
Balance as at 1 July 2010, as previously stated		-	-	-	-
Prior year adjustment for adoption of amendments to FRS 132	2 (a) (ii)	83,915,257	(88,857)	(5,011,524)	78,814,876
Balance as at 1 July 2010, restated after adoption of amendments to FRS 132		83,915,257	(88,857)	(5,011,524)	78,814,876
Prior year adjustment for adoption of FRS 139	2 (a) (ii)	-	(5,011,524)	5,011,524	-
Balance as at 1 July 2010, restated after adoption of FRS 139		83,915,257	(5,100,381)	-	78,814,876
Movement in unitholders' contribution:					
Creation of units		493	-	-	493
Cancellation of units		(5,525,520)	-	-	(5,525,520)
Net income/(loss) after taxation		-	285,945	-	285,945
Change in fair value reserve		-	-	-	-
		<u>78,666,297</u>	<u>(5,090,504)</u>	<u>-</u>	<u>73,575,794</u>
 Balance as at 1 July 2009, as previously stated		-	-	-	-
Prior year adjustment for adoption of amendments to FRS 132	2 (a) (ii)	-	-	-	-
Balance as at 1 July 2009, restated after adoption of amendments to FRS 132		-	-	-	-
Movement in unitholders' contribution:					
Creation of units		92,654,119	-	-	92,654,119
Cancellation of units		(8,462,795)	(276,67)	-	(8,738,862)
Net income after taxation		-	(364,925)	-	(364,925)
Change in fair value reserve		-	-	(5,011,524)	(5,011,524)
		<u>83,915,257</u>	<u>(640,992)</u>	<u>(5,011,524)</u>	<u>78,814,876</u>

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

**UNAUDITED CASH FLOW STATEMENT
FOR THE SIX MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2010**

	Note	31.12.2010 RM
CASH FLOW FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments		5,588,534
Interest received		4,326
Trustee's fee paid		(30,909)
Payments for other fees and expenses		(15,052)
		5,546,899
Net cash outflow from operating and investing activities		5,546,899
 CASH FLOW FROM FINANCING ACTIVITIES		
Cash proceeds from units created		493
Payments for cancellation of units		(5,995,007)
Distribution paid		-
		(5,994,514)
Net cash inflow from financing activities		(5,994,514)
Net decrease in cash and cash equivalents		(447,615)
Cash and cash equivalents at beginning of the financial period		912,352
Cash and cash equivalents at the end of the financial period	8	464,737

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2010**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY

CIMB-Principal China Recovery Structured Fund (the “Fund”) was constituted pursuant to the Master Deed dated 18 March 2009 (the “Deed”) between CIMB-Principal Asset Management Berhad (“the Manager”), HSBC (Malaysia) Trustee Berhad (“the Trustee”) and the registered unitholders of the Fund.

The principal activity of the Fund is to invest at least ninety five percent (95%) of the Fund’s net asset value into a five (5)-year China Recovery Structured Product (“China Recovery Structure”) issued by CIMB Investment Bank Berhad and up to five percent (5%) of the Fund’s net asset value in liquid assets for liquidity purposes.

The main objective of the Fund is to provide investors with regular income over the tenure of the Fund linked to the performance of China equities. The timeframe and tenure of the Fund is for five (5) years.

The Manager, a company incorporated in Malaysia, is a subsidiary of CIMB Group Sdn Bhd and regards CIMB Group Holdings Berhad as its ultimate holding company. Its principal activities are the management of unit trusts and fund management activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standards (“FRS”) in Malaysia, the Deed and the SC Guidelines on Unit Trust Funds.

(i) The new accounting standard that is effective for the Fund’s financial period from 1 July 2010 to 31 December 2010 is as follows:

- FRS 8 “Operating Segments” (effective from 1 July 2009) replaces FRS 114₂₀₀₄ Segment Reporting. The new standard requires a ‘management approach’, under which segment information is reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.
- The improvement to FRS 8 (effective from 1 January 2010) clarifies that entities that do not provide information about segment assets to the chief operating decision-maker will no longer need to report this information. Prior year comparatives must be restated.
- FRS 7 “Financial instruments: Disclosures” (effective from 1 January 2010) provides information to users of financial statements about an entity’s exposure to risks and how the entity manages those risks. The improvement to FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the Statement of Financial Position. This standard does not have any impact on the classification and valuation of the Fund’s financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) The new accounting standard that is effective for the Fund's financial period from 1 July 2010 to 31 December 2010 is as follows (continue):

