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Investor Letter

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.

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 investment objective of the Fund is to seek long term growth in capital and income by investing in all types of investments.

Has the fund achieved its objective?

For the period under review, the Fund 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 may invest in a diversified portfolio of equities and fixed income investments. The Fund will maintain a balanced portfolio between equities and fixed income investments in the ratio of 60:40. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investments by the Fund in equity securities shall not exceed 60% of the NAV of the Fund and investments in fixed income securities and liquid assets shall not be less than 40% of the NAV of the Fund with a minimum rating of "BBB3" and "P3" by RAM or equivalent rating by MARC, "BB" by S&P or equivalent rating by Moody's or Fitch.

Fund category/ type

Balanced/ Growth and Income

How long should you invest for?

Recommended 5 years or more

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

Moderate

When was the Fund launched?

10 August 1995

What was the size of the Fund as at 28 February 2011?

RM327.51 million (413.08 million units)

What is the fund's benchmark?

60% FBM100 + 40% CIMB Bank 1-month Fixed Deposit Rate

What is the fund distribution policy?

The Manager has the discretion to distribute part of all of the Fund's distributable income. The distribution (if any) may vary from period to period depending on the investment objective and the performance of the Fund.

What was the net income distribution for the period ended 28 February 2011?

3.00 sen per unit on 2 September 2010.

The Fund net asset value per unit before and after the latest distribution was RM0.7663 and RM0.7386 per unit respectively.

PERFORMANCE DATA

Details of portfolio composition of the Fund for the last three financial periods are as follows:

	2011	2010	2009
	%	%	%
Quoted Investments			
- Construction	3.43	3.03	4.43
- Consumer products	-	2.11	0.55
- Finance	17.25	17.88	12.93
- Industrial products	4.69	3.67	1.22
- Infrastructure project companies	1.90	2.32	3.12
- Plantations	8.77	11.20	4.86
- Properties	2.66	1.74	1.38
- Trading/Services	16.91	17.57	17.99
- Warrants	0.26	-	-
Unquoted Investments	40.35	38.01	43.74
Cash and Other Net Assets	3.78	2.47	9.78
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Performance details of the Fund for the last three financial periods are as follows:

	2011	2010	2009
Net asset value (RM Million)	327.51	325.67	188.36
Units in circulation (Million)	413.08	464.01	357.76
Net asset value per unit (RM)*	0.7913	0.7019	0.5265
Highest NAV per unit (RM)*	0.8267	0.7154	0.5910
Lowest NAV per unit (RM)*	0.7366	0.6464	0.5024
Total return (%) ^	8.85	8.14	(10.91)
- Capital growth (%)	4.60	8.14	(10.91)
- Income distribution (%)	4.06	-	-
Management expense ratio (%)	0.78	0.76	0.78
Portfolio turnover ratio (times) #	0.32	0.18	0.27

	Total Return	Annualised
	%	%
- One Year	17.57	17.57
- Three Years	22.41	10.64
- Five Years	68.12	29.66
- Since Inception	218.96	7.74

* Ex-distribution

(Launch date: 10 August 1995)

^ Source: Mercer Zainal Consulting Sdn Bhd

The Fund's PTR was higher at 0.32 times, rising from 0.18 times the previous year due to an increase in transactions for both fixed income and equity during the period under review.

PERFORMANCE DATA (CONTINUED)

	28.02.2011	28.02.2010	28.02.2009	28.02.2008	Since Inception
Annual total return (%)	17.57	33.28	(21.88)	18.89	218.96

Source: Mercer (Malaysia) Sdn Bhd

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 have been verified by Mercer (Malaysia) Sdn Bhd, Consulting Actuaries (35090-H).

MARKET REVIEW (1 SEPTEMBER 2010 TO 28 FEBRUARY 2011)**Equities**

The latest economic indicators suggest that global economic growth is building momentum and will likely gain pace in the second half of 2011. However, it looks like this may be derailed as a result of rising international commodity and food prices, together with the increase in crude oil prices to more than US\$100/barrel, due to political uncertainty in the Middle East and North Africa. From supply induced inflation, the situation threatens to spill over to a demand-pull inflationary situation that could be more difficult to manage and require more aggressive policy tightening. The pace of tightening has to be accelerated, given the current high liquidity and low interest rates environment.

Global manufacturing activities picked up for the fifth straight month and to its highest level in more than six years in February, while global services activities grew at its strongest pace in almost five years during the month. Similarly, the Organisation of Economic Cooperation and Development (OECD) composite leading indicator picked up for the fifth straight month by 0.37 to 103.1 in January, suggesting that OECD economic activities will likely pick up pace in the months ahead.

In Malaysia, the market was boosted by sustained positive newsflow on the Government Transformation Programme (GTP), Economic Transformation Programme (ETP) and the 2011 Budget which were all hugely positive for the construction, property and consumer sectors. The market further scaled new highs on the back of mergers and acquisitions activity in the property sector with the proposed UEM Land-Sunrise and MRCB-IJM Land mergers. Although the latter deal was aborted, the newsflow nevertheless helped the property sector to re-rate considerably. On the downside, market was hit by the political turmoil in North Africa and the Middle East, massive floods in Australia, Japan debt rating downgrade, monetary tightening in China, debt woes in Europe, military flare-up on the Korean peninsula, reversal of funds flow from emerging markets back to developed markets. The high oil prices have fuelled concerns about inflation and its adverse impact on future economic growth.

MARKET REVIEW (1 SEPTEMBER 2010 TO 28 FEBRUARY 2011) (CONTINUED)**Fixed Income**

It was a good month for MGS in September 2010 with the MGS yield curve flattened further. The spread between 3year and 10 year tightened to 47bps, close to historical lows. Ringgit also moved to its firmest levels since the removal of the peg in 2005 reaching a low of 3.0815 in September.

The trading volume for MGS/GII dropped significantly in 4Q2010 registering trading volume of RM96.9 billion as compared with RM120.5 billion recorded in the previous quarter. The drop in volume was attributed to the year end factor as well as shorter trading days due to the festive holidays celebrated such as Hari Raya Haji, Deepavali and Christmas. Overall the trading volume fell markedly towards the end of the year as December month only reported RM20.1 billion of trades versus RM43.8 billion and RM33.0 billion recorded in the month of October and November respectively.

MARKET REVIEW (1 SEPTEMBER 2010 TO 28 FEBRUARY 2011) (CONTINUED)**Fixed Income (continued)**

Overall, the MGS yield curve bearish steepened over the 4Q2010 and may have been impacted by the following factors in addition to the expected larger issuance size of MGS/GII in 2011:-

- Monetary policy tightening to curb inflationary pressure by several regional central banks starting with China after the People's Bank of China ("PBOC") raised its deposit rate by 50 bps to 2.75%;
- Concerns with the introduction of certain capital controls measure have prompted some selling in the regional market which also affected the local market. The first of such measure was in Thailand when its government reintroduced a 15% withholding tax on the interest payments and capital gains earn by foreign investors on Thai bonds. Similarly, South Korea also imposed a 14% withholding tax on interest income on government and central bank bonds held by foreigners and 20% capital gains levy on their sales. Meanwhile, Taiwan barred foreign investors from placing in deposits while the global funds' investment in government bonds and money market products is restricted to no more than 30% of portfolios;
- The release of the MGS/GII auction calendar for 2011 which revealed BNM's plans to have 21 public auctions and 8 private placements with majority of the issuances (both public and private placements) skewed towards the mid to long end of the curve, resulting in market players shortening its duration in favour of shorter dated government securities;
- The announcement by the Federal Reserve that it will start the second round of quantitative easing ("QE2") via purchased of government debt from the open market with proposed purchase of up to USD600 billion of UST, resulted in profit taking activities by UST players. While the QE2 may assist in maintaining low UST yields, but in the long run, the effectiveness of the QE2 will boost growth and inflation over the longer term period. As a result, market players sold off UST in anticipation of rising CPI and better growth prospects from the QE2. The UST ended the quarter higher across the board. The 2 year, 5 year, 10 year and 30 year closed the higher by 17bps, 74bps, 78bps and 65bps at 0.59%, 2.00%, 3.29% and 4.33% respectively.

In January 2011, the MGS benchmark curve bearish steepened with the 10-yr/3-yr spread widening to 89.0bps in mid month and both the short and long end yields rose by more than 5.0bps and 7.0bps respectively. This was attributed to investors caution over the inching up of inflation rate regionally as well as heavier debt supply this year. However, the MGS benchmark curve bullish flattened towards the end of the month as fear of interest rate hikes were subdued after BNM maintained a dovish outlook.

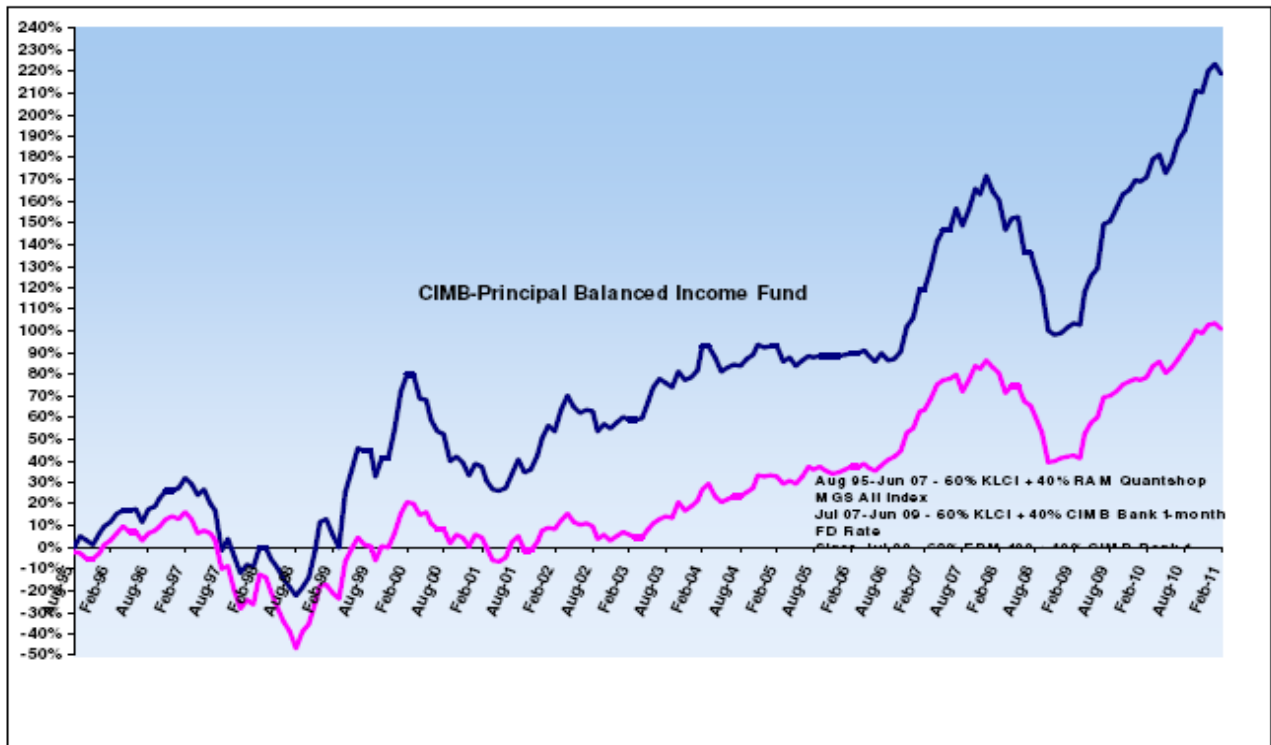
Trading volume fell in February with selling seen on the short end of the curve. The 3 year yield continued to rise for the second consecutive month with 14bps higher due to the new 3.5 year benchmark auction. Sentiment was pressured amidst inflationary worries across Asia and surging global crude oil prices arising from the geopolitical conditions in the Middle East.

Overall, corporate bond market enjoyed a much better run versus the MGSs and GIIs during the period under review. Total trading volume on the corporate bond segment amounted to RM40.3 billion for the period under review. Interest was mainly focused on the AAA and AA rated names. These include AAA-rated Malaysia Airports Capital ("MACB"), AA1-rated Maybank sub debt, AA2-rated Public Bank tier-1 debt, AAA-rated Rantau, AAA-rated Cagamas, AAA-rated Danga, AA3-rated Binariang, AAA-rated ADCB, AA3-rated Gamuda and AA1-rated YTL Power bonds.

FUND PERFORMANCE

	6 months to 28/02/11	1 Year to 28/02/11	3 years to 28/02/11	5 years to 28/02/11	Since Inception
Income (%)	4.06	4.06	16.31	42.63	113.16
Capital (%)	4.60	12.98	5.24	17.87	49.64
Total Return (%)	8.85	17.57	22.41	68.12	218.96
Benchmark (%)	4.96	12.65	11.63	46.30	101.23
Average Total Return (%)	N/A	17.57	10.64	29.66	7.74

The Fund reported a total return of 8.85%, outperforming the benchmark index by 3.89% for the six-month period ended 28 February 2011. For fixed income, the outperformance was mainly due to the better performance of some of the underlying corporate bonds in the Fund.



Changes in Net Asset Value (“NAV”)

	28.02.2011	28.02.2010	% changes
Net Asset Value (“NAV”) (RM Million)	327.51	325.67	0.56
NAV/unit (RM)*	0.7913	0.7019	12.74

* NAV after distribution

For the past 12 months, the Fund’s NAV/unit rose about 13.00%.

The Fund ranked 3rd (1st quartile) in the Non-Islamic “Mixed Asset” category for the 6 months ended 28 February 2011 (source: Lipper).

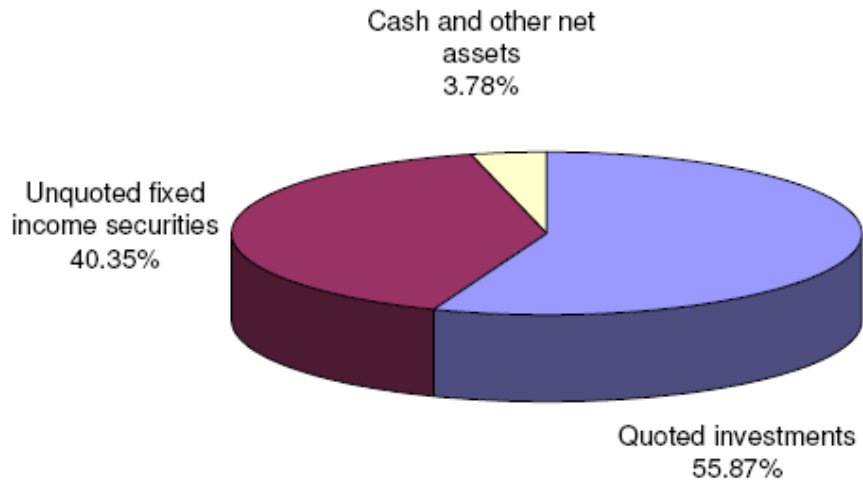
Performance data represents the combined income and capital return as a result of holding units in the fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the fund are reinvested and are net of management and trustee fees. Past performance is not reflective of future performance and income distributions are not guaranteed. Unit prices and income distributions, if any, may fall and rise. Performance figures have been verified by Mercer (Malaysia) Sdn Bhd (35090-H), a Consulting Actuaries.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	28 February 2011	28 February 2010
Quoted investments	55.87	59.52
Unquoted fixed income securities	40.35	38.01
Cash and other net assets	3.78	2.47
TOTAL	100.00	100.00

The equity portion of the portion remained highly invested despite the fall in exposure from 59.52% to 55.87%.



MARKET OUTLOOK

Equity.

Our basic view that 2011 will provide unspectacular but solid returns to equity investors remains. The main supportive factors include reasonable valuations, strong corporate sector profitability, and a favorable global and emerging market growth outlook. Of these, corporate sector profitability could be impacted by somewhat tighter margins. Producer Price Indices have been running higher than Consumer Price Indices, which could impact corporate profitability through narrower operating margins. This impact would be especially felt if top-line growth slows due to weaker consumption demand as consumers adjust to high oil prices.

The US recovery should continue to show strong traction in most areas with the exception of the housing sector which remains weak. We expect negative volatility in Developed Markets coming from two different sources. First, the European Central Bank is leaning towards hiking interest rates to combat rising core inflation in Germany. However, this threatens to de-stabilise the floundering nations of Greece, Portugal and Ireland, which are facing high refinancing rates for their bonds. This higher probability of short term volatility and dislocations in the European markets will make these markets unattractive relative to other regions. That said, we are expecting that markets will be able to differentiate between the different European Union economies, their prospects, and be able to invest accordingly. The weakest link will be the Euro, which ensure some contagion effect should any of the weaker economies fail.

The second source of uncertainty comes from the fallout of the Japanese disaster. The loss in power generating capacity has led to rolling blackouts across the nation. Industries will be crippled in the short term and be unable to ramp up production volumes. Continual downtime due to aftershocks will disrupt business recovery. Other nuclear plants on the grid are subject to auto shutdown during earthquakes, and need checks before starting up again. Estimates of the energy supply shortfall range from 25-30%. Already natural gas futures are up, over speculation that Japan will switch back to more traditional energy sources, ignoring the fact that a natural gas power plant takes 3 to 4 years to be built.

The economic impact to Asia will emanate largely from Japan. Components disruption will likely hit in May, as certain Japanese manufacturers run out of inventory. This is especially crucial for high tech components, like fuel sensors for automobiles and touch screen components used in iPads and smart phones. It will be difficult to find immediate replacement suppliers as in some of these cases, the Japanese companies supply close to 100% of global demand. This will mean two things. First, the supply disruption will mean less manufactured goods in the short term. This is deflationary in nature, as consumption spending will be delayed from lack of supply. Second, commodities demand, e.g. iron ore, could be dampened as the component shortage will impact production of the final product. If true, this will have a positive impact on Asia, as this could lower core inflation and assist central bankers in managing inflation.

On the debate between developed and emerging markets (of which Asia ex-Japan forms 80%), structural strengths still favor emerging markets. Rate hikes in several of them over the past 6 months will likely slow down the pace of further tightening. These adjustments will stand the large Emerging Markets in good stead and grant them better ability to maneuver policy depending upon underlying developments. EM equity flows, which have been negative so far this year, are also likely to benefit from these moves.