- The revised FRS 101 "Presentation of financial statements" (effective from 1 January 2010) prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. 'Non-owner changes in equity' are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).
- Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.
- FRS 107 "Statement of cash flows" (effective from 1 January 2010) clarifies that only expenditure resulting in a recognised asset can be categorised as a cash flow from investing activities.
- FRS 110 "Events after the balance sheet date" (effective from 1 January 2010) reinforces existing guidance that a dividend declared after the reporting date is not a liability of an entity at that date given that there is no obligation at that time.
- FRS 118 "Revenue" (effective from 1 January 2010) provides more guidance when determining whether an entity is acting as a 'principal' or as an 'agent'. This standard does not have material impact on the classification and valuation of the Fund's financial statements.
- Amendment FRS 132 "Financial Instrument: Presentation"

In the previous financial period, the Fund had classified its puttable instruments as liabilities in accordance with FRS 132, 'Financial instruments: Presentation'. However, the FRS 132 (amendment), 'Financial instruments: Presentation', and FRS 101 (amendment), 'Presentation of financial statements' - 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2010) (the 'amendment') requires puttable financial instruments that meet the definition of a financial liability to be classified as equity where certain strict criteria are met.

Those criteria include: (i) the puttable instruments must entitle the holder to a pro-rata share of net assets; (ii) the puttable instruments must be the most subordinated class and that class's features must be identical; (iii) there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and (iv) the total expected cash flows from the puttable instrument over its life must be based substantially on the profit or loss of the issuer. As a result, the prior year financial statements are restated from amounts previously reported to conform with the amendment. The amendment has been applied retrospectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

- (i) The new accounting standard that is effective for the Fund's financial period from 1 July 2010 to 31 December 2010 is as follows (continue):

The effects as a result of adoption of the amendment on the statement of financial position for the prior periods are set out in Note 16.

FRS 139 "Financial Instrument: Recognition and Measurement"

In the previous financial period, unrealised gains or losses from the derivative financial instrument are recognised in the statement of financial position as receivables and payables while the corresponding effect are transferred to the fair value reserve included in the capital and reserves attributable to equity holders of the fund.

However, the FRS 139 (new standard) 'Financial Instruments: Recognition and Measurement' (effective 1 January 2010) (the 'standard') requires the Fund to recognise all derivatives in its balance sheet as either assets or liabilities and shall measure them at fair value (except for a derivative that is linked to and that must be settled by delivery of an unquoted equity instrument whose fair value cannot be measured reliably) at the beginning of the financial period in which this standard is initially applied. Because all derivatives, other than those that are designated hedging instruments, are considered held for trading, the unrealised gains or losses transferred to the fair value reserve in the previous financial period shall be recognised as an adjustment of the balance of retained earnings at the beginning of the financial period in which this Standard is initially applied (other than for a derivative that is a designated hedging instrument).

The effects as a result of adoption of the new standard on the opening balances of the statement of financial position at the beginning of the financial period are set out Note 16.

In respect of FRS 7 and FRS 139, the Fund has applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the standards on the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)**

- (ii) The new standards, amendments and interpretations to published standards which are relevant to the Fund and have not been early adopted are:
- Amendments to FRS 7 "Financial instruments: Disclosures" and FRS 1 "First-time adoption of financial reporting standards" (effective from 1 January 2011) require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The Fund will apply this standard when effective.
 - IC Interpretation 17 "Distribution of non-cash assets to owners" (effective from 1 July 2010) provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. FRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

(b) Investments

The Fund invests in a five (5)-year China Recovery Structured Product ("China Recovery Structure") issued by CIMB Investment Bank Berhad. Through this investment, the Fund will receive potential annual distribution payments linked to the performance of China equities as represented by the CIMB Isovol China Index ("Reference Index").

The structured product is recorded at cost, which includes transaction costs, and subsequently revalued to their fair values as at the date of Statement of Assets and Liabilities.

In accordance with the Deed, valuation of the structured product is provided by CIMB Investment Bank Berhad on a daily basis. As a counter-check on the fair value provided by CIMB Investment Bank Berhad, the Manager will perform a separate valuation on the structured product.