MARKET OUTLOOK (CONTINUED)**Equity (continued)**

Malaysia continues to be an oasis of stability for investors. The markets continue to focus on the ETP and GTP rollout details as construction projects are being announced. Corporate profits are on track, with minimal revisions and far fewer surprises. Banks continue to raise cheap funding to bolster balance sheets to meet and exceed Basel III requirements. Politics continue to be background noise, but in increasingly strident volume. The crescendo was reached last month on the release of another video allegedly implicating an opposition politician. Sarawak dissolved its state assembly, paving the way for the state elections to be held in mid-April. This is seen by markets as a barometer for public opinion going forward as the influx of new voter voting patterns can be valuable pointers for the next general elections strategy. There may be a knee-jerk reaction if the state election results are drastically different than the current results.

Fixed Income

In the near term, risk of rising inflation in Malaysia as well as regionally is weighted against the safe haven appeal of government debts amid the ongoing turmoil in the Middle East, escalating debt crisis in Europe and radiation threat in Japan.

So far, BNM has kept the OPR unchanged at 2.75% at the two previous MPC meetings in 1Q11. However, the hawkish tone of the MPC hints at a review of the monetary accommodation. We expect BNM to start raising interest rates in 2Q and taking the OPR to 3.25% by year end.

Todate, total issuance on the sovereign bond market stood at RM24.5 billion from 5 auctions and 2 private placements conducted in the first quarter of the year. Based on BNM's Auction Calendar, there will be a string of long tenor government issuance from April onwards. Six auctions and three private placements are slated for the second quarter, namely the new issues of 15 year MGS 4/26, 10 year GII 4/21, reopening of 7 year MGS 9/17, reopening of 5.5 year GII 11/16, reopening of 10 year MGS 7/21 and new issues of 20year MGS 6/31. The issue amount for each of the tender will likely to have an impact on the volatility of the sovereign yield in 2Q2011 and hence putting pressure for rates to shift higher especially in the long end yields.

Primary corporate issuances are expected to pick up from the second quarter onwards taking cue from implementation of some of the major Economic Transformation Projects ("ETP") like the KL-MRT and infrastructure related projects. It is likely that the bond issuances related to the ETP projects to be high grade such as guaranteed by the Government or Danajamin.

Overall, new primary issues are expected to be well supported as local investors are still flush with liquidity and waiting to invest in new names. Credit spread should continue to tighten further.

INVESTMENT STRATEGY**Equity**

Other than the Sarawak elections, there seems to be few other negative factors to drive markets down in the short term. We expect the Malaysian market to remain flattish for the next 1 to 2 months as markets pause after the rebound in valuation. The Malaysian market PER is 14X, a 16% premium over the region. On a price-to-book calculation, the market looks fairly valued at 2.3X. However, if the ETP and GTP rollout is accelerated, we may see upward revisions to market ranges and a possible rally. For our portfolios, we remain fairly invested in the markets, paying careful attention to risk and volatility, and modifying these parameters through stock picking.

Fixed Income

Against the backdrop of rising MGS yields, we continue to overweight on corporate bonds as against government securities and target AA and selected A rated corporate bonds for better yield enhancement. Improving business cycles are expected to infuse investors' risk appetite. Hence, we believe that credit selection remains key.

We will be cautious in extending the portfolio duration at current market condition. With higher inflation expected for the year and BNM to raise interest rate in 2Q11, the market yield curve may adjust higher. We may take the opportunity to take profit on some of the longer tenured papers and shift to new primary issues that provide better yield pick-up compared to the secondary market.

UNIT HOLDING STATISTICS

Breakdown of unit holdings by size as at 28 February 2011 are as follows:

Size of holdings(units)	No. of unitholders	No. of units held	% of units held
5,000 and below	40,553	9,178,498	2.22
5,001-10,000	3,212	23,521,240	5.70
10,001-50,000	7,380	163,822,714	39.65
50,001-500,000	1,590	159,541,908	38.63
Above 500,000	19	57,010,920	13.80
Total	52,754	413,075,280	100.00

REBATES AND SOFT COMMISSION

Dealings on investments of the Fund through brokers or dealers will be on terms which are best available for the Fund. Any rebates from brokers or dealers will be directed to the account of the Fund.

The Investment Manager may from time to time receive and retain soft commissions in the form of subscription for real-time services or advisory services that assist in the decision-making process relating to the Fund's investments from brokers or dealers.

During the financial period under review, the management company did not receive any rebates and soft commissions from brokers or dealers.

STATEMENT BY MANAGER TO THE UNITHOLDERS OF CIMB-PRINCIPAL BALANCED INCOME FUND

We, being the Directors of CIMB-Principal Asset Management Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages [14 to 53](#) 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 28 February 2011 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial year 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

DATUK NORIPAH KAMSO
Director

Kuala Lumpur
27 April 2011

**TRUSTEE'S REPORT TO THE UNITHOLDERS OF
CIMB-PRINCIPAL BALANCED INCOME FUND**

We, Universal Trustee (Malaysia) Berhad, being the Trustee of CIMB-Principal Balanced Income Fund ("the Fund"), are of the opinion that CIMB-Principal Asset Management Berhad ("the Manager"), acting in the capacity of Manager of the Fund, have fulfilled their duties in the following manner for the six months financial period ended 28 February 2011:

- (a) the Fund is being managed in accordance with the 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 during the six months financial period ended 28 February 2011;
- (b) valuation/pricing is carried out in accordance with the Deed and any regulatory requirements;
- (c) creation and cancellation of units is carried out in accordance with the Deed and any regulatory requirements; and

For and on behalf of the Trustee
UNIVERSAL TRUSTEE (MALAYSIA) BERHAD

LIEW KOK WAH
Chief Executive Officer

Kuala Lumpur
27 April 2011

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH FINANCIAL PERIOD ENDED 28 FEBRUARY 2011**

	Note	2011 RM	2010 RM
NET INVESTMENT INCOME			
Dividend income		2,364,539	1,943,506
Net realised gain on sale of financial assets at fair value through profit or loss	10	22,004,986	9,198,856
Net unrealised gain on financial assets at fair value through profit or loss	10	2,607,579	-
Profit income	4	3,730,727	3,570,194
Other income		10,880	-
Net accretion of Discount	5	161,731	-
		<u>30,880,442</u>	<u>14,712,556</u>
EXPENSES			
Management fee	6	2,537,217	2,425,625
Trustee and custodian fees	7	51,078	40,177
Audit fee		11,470	4,238
Tax agent's fee		1,465	2,278
Administration expenses		15,270	28,756
		<u>2,616,500</u>	<u>2,501,074</u>
NET INCOME BEFORE TAXATION		28,263,942	12,211,482
TAXATION	9	(189,887)	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		<u>28,074,055</u>	<u>12,211,482</u>
Net profit after taxation is made up as follows:			
Realised amount		12,583,894	9,677,934
Unrealised amount		15,490,161	2,533,548
		<u>28,074,055</u>	<u>12,211,482</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2011**

	Note	28-Feb-11 RM	31-Aug-10 RM	31-Aug-09 RM
INVESTMENTS				
Financial assets at fair value through profit or loss	9	297,175,239	197,243,284	121,289,425
Unquoted fixed income securities	10	-	113,997,750	188,278,258
		<u>297,175,239</u>	<u>311,241,034</u>	<u>309,567,683</u>
LIQUID ASSETS				
Deposits with licensed financial institutions		24,842,360	20,492,000	14,912,000
Bank balance in a licensed bank		156,607	127,813	89,233
	13	<u>24,998,967</u>	<u>20,619,813</u>	<u>15,001,233</u>
OTHER ASSETS				
Amount due from stockbrokers		3,328,116	-	726,881
Amount due from Manager		438,249	2,401,461	292,601
Dividends receivable		215,921	37,030	114,398
Interest income receivable		1,797,899	1,882,949	2,012,816
Tax recoverable		356,709	381,352	199,785
Others receivable		490	490	490
		<u>6,137,384</u>	<u>4,703,282</u>	<u>3,346,971</u>
TOTAL ASSETS		<u>328,311,590</u>	<u>336,564,129</u>	<u>327,915,887</u>
LIABILITIES				
Amount due to stockbrokers		20,189	-	4,535,592
Amount due to Manager		907,951	1,598,989	437,056
Accrued management fee		385,212	420,121	412,899
Amount due to Trustee and custodian		24,156	25,349	25,302
Other payables and accruals		82,220	105,990	36,995
TOTAL LIABILITIES		<u>1,419,728</u>	<u>2,150,449</u>	<u>5,447,844</u>
NET ASSET VALUE OF THE FUND	15	<u>326,891,862</u>	<u>334,413,680</u>	<u>322,468,043</u>
Equity				
Unitholders' capital		233,207,774	256,542,705	295,375,834
Retained earnings		93,684,088	30,136,723	3,524,043
Fair value reserve		-	47,734,252	23,568,166
		<u>326,891,862</u>	<u>334,413,680</u>	<u>322,468,043</u>
NUMBER OF UNITS IN CIRCULATION	15	<u>413,075,280</u>	<u>441,765,537</u>	<u>497,241,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.7913</u>	<u>0.7569</u>	<u>0.6485</u>

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 28 FEBRUARY 2011**

	Note	Unitholders' Capital RM	Retained Earnings RM	Fair Value Reserve RM	Total RM
Balance as at 1 March 2010, as previously stated					
Prior year adjustment for adoption of amendments to FRS 132	21 (a)	256,542,705	30,136,724	47,734,252	334,413,681
Balance as at 1 June 2010, restated after adoption of amendments to FRS 132		256,542,705	30,136,724	47,734,252	334,413,681
Prior year adjustment for adoption of FRS 139	21 (b)	-	47,734,252	(47,734,252)	-
Balance as at 1 June 2010, restated after adoption of FRS 139		256,542,705	77,870,976	-	334,413,681
Movement in unitholders' contribution:					
Creation of units from distribution	15	32,273,007	-	-	44,256,727
Creation of units from applicatons	15	11,983,719	-	-	-
Cancellation of units	15	(67,591,657)	-	-	(67,591,657)
Total comprehensive income for the financial year		-	28,074,055	-	15,813,111
Distribution for the financial year	8	-	(12,260,943)	-	-
Balance as at 28 February 2011, restated		233,207,774	93,684,088	-	326,891,862
Balance as at 1 March 2009, as previously stated					
Prior year adjustment for adoption of amendments to FRS 132	21 (a)	295,375,834	3,524,043	23,568,166	322,468,043
Balance as at 1 March 2009, restated after adoption of amendments to FRS 132		295,375,834	3,524,043	23,568,166	322,468,043
Movement in unitholders' contribution:					
Creation of units	15	41,740,827	-	-	41,740,827
Cancellation of units	15	(80,573,956)	-	-	(80,573,956)
Total comprehensive income for the financial year		-	26,612,680	-	26,612,681
Change in fair value reserve		-	-	24,166,086	24,166,086
Balance as at 31 August 2010, restated		256,542,705	30,136,723	47,734,252	334,413,681

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 FEBRUARY 2011**

	Note	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		109,500,117	16,499,303
Purchase of investments		(72,930,766)	(3,472,557)
Proceeds from sale of unquoted fixed income securities		19,466,162	(8,824,446)
Proceeds from redemption of unquoted fixed income securities		13,000,000	6,000,000
Purchase of unquoted fixed income securities		(33,381,547)	-
Dividend received		2,020,403	1,523,881
Interest income received from deposits with licensed financial institutions		266,513	112,391
Interest income received from of fixed income securities		3,420,102	3,451,609
Management fee paid		(2,572,126)	(2,478,996)
Trustee's fee paid		(32,271)	(51,657)
Payments for other fees and expenses		(61,094)	(53,141)
Net cash inflow from operating and investing activities		<u>38,695,493</u>	<u>12,706,387</u>
Cash Flows From Financing Activities			
Cash proceeds from units created		34,236,219	12,510,460
Payments for cancellation of units		(68,282,695)	(34,987,715)
Distribution paid		(277,225)	-
Net cash outflow from financing activities		<u>(34,323,701)</u>	<u>(22,477,255)</u>
Net increase/(decrease) in cash and cash equivalents		4,371,794	(9,770,868)
Cash and cash equivalents at the beginning of the financial year		<u>20,619,813</u>	<u>15,001,234</u>
Cash and cash equivalents at the end of the financial year	13	<u><u>24,991,607</u></u>	<u><u>5,230,366</u></u>

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

**UNAUDITED NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED FEBRUARY 2011****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY**

CIMB-Principal Balanced Income Fund (“The Fund”) is governed by the Principal Master Deed dated 15th May 2008, First Supplemental Master Deed dated 28th June 2008 and a Supplemental Master Deed dated 14th July 2008 (refereed to as “the Deed”), between CIMB-Principal Asset Management Berhad (the “Manager”) and Universal Trustee (Malaysia) Berhad (“the Trustee”).

The Fund will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 60:40. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market.

All investments will be subject to the Securities Commission (“SC”) Guidelines on Unit Trust Funds, SC requirements, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

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 and the SC Guidelines on Unit Trust Funds.

The preparation of financial statements in conformity with the FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2(m).

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

- (i) Standards and amendments to published standards that are effective
- 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 Income Statement. This standard does not have any impact on the classification and valuation of the Fund's financial statements.
 - 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation

(i) Standards and amendments to published standards that are effective (continued)

- Amendment FRS 132 “Financial Instruments: Presentation”

In the previous financial year, 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.

- Amendment FRS 132 “Financial Instruments: Presentation” (continued)

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.

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 21(a).

- FRS 139 “Financial Instruments: Recognition and Measurement”

In the previous financial year, 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 investments in its balance sheet as assets 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. 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation

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 year are set out in Note 21(b).

(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.

The Fund has applied the transitional provision which exempts entities from disclosing the possible impact arising from the initial application of this amendment on the financial statements of the Fund.

- 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) Financial assets at fair value through profit or loss

Classification

The Fund designates its quoted securities and unquoted fixed income securities as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Gains or losses from changes in the fair value of the investments are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the period which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets at fair value through profit or loss (continued)**Recognition and measurement (continued)

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

Quoted investments in Malaysia are valued at the last done market price quoted on Bursa Malaysia Securities Berhad ("Bursa Securities") at the date of the statement of financial position.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

Unquoted fixed income securities denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the SC as per the SC Guidelines on Unit Trust Funds. Where such quotation are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- (i) records its basis for using non-BPA price;
- (ii) obtains necessary internal approvals to use the non-BPA price; and
- (iii) keeps an audit trail of all decisions and basis for adopting the market yield.

(c) Income recognition

Dividend income is recognised on the ex-dividend date.

Interest income is from deposits and unquoted fixed income securities are recognised on the accrual basis (taking into account the effective yield of the asset).

Realised gain or loss on sale of quoted 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.

Realised gain or loss on disposal of investments is calculated based on difference between the net disposal proceeds and the carrying amount of investments, determined on cost adjusted for accretion of discount or amortisation of premium.

(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 statement of financial position date if the holder exercises the right to put the unit back to the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) Creation and cancellation of units (continued)**

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 statement of cash flows, cash and cash equivalents comprise cash and bank balances and deposits held in highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

(f) Taxation

Current tax expense is determined according to Malaysian tax laws and includes all taxes based upon the taxable profits.

(g) Amount due from/to stockbrokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts..

(h) Distribution

Proposed distributions to unitholders are recognised in the statement of changes in equity upon approval by the Board of Directors of the Manager.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(i) Functional and presentation currency**

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

(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 unitholders can redeem the units from the Fund.

(k) 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.

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Investment Committee of the Fund's manager that undertakes strategic decisions for the Fund.

(l) 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.

Financial instruments as at 28 February 2011 are as follows:

	Loans and Receivables RM	Financial assets at fair value through profit or loss RM	Total RM
Financial assets at fair value through profit or loss (Note 10)	-	297,175,238	297,175,238
Cash and cash equivalents (Note 13)	24,998,967	-	24,998,967
Amount due from Manager	438,249	-	438,249
Amount due from Stockbroker	3,328,116	-	3,328,116
Dividend Receivable	215,921	-	215,921
	<u>28,981,253</u>	<u>297,175,238</u>	<u>326,156,491</u>

All current liabilities are financial liabilities which are carried at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(m) 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 statements, and the reported amounts of income and expenses during the reported financial year. 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.

(i) Estimate of fair value of unquoted fixed income securities

The Fund uses significant judgement in determining whether an investment is impaired. The Fund evaluates, among other factors, the durations and extent to which the fair value of the investment is less than cost, and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, macroeconomic factors and speculation.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC valuation guidelines.

Unquoted fixed income securities are valued using fair value prices quoted by the BPA. Where the manager is of the view that the price quoted by BPA for a specific unquoted fixed income security differs from the market price by more than 20 basis points, the manager may use the market price, provided that the manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price. This is allowed for under the SC Guidelines on Unit Trust Funds.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to invest in a diversified portfolio of equities and fixed income investments. The Fund will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 60:40. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investments by the Fund in equity securities shall not exceed 60% of the NAV of the Fund and investments in fixed income securities and liquid assets shall not be less than 40% of the NAV of the Fund with a minimum credit rating of “BBB3” or “P3” by RAM or equivalent rating by MARC or “BB” by S&P or equivalent rating by Moody’s or Fitch. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market.

The Fund is exposed to a variety of risks which include market risk, single issuer risk, interest rate risk, credit risk, liquidity risk.

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.

(a) Market risk

(i) Price risk

This is the risk that the fair value of an investment in quoted security and unquoted fixed income security will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk).

The price risk is managed through diversification and selection of securities and other financial instruments within specified limits according to the Deed.

At 28 February 2011, the Fund’s overall exposure to price risk was as follows:

	2011 RM
Financial assets at fair value through profit or loss	297,175,238

The table below summarises the sensitivity of the Fund’s net asset value to movements in prices of quoted securities and unquoted fixed income securities as at 31 December 2010. The analysis is based on the assumptions that the price of the quoted securities and unquoted fixed income securities increased and decreased by 5% with all other variables held constant. This represents management’s best estimate of a reasonable possible shift in the unquoted fixed income securities, having regard to the historical volatility of the prices.

% Change in price of quoted securities	Market value RM	Change in net asset value RM
- 5%	282,316,476	(14,858,762)
0%	297,175,238	-
5%	312,034,000	14,858,762

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk

The Fund is exposed to interest rate risk. Changes in interest rates will affect the value of the investments and its returns. To manage the risk, investments will be concentrated in investment grade issues by financial institutions and companies determined by the Manager.

This risk is crucial in a bond fund since bond portfolio management depends on forecasting interest rate movements. Prices of bonds move inversely to interest rate movements, therefore as interest rates rise, the prices of bonds decrease and vice versa. Furthermore, bonds with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Investors should note that fixed income securities (such as the bonds held by the Fund) and money market instruments are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The Fund also holds a limited amount of cash and cash equivalents that expose the Fund to cash flow interest rate risk.