The Issuer's pricing will be verified and any significant differences between the Manager's valuation and CIMB Investment Bank Berhad's valuation and significant differences impacting the Fund's net asset value would be investigated and adjusted accordingly.

Unrealised gains or losses on revaluation are transferred to the fair value reserve included in net assets attributable to unitholders and is not distributable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income recognition

Interest earned from short term deposits is recognised on an accrual basis.

Income from investment in structured product is recognised on an accrual basis.

Realised gain or loss on disposal of investments is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

(d) Creation and cancellation of units

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

Units are created and cancelled at the holder's option at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

(e) Cash and cash equivalents

For the purpose of Cash Flow Statement, cash and cash equivalents comprise cash and bank balances hold any deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Taxation

Current tax expense is determined according to Malaysian tax laws and includes all taxes based upon the taxable profits. Tax on dividend income from foreign quoted investments is based on the tax regime of the respective countries that the Fund is invested in.

(g) Finance cost

Proposed distributions to unitholders are recognised in the Statement of Comprehensive Income upon approval by the Board of Directors of the Manager. The distribution to the unitholders is recognised as finance cost in the Statement of Comprehensive Income.

(h) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia, which is the Fund's functional and presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Amount due from/to brokers

Amount due from/to brokers are carried at approved transaction amount as stated in contract notes.

(j) Proceeds and payments on creation and cancellation of units

The net asset value per unit is computed for each dealing day. The price at which units are created or cancelled is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Units in the Fund are classified as equity in the Statement of Financial Position and are stated at fair value representing the price at which units holders can redeem the units from the Fund.

(k) Amount due from/to brokers

Amount due from/to brokers are carried at approved transaction amount as stated in contract notes.

(l) Proceeds and payments on creation and cancellation of units

The net asset value per unit is computed for each dealing day. The price at which units are created or cancelled is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Units in the Fund are classified as equity in the Statement of Financial Position and are stated at fair value representing the price at which units holders can redeem the units from the Fund.

(m) Segmental information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographic segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(n) Financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the date of the Statement of Financial Position.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

A range of methodologies and assumptions had been used in deriving the fair values of the Fund's financial instruments as at the date of Statement of Changes in Equity. The total fair value of each financial instrument is not materially different from the total carrying value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fair values are based on the following methodologies and assumptions:

(n) Financial instruments (Continued)

(i) Short term deposits

For deposits and placements with financial institutions with maturities of less than three months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities three months and above, estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

(ii) Structured product

The fair value of the structured product is provided by CIMB Investment Bank Berhad on a daily basis. As a counter-check on the fair value provided by CIMB Investment Bank Berhad, the Manager will perform a separate valuation on the structured product.

The Issuer's pricing will be verified and any significant differences between the Manager's valuation and CIMB Investment Bank Berhad's valuation and significant differences impacting the Fund's net asset value would be investigated and adjusted accordingly.

(iii) Other short term financial instruments

Other short term financial instruments comprise of interest receivable, other payables and accruals, amount due to Manager, and amount due to Trustee. The carrying value of these assets and liabilities are assumed to approximate their fair values due to the short tenure of less than one year.

(o) Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements in conformity with FRS and the SC Guidelines on Unit Trust Funds requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement, and the reported amounts of income and expenses during the reported financial period. Although these estimates are based on the Manager's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and judgments are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Funds' results and financial position are tested for sensitivity to changes in the underlying parameters.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to provide investors with regular income over the tenure of the Fund linked to the performance of China equities. In line with its objective, the investment policy and strategy of the Fund is to invest at least ninety five percent (95%) of the Fund's net asset value into a five (5)-year China Recovery Structured Product ("China Recovery Structure") issued by CIMB Investment Bank Berhad. This is the "investment amount" of the Fund in the "China Recovery Structure".

Through this investment, the Fund will receive potential annual distribution payments linked to the performance of China equities as represented by the CIMB Isovola China Index ("Reference Index"). The "China Recovery Structure" also incorporates enhanced features whereby investors would benefit if the "Reference Index" is bearish within the first six (6) months of the Fund's inception and subsequently outperforms. Investors' principal is one hundred percent (100%) protected if the investment is held to maturity.