The table below summarises the sensitivity of the Fund's net asset value to movements in prices of unquoted fixed securities and interest income from deposits with licensed financial institutions held by the Fund as at 31 December 2010 as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Change in profit rate	Unquoted fixed income securities designated at fair value through profit or loss	Deposit with licensed financial institutions
	RM	RM
-5%	587,700	(760)
0%	-	-
5%	(587,700)	760

(iii) Currency risk

The Fund is not exposed to any currency risk as the Fund has no investments overseas.

(b) Credit risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of profit, principals and proceeds from realisation of investments.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (Continued)

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 Securities. 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 Shariah-compliant investments are settled/paid upon delivery using approved stockbrokers.

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

As at 28.02.2011	Quoted investments/ Unquoted fixed income securities RM	Cash balance and deposits RM	Amount due from stockbrokers RM	Dividends receivable RM	Other assets RM	Total RM
Construction	2,284,4071	-	1,297,133	-	-	24,141,205
Finance	28,389,951	24,991,607	-	-	-	53,381,558
Industrial	27,301,190	-	879,052	-	-	28,180,243
Infrastructure Project Companies	4,408,677	-	-	-	-	4,408,677
Plantations	22,087,857	-	-	-	-	22,087,857
Properties	10,090,389	-	-	-	-	10,090,389
Technology	-	-	-	-	-	-
Trading/Services	67,782,662	-	1,151,930	215,921	-	68934592
Unquoted fixed income securities						
- AAA2/AAA	8,744,950	-	-	-	-	8,744,950
- AA1/AA+	29,761,125	-	-	-	-	29,761,125
- AA2/AA	4,576,400	-	-	-	-	4,576,400
- AA3/AA-	41,684,300	-	-	-	-	41,684,300
- A1/A+	9,663,450	-	-	-	-	9,663,450
- A2/A	7,950,550	-	-	-	-	7,950,550
- A3/A1	1,691,850	-	-	-	-	1,691,850
- P1	2,975,259	-	-	-	-	2,975,259
-BBB1	5,202,900	-	-	-	-	5,202,900
- B+	2,019,658	-	-	-	-	2,019,658
Others	-	-	-	-	2,600,707	2,600,707
	297,175,239	24,991,607	3,328,116	215,921	2,600,707	328,311,590

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (Continued)

As at 31.08.2010	Quoted investments/ Unquoted fixed income securities RM	Cash balance and deposits RM	Amount due from stockbrokers RM	Dividends receivable RM	Other assets RM	Total RM
Construction	14,186,825	-	-	-	-	14,186,825
Consumer Products	3,939,368	-	-	-	-	3,939,368
Convertible Loans	1,605,000	-	-	-	-	1,605,000
Exchange Traded Funds	1,445,500	-	-	-	-	1,445,500
Finance	57,597,863	20,619,813	-	-	-	78,217,676
Industrial	8,907,357	-	-	-	-	8,907,357
Infrastructure Project Companies	2,617,492	-	-	37,030	-	2,654,522
Plantations	18,842,312	-	-	-	-	18,842,312
Properties	8,487,716	-	-	-	-	8,487,716
Technology	2,195,858	-	-	-	-	2,195,858
Trading/Services	77,417,993	-	-	-	-	77,417,993
Unquoted fixed income securities						
- AAA2/AAA	6,112,100	-	-	-	-	6,112,100
- AAA3/AAA-	2,974,200	-	-	-	-	2,974,200
- AA1/AA+	38,603,850	-	-	-	-	38,603,850
- AA2/AA	6,418,375	-	-	-	-	6,418,375
- AA3/AA-	34,242,450	-	-	-	-	34,242,450
- A1/A+	13,873,100	-	-	-	-	13,873,100
- A2/A	6,288,200	-	-	-	-	6,288,200
- A3/A1	1,679,250	-	-	-	-	1,679,250
- P1	1,984,916	-	-	-	-	1,984,916
- B+	1,821,309	-	-	-	-	1,821,309
Others	-	-	-	-	4,666,252	4,666,252
	311,241,034	20,619,813	-	37,030	4,666,252	336,564,129

(c) Liquidity risk

Liquidity risk is the risk that investment 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 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

	Less than 1 month RM	RM	1 month above RM	Total
At 31 December 2010				
Amount due to stockbrokers	20,189		-	20,189
Amount due to Manager	907,951		-	907,951
Accrued management Fee	385,212		-	385,212
Amount due to Trustee	24,156		-	24,156
Other payables and accruals	-		82,220	82,220
	<u>1,337,508</u>		<u>82,220</u>	<u>1,419,728</u>
Contractual cash out flows	<u>1,337,508</u>		<u>82,220</u>	<u>1,419,728</u>

(d) 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.

(e) Non-compliance risk

Non-compliance risk arises when the Manager and others associated with the Fund do not follow the rules set out in the Fund's constitution, or the law that govern the Fund, or act fraudulently or dishonestly. It also includes the risk of the Manager not complying with internal control procedures. The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the manager.

(f) Capital risk management

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of shareholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

4. PROFIT INCOME

	2011	2010
	RM	RM
Interest income from deposits with licensed financial institutions	267,765	109,301
Interest income from unquoted fixed income securities	3,462,962	3,460,893
	<u>3,730,727</u>	<u>3,570,194</u>

5. NET ACCRETION OF DISCOUNT

	2011	2010
	RM	RM
Accretion of discounts, net amortisation of premiums		
- realised	70,540	-
- unrealised	91,191	-
	<u>161,731</u>	<u>-</u>

6. MANAGEMENT FEE

In accordance with Clause 24(1) of the Master Deed dated 15 May 2009, the Manager is entitled to a maximum management fee of 1.50% (2009: 1.50%) per annum calculated daily based on the net asset value of the Fund.

For the six months financial period ended, the management fee is recognised at a rate of 1.50% (2010: 1.50%) per annum.

7. TRUSTEE'S AND CUSTODIAN FEES

In accordance with Clause 24(2) of the Master Deed dated 15 May 2009, the Trustee is entitled to a fee at the following rates for both the current and previous financial year:

Size of Fund	Rate per annum of the net asset value of the Fund
First RM20 million	0.06%
Next RM20 million	0.05%
Next RM20 million	0.04%
Next RM20 million	0.03%
Next RM20 million	0.02%
Any amount in excess of RM100 million	0.01%

The Trustee fee is calculated daily based on the net asset value of the Fund. The custodian fee is accrued at fixed annual fee of RM20,000.

For the six months financial period ended, the Trustee's fee is recognised at the above-mentioned rates (2010: above-mentioned rates) and the custodian fee is recognised at RM20,000 (2010: RM20,000).

8. DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	2010	2009
	RM	RM
Dividend income	4,058,377	-
Interest income	6,299,791	-
Net realised gain on sale of investment	6,657,959	-
Other income	-	-
Previous financial year realised gains	-	-
	<u>17,016,127</u>	-
Less:		
Expenses	3,740,590	-
Taxation	1,014,594	-
Net distribution amount	<u><u>12,260,943</u></u>	-
Final distribution on 2 September 2010		
Net distribution per unit (sen)	3.00	-
Gross distribution per unit (sen)	<u><u>3.00</u></u>	-

9. TAXATION

	2011	2010
	RM	RM
Current taxation		
- Malaysia tax	189,887	-
	<u>189,887</u>	<u>-</u>

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

	2010	2009
	RM	RM
Net (loss)/income before finance cost and taxation	<u>25,645,483</u>	<u>12,211,482</u>
Taxation at Malaysian statutory rate of 25% (2010: 25%)	6,411,371	3,052,871
Tax effects of:		
Income not subject to tax	(1,352,805)	(1,287,619)
Net realised (gain)/loss on sales of investments not (subject to tax)/deductible for tax purposes	(5,501,247)	(2,369,383)
Expenses not deductible for tax purposes	14,875	11,144
Restriction on tax deductible expenses for unit trust funds	617,693	552,713
Overprovision in prior financial years	-	40,274
	<u>189,887</u>	<u>-</u>
Taxation	<u><u>189,887</u></u>	<u><u>-</u></u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

RM

Designated at fair value at fair value through profit or loss	
- Quoted securities (Note (i))	182,904,798
- Unquoted fixed income securities (Note (ii))	114,270,441
	<u>297,175,239</u>
Net gain on assets at fair value through profit or loss	
- Realised	22,004,986
- Unrealised	2,607,579
	<u>24,612,565</u>

(i) Quoted securities

As at 28 February 2011

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net value %
Construction				
Gamuda Berhad	702,800	2,164,394	2,551,164	0.78
IJM Corporation Berhad	461,700	1,973,706	2,793,285	0.85
Malaysian Resources Corp Berhad	1,750,000	2,650,473	3,622,500	1.11
WCT Berhad – Warrant Rights	59,380	20,189	18,408	0.01
YTL Corporation Berhad	314,800	2,444,293	2,235,080	0.68
	<u>3,288,680</u>	<u>9,253,055</u>	<u>11,220,437</u>	<u>3.43</u>
Finance				
Affin Holdings Berhad	545,400	1,894,864	1,767,096	0.54
Alliance Financial Group Berhad	656,300	2,027,904	2,054,219	0.63
AMMB Holdings Berhad	1,264,112	4,596,049	7,850,136	2.40
Bank Islam Malaysia Bhd	826,700	1,240,493	1,099,511	0.34
CIMB Group Holdings Berhad	2,004,500	8,735,198	16,156,270	4.93
Malayan Banking Berhad	1,699,460	10,652,957	14,649,345	4.47
OSK Holdings Berhad	851,400	1,348,977	1,404,810	0.43
Public Bank Berhad	652,830	6,048,819	8,512,903	2.60
RHB Capital Berhad	379,900	1,845,708	2,986,014	0.91
	<u>8,880,602</u>	<u>38,390,969</u>	<u>56,480,304</u>	<u>17.25</u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(i) Quoted securities (Continued)

As at 28 February 2011

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net value %
Industrial Products				
Hartalega Holdings Berhad	168,000	960,259	924,000	0.28
Kossan Rubber Industries	322,600	1,077,003	935,540	0.29
Latexx Partners Berhad	397,100	1,067,460	1,084,083	0.33
Perisai Petroleum Teknologi Berhad	1,830,000	989,337	1,006,500	0.31
Petronas Chemicals Group Berhad	910,700	4,969,981	5,737,410	1.75
Petronas Gas Berhad	255,600	2,916,133	2,883,168	0.88
Supermax Corp Berhad	324,300	1,432,140	1,313,415	0.40
Top Glove Corp Berhad	300,200	1,607,611	1,467,978	0.45
	4,508,500	15,019,924	15,352,094	4.69
Infrastructure Project Company				
Digi.com Berhad	191,600	5,001,796	5,096,561	1.56
Time Dotcom Berhad	1,471,200	1,084,289	1,110,756	0.34
	1,662,800	6,086,085	6,207,317	1.90
Plantation				
Genting Plantations Berhad	356,500	2,151,433	2,823,480	0.86
IOI Corporation Berhad	1,486,608	5,166,858	8,161,478	2.49
Kuala Lumpur Kepong Berhad	180,000	2,097,180	3,636,000	1.11
Sime Darby Berhad	1,574,167	12,357,796	14,104,536	4.31
	3,597,275	21,773,267	28,725,494	8.77
Properties				
IJM Land Berhad	657,300	1,254,223	1,768,137	0.54
Mah Sing Group Berhad	527,100	979,724	1,307,208	0.40
SP Setia Berhad	314,300	1,645,856	1,857,513	0.57
UEM Land Berhad	1,395,950	2,385,665	3,769,065	1.15
	2,894,650	6,265,468	8,701,923	2.66

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(i) Quoted securities (continued)

As at 28 February 2011

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net asset value %
Trading / Services				
Airasia Berhad	473,200	936,960	1,192,464	0.36
Axiata Group Berhad	2,871,625	8,940,869	14,013,530	4.28
Dialog Group Berhad	2,475,000	2,678,405	5,420,250	1.65
Faber Group Berhad	296,500	627,646	572,245	0.17
Genting Berhad	970,000	5,062,387	9,690,300	2.96
Genting Malaysia Berhad	500,000	1,681,176	1,655,000	0.51
Kencana Petroleum Berhad	1,960,400	2,344,936	4,940,208	1.51
Malaysia Marine And Heavy Engineering Berhad	457,100	2,025,371	2,884,301	0.88
Media Prima Berhad	778,800	2,122,940	1,861,332	0.57
Petronas Dagangan Berhad	93,000	1,227,331	1,255,500	0.38
Pos Malaysia Berhad	1,209,500	4,043,024	3,773,640	1.15
Sapura Crest Petroleum Berhad	1,419,700	2,565,053	4,841,177	1.48
Tenaga Nasional Berhad	520,700	3,313,719	3,280,410	1.00
	14,025,525	37,569,817	55,380,357	16.91
Warrants				
SP Setia Berhad -Warrant 21/01/2013	573,200	1,281,013	836,872	0.26
TOTAL QUOTED SECURITIES	39,431,232	135,639,599	182,904,798	55.85

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(ii) Unquoted fixed income securities

As at 28 February 2011

Name of issuer	Quantity RM	Aggregate cost RM	Market value RM	Percentage of net asset value %
AmBank Bhd 4.95% 25/03/2015	3,000,000	3,030,300	3,077,700	0.94
AmBank Bhd 8.25% 19/08/19	2,500,000	2,500,000	2,825,000	0.86
Amlslamic Bank Bhd 4.30% 20/09/2017	3,000,000	3,029,700	3,025,500	0.93
Amlslamic Bank Bhd 4.8% 21/12/2011	2,000,000	1,989,400	2,017,600	0.62
Anjung Bahasa Sdn Bhd 8.75% 18/6/2015	9,000,000	10,666,000	10,575,000	3.24
Ara Bintang Bhd 5.35% 26/06/2015	1,500,000	1,568,400	1,570,350	0.48
Boustead Holdings Berhad 3.95% 29/11/2013	2,000,000	2,013,600	2,009,200	0.61
CIMB Bank 4.9% 28/3/2013	1,000,000	1,004,300	1,019,700	0.31
Digi.com Berhad 4.85% 17/07/14	2,000,000	2,024,400	2,047,400	0.63
EON Bank Berhad 4.75% 30/12/2020	1,500,000	1,493,415	1,495,350	0.46
EON Bank Berhad 5.75% 27/02/2019	3,500,000	3,547,950	3,630,200	1.11
EON Bank Berhad 8.25% 09/09/2039	1,500,000	1,683,150	1,691,850	0.52
Gamuda Berhad - 5.25% 01/04/2015	2,500,000	2,579,500	2,579,500	0.79
Gamuda Berhad 4.59% 24/1/2013	1,000,000	983,100	1,010,700	0.31
GB Services Berhad 5.30% 08/11/2019	1,000,000	1,028,200	1,028,000	0.31
Hyundai Capital Services 4.40% 02/08/2011	3,000,000	3,006,225	3,008,700	0.92
Jimah Energy Ventures Sdn Bhd 7.8% Due 12/5/2014	1,000,000	1,105,950	1,099,400	0.34
Jimah Energy Ventures Sdn Bhd 8.3% 11/11/2016	2,500,000	2,865,150	2,935,500	0.90
Jimah Energy Ventures Sdn Bhd 8.4% 12/5/2017	5,000,000	5,842,200	5,943,000	1.82
Jimah Energy Ventures Sdn Bhd 8.55% 12/5/2017	2,000,000	2,286,600	2,393,000	0.73
Kesas Sdn Bhd 7.7% 11/10/2012	5,000,000	5,796,000	5,245,000	1.60
Konsortium Lebuhraya Utara Timur 7.12% 28/10/2026	2,000,000	2,067,800	2,169,800	0.66
Lebuhraya Kajang-Seremban 2% 12/6/2019	2,000,000	954,600	974,000	0.30
Lebuhraya Kajang-Seremban 5.35% 10/6/2016	3,500,000	3,322,950	2,727,900	0.83
Lebuhraya Kajang-Seremban 5.6% 12/6/2017	2,000,000	2,061,800	1,501,000	0.46

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(ii) Unquoted fixed income securities

As at 28 February 2011

Name of issuer	Quantity RM	Aggregate cost RM	Market value RM	Percentage of net asset value
				%
Malakoff Corp Berhad 6.182% 28/4/2017	3,000,000	2,983,660	3,168,000	0.97
Malakoff Corp Berhad 6.682% 29/4/2022	1,000,000	905,100	1,060,700	0.32
Malayan Banking Berhad 4% 3/4/2012	2,500,000	2,469,036	2,508,000	0.77
Mega Palm - 89D 25/05/2010 25/5/2011	3,000,000	2,974,397	2,975,259	0.91
OCBC Limited 4.6% 27/3/2013	1,000,000	1,012,700	1,014,400	0.31
Padiberas Nasional Berhad 5.05% 07/09/2015	2,000,000	2,030,600	2,031,400	0.62
Powertek Bhd 6.8% 30/8/2011	1,000,000	1,058,300	1,016,400	0.31
Ranhill Powertron Sdn Bhd 6.6% 27/6/2013	750,000	652,725	796,425	0.21
RHB Bank Bhd - 365D 30/11/2017	3,500,000	3,529,050	3,556,700	1.09
RHB Bank Bhd 8.00% 31.03.2039	1,500,000	1,678,500	1,753,650	0.54
Road Builder (M) Sdn Bhd 6.3% 23/3/2012	4,000,000	4,193,600	4,067,200	1.24
Sabah Credit Corp - 1096D 02/11/2012	4,000,000	4,000,200	4,038,800	1.24
Sabah Credit Corp 4.90% 24/09/12	3,500,000	3,499,350	3,539,900	1.08
Sabah Credit Corp 5.30% 07/05/2014	1,000,000	1,009,400	1,028,500	0.31
SP Setia Berhad 2% 23/11/2012	1,000,000	910,800	970,200	0.30
Sports Toto Malaysia Sdn Bhd 6.00% 30/06/2017	2,000,000	2,096,200	2,131,800	0.65
Syarikat Pengeluar Air Sungai 5.65% 28/11/2014	2,000,000	2,143,200	1,825,000	0.56
Talam Corporation Berhad 0% 28/06/19	5,650,974	230,464	2,019,658	0.62
Teknologi Tenaga Perlis 9%	1,000,000	1,219,350	1,202,000	0.37
Tesco Stores M Sdn Bhd 5.10% 02/09/14	3,000,000	3,028,500	3,123,000	0.96
WCT BHD 2.50% 27/12/2013	3,000,000	2,843,100	2,843,100	0.87
TOTAL UNQUOTED FIXED INCOME SECURITIES	114,400,974	112,918,922	114,270,441	40.35

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	<u>153,832,206</u>	<u>248,558,521</u>	<u>297,175,239</u>	<u>96.22</u>
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>48,616,718</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>297,175,238</u>	

The unquoted fixed income securities has an effective weighted average interest rate of 5.54% per annum as at 28 February 2011.