The Fund is exposed to a variety of risks which include market risk, single issuer risk, interest rate risk, credit risk, liquidity risk, inflation risk, country risk, early termination risk, non-compliance risk and derivative risk arising from the financial instruments it holds.

Financial risk management is carried out through internal control process adopted by the Manager and adherence to the investment restrictions as stipulated by the SC Guidelines on Unit Trust Funds.

The risk management policies employed by the Fund to manage these risks are discussed below:

(a) Market risk

(i) Price risk

Any purchase of Securities will involve an element of risk. The value of securities may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's net asset value and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The market risk is minimised as the underlying structured product invests in a wide portfolio of investments, thus spreading the element of risk.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Price risk (continued)

At 31 December 2010, the Fund's overall exposure to price was as follows:

	2010
	RM
Financial assets at fair value through profit or loss	73,241,500
	<u>73,241,500</u>

The investments held by the Fund are all publicly traded. The table below summarises the impact of movement of the market prices quoted at the respective foreign stock exchanges. The analysis is based on the assumption that the market prices have increased/decreased by the respective percentage with all other variables held constant. The sensitivity analysis is presented gross of the impact, if any, of performance fees. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

Financial assets at fair value through profit or loss	Change in price %	2010 Impact on profit before tax RM
Five (5)-Year China Recovery Structured Product	10	7,324,150
		<u>7,324,150</u>

The above figures are based on the Fund's position as of 31 December 2010. The positions and hence the exposure will change over time.

(b) Single issuer risk

Any major price fluctuation of a particular security invested by the Fund may affect the Fund's net asset value and thus the prices of units.

The single issuer risk is managed by adhering to the investment limits as specified in the SC Guidelines on Unit Trust Funds.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk

Credit risk refers to the ability of any issuer or counterparty to make timely payments of interests, principals and proceeds from realisation of investment.

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Malaysia and the respective foreign stock exchange. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the Securities Commission's Guidelines on Unit Trust Funds.

The credit/default risk is minimal as all transactions in quoted investments are settled/paid upon delivery using approved brokers.

The following table sets out the credit risk concentration of the Fund:

As at 31.12.2010	Financial assets at fair value through profit or loss RM	Bank balances in banks RM	Income receivable RM	Total RM
Finance	-	464,737	-	464,737
Five (5)-Year China Recovery Structured Product	73,241,500	-	-	73,241,500
Others	-	-	66	66
	<u>73,241,500</u>	<u>464,737</u>	<u>66</u>	<u>73,706,303</u>

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk

Liquidity risk is the risk that investments cannot be readily sold at or near its actual value without taking a significant discount. This will result in lower net asset value of the Fund. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days. The Fund has a policy of maintaining up to five percent (5%) of liquid assets at all times to reduce the liquidity risk.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month RM	1 month and above RM
At 31 December 2010		
Amount due to Manager	120,695	-
Amount due to Trustee	4,880	-
Other payables and accruals	-	4,935
	<hr/>	<hr/>
Contractual cash out flows	125,575	4,935
	<hr/> <hr/>	<hr/> <hr/>
	Less than 1 month RM	1 month and above RM
At 30 June 2010		
Amount due to Manager	590,182	-
Amount due to Trustee	5,229	-
Other payables and accruals	-	16,000
	<hr/>	<hr/>
Contractual cash out flows	595,411	16,000
	<hr/> <hr/>	<hr/> <hr/>

(e) Foreign market risk

When a Fund invests in foreign markets, the foreign investment portion of the Fund may be affected by risks specific to the countries in which it invests. Such risks include changes in the country's economic fundamentals, social and political stability, currency movements and foreign investment policies. These factors may have an impact on the prices of the Fund's investment in that country and consequently may also affect the Fund's net asset value and its growth. To mitigate these risks, the Manager will select Securities and structured products that spread across various countries. The decision on diversification will be based on constant fundamental research and analysis of the global markets.

4. MANAGEMENT FEE

In accordance with Clause 24(1) of the Deed, the Manager is entitled to a fee of up to 1.50% per annum calculated and accrued daily based on the net asset value of the Fund.

For the financial year ended 31 December 2010, no management fee is charged by the Manager on this Fund.

5. TRUSTEE'S FEE

In accordance with Clause 24(2) of the Deed, the Trustee is entitled to a fee not exceeding 0.10% per annum calculated based on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum. The trustee fee shall be accrued daily and paid monthly.