11. QUOTED INVESTEMENT

Name of counter	Quantity (unit)	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 August 2010				
Quoted securities				
Construction				
Gamuda Berhad	1,150,000	2,755,619	3,979,000	1.19
IJM Corporation Berhad	887,500	3,793,944	4,428,625	1.32
Malaysian Resources Corp Berhad	2,970,000	4,498,231	4,930,200	1.47
WCT Berhad	300,000	656,920	849,000	0.25
	<u>5,307,500</u>	<u>11,704,714</u>	<u>14,186,825</u>	<u>4.23</u>
Consumer Products				
PPB Group Berhad	194,600	2,414,991	3,323,768	0.99
Tan Chong Motor Holdings Berhad	129,600	647,413	615,600	0.18
	<u>324,200</u>	<u>3,062,404</u>	<u>3,939,368</u>	<u>1.17</u>
Convertible Loans				
Eastern and Oriental Berhad ICSLs 09/2019	1,500,000	1,213,165	1,605,000	0.48

11. QUOTED INVESTMENTS (CONTINUED)

Name of counter	Quantity (unit)	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 August 2010				
Quoted securities (continued)				
Exchange Traded Funds				
CIMB FTSE XINHUA China 25	1,475,000	1,511,723	1,445,500	0.43
Finance				
Alliance Financial Group Berhad	457,300	1,373,214	1,403,911	0.42
AMMB Holdings Berhad	1,414,112	5,141,418	8,003,874	2.39
CIMB Group Holdings Berhad	2,312,500	10,077,398	18,037,500	5.39
Malayan Banking Berhad	2,075,016	12,880,119	17,409,384	5.21
OSK Holdings Berhad	1,250,000	1,817,594	1,637,500	0.49
Public Bank Berhad – Local	562,530	4,913,806	6,772,861	2.03
RCE Capital Berhad	1,916,400	1,278,755	1,207,332	0.36
RHB Capital Berhad	470,000	2,283,451	3,125,501	0.93
	10,457,858	39,765,755	57,597,863	17.22
Industrial Products				
Lafarge Malayan Cement Berhad	274,500	1,726,200	2,053,260	0.61
Lion Industries Corporation	840,000	1,283,174	1,352,400	0.40
Perisai Petroleum Teknologi Berhad	1,830,000	989,337	924,150	0.28
Scomi Group Berhad	6,675,500	3,232,794	2,636,822	0.79
Supermax Corporation Berhad	372,500	890,559	1,940,725	0.58
	9,992,500	8,122,064	8,907,357	2.66
Infrastructure Project Companies				
Digi.Com Bhd	105,800	2,621,379	2,617,492	0.78
Plantations				
Genting Plantations Berhad	283,000	1,497,504	2,063,070	0.62
IOI Corporation Berhad	1,920,008	6,973,584	10,080,042	3.01
Kuala Lumpur Kepong Berhad	395,000	4,602,144	6,699,200	2.00
	2,598,008	13,073,232	18,842,312	5.63
Properties				
Eastern and Oriental Berhad	2,395,000	2,470,272	2,562,650	0.77
IJM Land Berhad	842,500	1,607,611	1,904,050	0.57
Mah Sing Group Berhad	527,100	979,724	959,322	0.29
UEM Land Berhad	1,833,350	2,524,601	3,061,694	0.92
	5,597,950	7,582,208	8,487,716	2.55
Technology				
JCY International Berhad	2,275,500	3,765,921	2,195,858	0.66
Trading Services				
Airasia Berhad	675,000	912,331	1,134,000	0.34
Axiata Group Berhad	3,661,625	11,400,551	16,367,464	4.89
Dialog Group Berhad	2,247,600	2,025,940	2,472,360	0.74
Faber Group Berhad	375,000	1,011,065	978,750	0.29
Genting Berhad	1,130,000	5,897,420	10,678,500	3.19

11. QUOTED INVESTMENTS (CONTINUED)

Name of counter	Quantity (unit)	Aggregate cost RM	Market value RM	Percentage of net asset value %
As at 31 August 2010				
Quoted securities (continued)				
Trading Services (continued)				
Genting Malaysia Berhad	810,000	2,287,167	2,446,200	0.73
Kencana Petroleum Berhad	3,700,000	4,425,762	5,698,000	1.70
KPJ Healthcare Berhad	1,159,800	3,303,522	4,001,310	1.20
Malaysia Mining Corporation Berhad	1,000,000	2,305,545	2,530,000	0.76
Maxis Communications Berhad	450,000	2,356,384	2,421,000	0.72
Media Prima Berhad	850,000	1,524,132	1,785,000	0.53
Parkson Holdings Berhad	265,000	1,114,575	1,457,500	0.44
Sapura Crest Petroleum Berhad	2,585,000	4,670,467	5,971,350	1.79
Sime Darby Berhad	900,067	6,674,756	7,515,559	2.25
Tenaga Nasional Bhd	1,350,000	10,999,431	11,961,000	3.58
	<u>21,159,092</u>	<u>60,909,048</u>	<u>77,417,993</u>	<u>23.15</u>
TOTAL QUOTED INVESTMENTS	<u>60,793,408</u>	<u>153,331,613</u>	<u>197,243,284</u>	<u>58.96</u>
FAIR VALUE RESERVE		<u>43,911,671</u>		
TOTAL MARKET VALUE OF QUOTED INVESTMENTS		<u>197,243,284</u>		

12. UNQUOTED FIXED INCOME SECURITIES

Name of issuer	Nominal value RM	Carrying cost RM'000	Fair value RM'000	Percentage of net asset value %
As at 31 August 2010				
Unquoted Fixed Income Securities				
AmBank Berhad 4.95% 25/03/2015 (AA3)	2,000,000	2,000,000	2,055,000	0.61
AmBank Berhad 8.25% 19/08/2019 (A2)	2,500,000	2,500,000	2,729,750	0.82
AmInvestment Bank Berhad 4.75% 29/10/2010 (A1)	2,000,000	2,001,776	2,004,800	0.60
AmIslamic Bank Berhad 4.80% 21/12/2011 (A1)	2,000,000	1,994,070	2,015,000	0.60
Anjung Bahasa Sdn Berhad 8.75% 18/06/2015 (AA1)	9,000,000	10,040,123	10,665,900	3.19
Bandar Raya Developments Berhad 0% 12/11/2010 (P1)	2,000,000	1,985,036	1,984,916	0.59
CIMB Bank Berhad 4.90% 28/03/2013 (AA+)	1,000,000	1,003,089	1,024,200	0.31
Digi.com Berhad 4.85% 17/07/2014 (AA1)	2,000,000	2,023,047	2,057,400	0.62
EON Bank Berhad 5.75% 27/02/2019 (A2)	3,500,000	3,545,999	3,558,450	1.06
EON Bank Berhad 8.25% 09/09/2019 (A3)	1,500,000	1,682,455	1,679,250	0.50
Gamuda Berhad 4.59% 24/01/2013 (AA3)	1,000,000	988,152	1,010,600	0.30
Hyundai Capital Services 4.40% 02/08/2011 (AA1)	6,000,000	6,007,044	6,012,600	1.80
Hyundai Capital Services 5.50% 20/05/2011 (AA1)	8,000,000	7,951,736	8,079,200	2.42
Jimah Energy Ventures Sdn Bhd 7.80% 12/05/2014 (AA3)	1,000,000	1,102,064	1,107,900	0.33
Jimah Energy Ventures Sdn Bhd 8.30% 11/11/2016 (AA3)	2,500,000	2,781,380	2,917,000	0.87
Jimah Energy Ventures Sdn Bhd 8.40% 12/05/2017 (AA3)	5,000,000	5,619,628	5,885,000	1.76
Jimah Energy Ventures Sdn Bhd 8.55% 12/05/2017 (AA3)	2,000,000	2,228,168	2,370,800	0.71
Kesas Sdn Berhad 7.15% 11/10/2010 (AA3)	1,000,000	1,002,930	1,003,700	0.30
Kesas Sdn Berhad 7.70% 11/10/2012 (AA3)	5,000,000	5,309,971	5,312,000	1.59
Konsortium Lebuh Utara Timur (KL) Sdn Bhd 7.25% 18/10/2013 (A+)	3,000,000	3,041,335	3,059,100	0.91