For the financial period ended 31 December 2010, the Trustee's fee is recognised at a rate of 0.08% per annum.

6. TAXATION

	2010	15.6.2009
	RM	(date of
		commencement)
		to 30.6.2010
		RM
Current taxation	<u>-</u>	<u>-</u>

A reconciliation of taxation applicable to net income before finance cost and taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	2010	15.6.2009
		(date of
		commencement)
		to 30.6.2010
		RM
Net income before finance cost and taxation	<u>285,945</u>	<u>133,975</u>
Taxation at Malaysian statutory rate of 25%	71,486	33,494
Tax effects of:		
Income not subject to tax	(1,082)	(121,034)
Net realised loss on sale of investments not deductible for tax purposes	(79,040)	64,290
Expenses not deductible for tax purposes	7,859	20,775
Restriction on tax deductible expenses for unit trust funds	<u>776</u>	<u>2,475</u>
Taxation	<u>-</u>	<u>-</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net asset Value %
As at 31.12.2010				
MALAYSIA				
Five (5)-Year China Recovery Structured Product	<u>79,180,000</u>	77,596,400	<u>73,241,500</u>	99.59
NET LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(4,354,900)</u>		
TOTAL MARKET VALUE OF INVESTMENTS			<u>73,241,500</u>	

	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net asset Value %
As at 30.6.2010				
MALAYSIA				
Five (5)-Year China Recovery Structured Product	<u>85,230,000</u>	83,525,400	<u>78,513,876</u>	99.62
FAIR VALUE RESERVE		<u>(5,011,524)</u>		
TOTAL MARKET VALUE OF INVESTMENTS			<u>78,513,876</u>	

The Fund invests in a one hundred percent (100%) Capital Protected five (5)-year China Recovery Structured Product (“China Recovery Structure”) issued by CIMB Investment Bank Berhad. The “China Recover Structure” consists of two (2) components, i.e. money market instruments and over-the counter (“OTC”) options. The money market instruments will provide capital protection to the “China Recovery Structure” at maturity and shall be at least eighty percent (80%) of the Issue Price. The “OTC” options will provide variable returns and shall be up to twenty percent (20%) of the Issue Price.

Through this investment, the Fund will receive potential annual distribution payments linked to the performance of China equities as represented by the CIMB Isovol China Index (“Reference Index”). The CIMB Isovol China Index references the performance of a basket of companies incorporated in Mainland China and listed on the Hong Kong Stock Exchange.

The “China Recovery Structure” also incorporates enhanced features whereby investors would benefit if the “Reference Index” is bearish within the first six (6) months of the Fund’s inception and subsequently outperforms. Effectively, the Fund will lock-in the lowest point out of the six (6) observation dates in the first six (6) months of the Fund’s tenure. The lowest point will subsequently form the Lookback Floor Level (“Floor Level”) for computing the Fund’s annual returns and potential annual distributions.

8. CASH AND CASH EQUIVALENTS

	31.12.2010	30.06.2010
	RM	RM
Deposits with a licensed financial institution	444,000	892,000
Bank balance in a licensed bank	20,737	20,352
	<u>464,737</u>	<u>912,352</u>

The effective weighted average interest rates per annum of deposits with licensed financial institutions are as follows:

	31.12.2010	30.06.2010
		%
Deposits with a licensed financial institution	<u>2.73</u>	<u>2.40</u>

The deposits with a licensed financial institution have an average maturity of 3 days (30.06.2010: 2 days).

9. NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO UNIT HOLDER

		31.12.2010		30.06.2010
	No. of units	RM	No. of units	RM
At the beginning of the financial period	169,775,972	78,814,876	-	-
Add: Creation of units	1,067	493	188,092,000	92,654,119
Less: Cancellation of units	(11,873,177)	(5,525,520)	(18,316,028)	(8,738,862)
Net decrease in net assets attributable to unitholders	-	-	-	(88,857)
Net change in fair value reserve	-	285,945	-	(5,011,524)
At the end of the financial period	<u>157,903,862</u>	<u>73,575,794</u>	<u>169,775,972</u>	<u>78,814,876</u>

Approved size of the Fund 300,000,000 300,000,000

As at 31 December 2010, the number of units not yet issued is 142,096,138. (30.06.2010: 130,224,028).

10. MANAGEMENT EXPENSE RATIO (“MER”)

	31.12.2010	30.06.2010
		%
MER	<u>0.05</u>	<u>0.11</u>

MER is derived from the following calculation:

$$\text{MER} = \frac{(A + B + C + D) \times 100}{E}$$

- A = Trustee’s fee
- B = Auditors’ remuneration
- C = Tax agents’ fee
- D = Administration expenses
- E = Average net asset value of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial period ended from 31 December 2010 calculated on daily basis is RM 76,142,578 (30.06.2010: RM 86,572,744)

11. PORTFOLIO TURNOVER RATIO (“PTR”)

	31.12.2010	30.06.2010
PTR (times)	<u>0.04</u>	<u>0.58</u>

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial period} + \text{total disposal for the financial period}) \div 2}{\text{Average net asset value of the Fund for the financial period calculated on a daily basis}}$$

where:

- total acquisition for the financial period = Nil (30.06.2010: RM91,757,400)
- total disposal for the financial period = RM 5,929,000 (30.06.2010: RM8,232,000)

12. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
CIMB-Principal Asset Management Berhad	The Manager
CIMB Group Sdn Bhd	Holding company of the Manager
CIMB Group Holdings Berhad (“CIMB”)	Ultimate holding company of the Manager
Subsidiaries and associates of CIMB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager

12. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)

Units held by the Manager and parties related to the Manager

Manager	31.12.2010		30.06.2010	
	Units	RM	Units	RM
CIMB-Principal Asset Management Berhad	16,399	7,592	16,399	7,612

The above units were transacted at the prevailing market price.

Other than the above, there were no units held by Directors or parties related to the Manager.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated. Interest rates on fixed and short-term deposits were at normal commercial rates.

	31.12.2010	30.6.2010
	RM	RM
<u>Significant related party transactions</u>		
Purchase of structured product:		
- CIMB Investment Bank Berhad	-	91,757,400
Proceeds from sales of structured product:		
- CIMB Investment Bank Berhad	5,588,535	7,974,840
Interest income from deposits with licensed financial institutions:		
- CIMB Bank Berhad	46	9,648

13. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with all brokers/dealers for the financial period ended 31 December 2010 are as follows:

Broker/dealer	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
CIMB Investment Bank Bhd	5,405,235.00	96.72	-	-
CIMB Bank Bhd - Treasury	183,300.00	3.28	-	-
CIMB Investment Bank Berhad#	5,588,535.00	100	-	-

There was no brokerage fees paid to the broker/dealer.

The trades are conducted at arm's length basis with CIMB Investment Bank Berhad, a company related to the Manager.

14. SEGMENT INFORMATION

The Investment Committee of the Manager makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by this committee that are used to make strategic decisions.

The committee is responsible for the Fund's entire portfolio and considers the business to have a single operating segment. The committee's asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of income from the investments and gains on the appreciation in the value of investments.

There were no changes in the reportable operating segment during the financial period ended 31 December 2010.

The segment information provided to the Investment Committee for the reportable operating segment is as follows:

For the financial period ended 31 December 2010:

	Structured product portfolio RM
Net realised gain on sale of financial assets at fair value through profit or loss	316,159
Unrealised capital gain on financial assets at fair value through profit or loss	(656,624)
Total net segment income	(340,465)
Financial assets at fair value through profit or loss	73,241,500
Total segment assets	73,241,500

For the financial year ended 30 June 2010:

	Structured product portfolio RM
Income from investment in structured product	443,748
Net realised gain on sale of financial assets at fair value through profit or loss	(257,160)
Unrealised capital gain on financial assets at fair value through profit or loss	-
Total net segment income	(257,160)
Financial assets at fair value through profit or loss	78,513,876
Total segment assets	78,513,876

14. SEGMENT INFORMATION (CONTINUED)

The Fund's administration, management fee, trustees and custodian fees are not considered to be segment expenses.

A reconciliation of total segmental income to the net income/(loss) is provided as follows:

	31.12.2010
	RM
Total net segmental income	(340,465)
Profit and interest income from deposits with licensed financial institutions	4,326
Other fees and expenses	(34,540)
Net loss before finance cost and taxation	<u>(370,679)</u>
Finance cost	<u>-</u>
Net loss for the financial period	<u><u>(370,679)</u></u>

Reportable operating segment's assets and liabilities are reconciled to total assets and total liabilities as follows:

	31.12.2010	30.06.2010
	RM	RM
Total segment assets	73,241,500	78,513,876
Bank balances licensed banks	20,737	20,352
Other receivables	444,066	892,059
Total assets	<u><u>73,706,303</u></u>	<u><u>79,426,287</u></u>
Total segment liabilities	-	-
Amount due to manager	120,695	590,182
Amount due to trustee	4,880	5,229
Other payables and accrued expenses	4,934	16,000
Total liabilities	<u><u>130,509</u></u>	<u><u>611,411</u></u>

The Fund's other receivables and other payables and accrued expenses are not considered to be segment assets and segment liabilities respectively and are managed by the administration function.

The Fund invests in a structured product whereby the underlyings consist of two (2) components, i.e. money market instruments and over-the counter ("OTC") options as disclosed in Note 8. As the underlyings of these financial instruments are from various indices and investments, the geographical segmental reporting is not be available and the cost to develop it would be excessive.

15. CHANGES IN ACCOUNTING POLICIES

Amendment FRS 132, "Financial Instruments: Presentation"

The effects as a result of adoption of the amendment on the statement of financial position for the prior periods are set out below.

15 June 2009

	As previously stated	Adjustment	As restated
	RM	RM	RM
Financial liability	169,775,972	(169,775,972)	-
Unitholders' capital	-	83,915,257	83,915,257
Retained earnings	-	(88,857)	(88,857)
Fair value reserve	-	(5,011,524)	(5,011,524)
	-	78,814,876	78,814,876

1 July 2010

	As previously stated	Adjustment	As restated
	RM	RM	RM
Financial liability	73,575,794	(73,575,794)	-
Unitholders' capital	-	78,390,230	78,390,230
Retained earnings	-	(459,536)	(459,536)
Financial assets at fair value through profit or loss	-	(4,354,900)	(4,354,900)
	-	73,575,794	73,575,794

(a) Amendment FRS 132 "Financial Instruments: Presentation" (continued)

Effect of changes in accounting policy on the balance sheet as at 31 December 2010 and Statement of Changes in Equity for the year ended 31 December 2010 is set out below:

	Previously accounting policy RM	Change in Accounting policy RM	Revised accounting policy RM
Financial liability	73,706,303	(73,706,303)	-
Unitholders' capital	-	78,390,230	78,390,230
Retained earnings	-	(459,536)	(459,536)
Fair value reserve	-	(4,354,900)	(4,354,900)
	-	73,575,794	73,575,794

15. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) FRS 139 “Financial Instruments: Recognition and Measurement”

The effects as a result of adoption of the new standard on the opening balances of the Statement of Financial Position at the beginning of the financial period are set out below.

1 July 2010

	As previously stated	Adjustment	As restated
	RM	RM	RM
Unitholders' capital	83,915,257	-	83,915,257
Retained earnings	(88,857)	(5,011,524)	(5,100,381)
Fair value reserve	(5,011,524)	5,011,524	-
	<u>78,814,876</u>	<u>-</u>	<u>78,814,876</u>

Effect of changes in accounting policy on the balance sheet as at 31 December 2010 and Statement of Changes in Equity for the year ended 31 December 2010 is set out below:

	Previously accounting policy RM	Change in Accounting policy RM	Revised Accounting policy RM
Financial assets at fair value through profit or loss	-	73,241,500	73,241,500
Structured products	73,241,500	(73,241,500)	-
Retained earnings	459,536	(4,354,900)	(4,814,436)
Fair value reserve	(4,354,900)	4,354,900	-
	<u> </u>	<u> </u>	<u> </u>

16. COMPARATIVES

There are no comparatives figures for Statement of Comprehensive Income and Cash Flow Statement because this is the first set of interim financial statements prepared since the date of commencement of the Fund.

DIRECTORY

Head office of the Manager

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Trustee for the CIMB-Principal China Recovery Structured Fund

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Auditors of the Trusts and of the Manager

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Consulting Actuaries

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CIMB-Principal China Recovery Structured Fund is also available from CIMB Wealth Advisors Berhad's Offices

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REGIONAL OFFICES

- 5A, 1st & 2nd Floor, Jalan Todak 4, Bandar Sunway,
Seberang Jaya, 13700 Perai, Penang. 04-3702155
04-3702156
- 23 & 23A Jalan Harimau Tarum,
Taman Century, 80250 Johor Bahru, Johor. 07-3341748
- 5B, Lot 414, Section 10, KTLD Jalan Rubber,
93400 Kuching, Sarawak. 082-259777
- No 1 Jalan Pasar Baru, Kampung Air,
88000 Kota Kinabalu, Sabah. 088-239951
088-239952

BRANCHES

- U7-3, 7th Floor, Menara Perbadanan,
Jalan Tengku Petra Semerak,
15000 Kota Bharu, Kelantan. 09-7471172
09-7471190
- 30A, First Floor, Persiaran Greentown 1,
Greentown Business Centre, 30450 Ipoh, Perak. 05-2439001
05-2439002
- No 13B, 2nd Floor, Jalan Mamanda 7/1,
Off Jalan Ampang, 68000 Ampang, Selangor. 03-42702970
- 39-3 & 41-3, Jalan Radin Anum, Bandar Baru Sri Petaling,
57000 Kuala Lumpur. 03-90592333
- 61, Jalan Melaka Raya 24, Taman Melaka Raya, 75000 Melaka. 06-2811111
- Lot 228, 1st Floor, Beautiful Jade Centre, Jalan Maju,
98000 Miri, Sarawak. 085-432525

ADDRESS	TELEPHONE
SALES OFFICES	
• 18A, Tingkat Taman Ipoh 6, Ipoh Garden South, 31400 Ipoh, Perak.	05-5453343
• 75-76, Taman Aman Muhibbah, Jalan Kampung Sitiawan, 32000 Sitiawan, Perak.	05-6917761
• 32-3, 3rd Floor Jalan 1/27F, KL Satellite Centre (KLSC), Wangsa Maju, Section 5, 53300 Kuala Lumpur.	03-41422911
• 92B, Jalan Burhanuddin Helmi, Taman Tun Dr Ismail, 60000 Kuala Lumpur.	03-77276603
• Suite B-12-12, Plaza Mont Kiara, No 2, Jalan 1/70C Mont Kiara, 50480 Kuala Lumpur.	03-62035035
• Suite 3A-3 Wisma W.I.M., No 7, Jalan Abang Haji Openg, Taman Tun Dr Ismail, 60000 Kuala Lumpur.	03-77108916
• No 131A, 1st Floor, Jalan SS 17/1A, Subang Jaya, 47500 Selangor.	03-56210788
• Unit 113 & 213, Block C, Damansara Intan, 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor.	03-71182234
• A-2-1, Block A, 8 Jalan PJU 1A/20A, Dataran Ara Damansara, 47301 Petaling Jaya, Selangor.	03-78430506
• Lot C-615 & Lot C-616, Level 6, Block C, Kelana Square, 17, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor.	03-78806893
• 11A-3A, 3rd Floor, Mayang Plaza, Jalan SS26/4, Taman Mayang Jaya, 47301 Petaling Jaya, Selangor.	03-78033718
• A-2-3, Block A, 8 Jalan PJU 1A/20A, Dataran Ara Damansara, 47301 Petaling Jaya, Selangor.	03-78430503
• C-3-2A Taman Kasturi, Cheras, 43000 Selangor.	03-90743870
• 43-2 Jalan Wangsa Setia 1, Wangsa Melawati, 53300 Kuala Lumpur.	03-41490355
• 2-6A Jalan PJU 8/3A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor.	03-77256320
• Block E-03A 1st & 2nd Floor, Dataran Glomac, Kelana Jaya, 47301 Selangor.	03-78807082
• 12A-3 2nd Floor, Block C, Jalan PJU 5/17, Dataran Sunway Kota Damansara, 47810 Selangor.	03-61416369
• A-7 1st Floor, Lorong Tun Ismail 12, Sri Dagangan 2, 25000 Kuantan, Pahang.	09-5161430
• Room No 203, 2nd Floor Lai Piang Kee Building, Jalan Pryer, 90000 Sandakan, Sabah.	089-213851
• 1st Floor, Lot 52, Block F, Jati Commercial Centre, P.O.Box 81677, 87026 Labuan Federal Territory.	087-428303
• 15A, Jalan Ruby, 96000 Sibu, Sarawak.	084-325515