12. UNQUOTED FIXED INCOME SECURITIES (CONTINUED)

Name of issuer	Nominal value RM	Carrying cost RM'000	Fair value RM'000	Percentage of net asset value %
As at 31 August 2010				
Unquoted Fixed Income Securities (Continued)				
Konsortium Lebuah Utara Timur (KL) Sdn Bhd 7.55% 17/10/2014 (A+)	1,000,000	983,353	1,022,900	0.31
Lebuhraya Kajang-Seremban Sdn Bhd 5.35% 10/06/2016 (AA3)	3,500,000	3,348,986	3,360,350	1.00
Lebuhraya Kajang-Seremban Sdn Bhd 5.60% 12/06/2017 (AA3)	2,000,000	2,044,892	1,908,600	0.57
Malakoff Corporation Berhad 28/04/2017 (AA3)	3,000,000	2,980,913	3,150,000	0.94
Malakoff Corporation Berhad 29/04/2022 (AA3)	1,000,000	910,266	1,043,700	0.31
Malayan Banking Berhad 4.00% 13/04/2012 (AA1)	2,500,000	2,482,319	2,506,250	0.75
National Agricultural Coop 3.80% 08/09/2010 (AAA)	2,000,000	1,999,748	2,000,200	0.60
OCBC Limited 4.60% 27/03/2013 (AAA)	1,000,000	1,012,397	1,014,700	0.30
Powertek Berhad 6.80% 30/08/2011 (AA1)	1,000,000	1,027,865	1,031,700	0.31
Ranhill Powertron Sdn Berhad 6.60% 27/06/2013 (AA2)	750,000	686,775	793,875	0.24
RHB Bank Berhad 5.00% 30/11/2017 (AA2)	1,500,000	3,526,149	3,553,900	1.06
RHB Bank Berhad 8.00% 29/03/2019 (A1)	3,500,000	1,677,450	1,688,100	0.50
Road Builder M Sdn Berhad 6.30% 23/03/2012 (A1)	4,000,000	4,061,977	4,083,200	1.22
RHB Bank Berhad 5.00% 30/11/2017 (AA2)	1,500,000	3,526,149	3,553,900	1.06
RHB Bank Berhad 8.00% 29/03/2019 (A1)	3,500,000	1,677,450	1,688,100	0.50
Road Builder M Sdn Berhad 6.30% 23/03/2012 (A1)	4,000,000	4,061,977	4,083,200	1.22
Sabah Credit Corp 4.75% 02/11/2012 (AA1)	3,000,000	2,997,614	3,002,400	0.90
Sabah Credit Corp 4.90% 24/09/2012 (AA1)	3,000,000	2,996,343	3,011,700	0.90
SP Setia Berhad 2.00% 23/11/2012 (AA3)	1,000,000	949,152	959,900	0.29

12. UNQUOTED FIXED INCOME SECURITIES (CONTINUED)

Name of issuer	Nominal value RM	Carrying cost RM'000	Fair value RM'000	Percentage of net asset value %
As at 31 August 2010				
Unquoted Fixed Income Securities (Continued)				
Sports Toto Malaysia Sdn Berhad 6.00% 30/06/2017 (AA-)	2,000,000	2,095,522	2,110,800	0.63
Syarikat Pengeluar Air Sungai 5.65% 28/11/2014 (AA)	2,000,000	2,086,275	2,070,600	0.62
Talam Corporation Berhad 0% 28/06/2019 (B+)	5,650,974	273,992	1,821,309	0.54
Tanjung Bin Power Sdn Berhad 7.00% 11/11/2010 (AA3)	3,000,000	3,013,905	3,021,300	0.90
Teknologi Tenaga Perlis 9.00% 11/09/2015 (AA1)	1,000,000	1,183,119	1,212,500	0.36
Tesco Stores M Sdn Berhad 5.10% 02/09/2014 (AAA)	3,000,000	3,028,154	3,097,200	0.93
TOTAL UNQUOTED FIXED INCOME SECURITIES	112,400,974	110,175,169	113,997,750	34.07
FAIR VALUE RESERVE		3,822,581		
TOTAL FAIR VALUE OF UNQUOTED FIXED INCOME SECURITIES		113,997,750		

The unquoted fixed income securities has an effective weighted average interest rate of 5.73% per annum as at 28 February 2011.

13. CASH AND CASH EQUIVALENTS

	28.02.2011 RM	31.08.2010 RM
Deposits with licensed financial institutions	24,842,360	20,492,000
Bank balances in a licensed bank	156,607	127,813
	<u>24,998,967</u>	<u>20,619,813</u>

The effective weighted average effective interest rates per annum are as follows:

	28.02.2011 %	31.08.2010 %
Deposits with licensed financial institutions	<u>2.77</u>	<u>2.00</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 1 days (2010: 3 days).

14. INTEREST RECEIVABLE

	28.02.2011 RM	31.08.2010 RM
Interest receivable from unquoted fixed income securities	1,797,899	1,876,841
Interest receivable from deposits with licensed financial institutions	7,360	6,108
	<u>1,805,259</u>	<u>1,882,949</u>

15. NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	28.02.2011		31.08.2010	
	No. of units	RM	No. of units	RM
At the beginning of the financial year	441,765,537	334,413,681	497,241,000	322,468,043
Add: Creation arising from distributions	16,224,911	11,983,719	-	
Add: Creation arising from application	41,434,205	32,273,008	57,987,701	41,740,827
Less: Cancellation of units	(86,349,373)	(67,591,657)	(113,463,164)	(80,573,956)
Net increase/(decrease) in net assets attributable to unit holders	-	15,813,111	-	26,612,681
Net change in fair value reserve	-	-	-	24,166,086
At the end of the financial year	<u>413,075,280</u>	<u>326,891,862</u>	<u>441,765,537</u>	<u>334,413,681</u>
Approved size of Fund	<u>700,000,000</u>		<u>700,000,000</u>	

As at 28 February 2011, the number of units not yet issued is 286,924,720 (31 August 2010: 258,234,463).

16. MANAGEMENT EXPENSE RATIO ("MER")

	2011 %	2010 %
MER	<u>0.78</u>	<u>0.76</u>

MER is derived from the following calculation:

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

A = Management fee

B = Trustee's fee

C = Auditors' remuneration

D = Tax Agent's fee

E = Administration expenses

F = Average net asset value of the Fund calculation on a daily basis

The average net asset value of the Fund for the financial year calculated on daily basis is RM341,050,566 (2010: RM327,659,927).

17. PORTFOLIO TURNOVER RATIO (“PTR”)

	2011	2010
PTR (times)	0.32	0.18

PTR is derived from the following calculation:

(Total acquisition for the financial year + total disposal for the financial year) ÷ 2

Average net asset value of the Fund for the financial year calculated on a daily basis

where:

total acquisition for the financial year = RM106,332,502 (2010: RM60,709,827)

total disposal for the financial year = RM110,579,048 (2010: RM59,122,856)

18. 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 (“CGHB”)	Ultimate holding company of the Manager
Subsidiaries and associates of CGHB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager

Units held by the Manager and parties related to the Manager

	2011		2010	
Manager	No. of units	RM	No. of units	RM
CIMB-Principal Asset Management Berhad	57,935	45,933	67,113	105,311

The above units were transacted at the prevailing market price.

The units are held beneficially by the Manager for bookings purpose. Other than the above, there were no units held by other parties related to the manager.

In addition to related party disclosure 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 obtained in transactions with unrelated parties unless otherwise stated. Interest rates on fixed and short-term deposits were at normal commercial rates.

**18. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER
(CONINUED)**

	2010 RM	2009 RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institutions:		
- CIMB Bank Berhad	45,078	15,134
<u>Significant related party balances</u>		
Deposits with licensed financial institutions:		
- CIMB Bank Berhad	4,163,000	-

19. TRANSACTIONS WITH BROKERS/DEALERS

Details of transaction with brokers/dealers for the financial period ended 28 February 2011 are as follows:

Brokers/dealers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Investment Bank Berhad#	64,686,090	27.11	142,468	41.07
Maybank Investment Bank Bhd	37,438,190	15.69	31,812	9.17
OSK Investment Bank Berhad	28,507,580	11.95	13,017	3.75
JP Morgan Securities (M) Sdn Berhad	20,584,922	8.74	45,939	13.24
Credit Suisse Securities (M) Sdn Bhd	18,814,580	7.88	42,789	12.34
CIMB Bank Bhd - Treasury	12,407,912	5.20	-	-
Macquarie Malaysia Sdn Berhad	11,725,741	4.91	26,446	7.62
AmInvestment Bank Berhad	10,450,397	4.38	23,516	6.78
AmBank Berhad	10,107,007	4.24	-	-
UBS Securities Malaysia Sdn Bhd	5,132,509	2.15	7,186	2.07
Others	18,501,969	7.75	13,715	3.96
	<u>238,626,897</u>	<u>100.00</u>	<u>346,888</u>	<u>100.00</u>

19. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with brokers/dealers for the financial period ended 28 February 2010 are as follows:

Brokers/ dealers	Values of trades RM	Percentage Percentage of total trades %	Brokerage fees RM	of total brokerage fees %
CIMB Investment Bank Berhad #	32,671,420	25.18	100,046	45.10
Maybank Investment Bank Berhad	12,897,930	9.94	28,332	12.77
AmInvestment Bank Berhad	11,915,239	9.18	26,915	12.13
AmBank Berhad	10,194,651	7.86	-	-
RHB Investment Bank Berhad	10,180,915	7.85	22,954	10.35
OSK Investment Bank Berhad	9,641,174	7.43	-	-
Credit Suisse Securities (M) Sdn Berhad	8,537,959	6.58	18,708	8.43
CIMB Bank Berhad - Treasury	6,078,777	4.68	-	-
Standard Chartered Bank - Treasury	4,903,035	3.78	-	-
JPMorgan Securities (M) Sdn Bhd	4,385,625	3.38	9,868	4.45
Others	18,347,649	14.14	15,028	6.77
	<u>129,754,374</u>	<u>100.00</u>	<u>221,850</u>	<u>100.00</u>

Included in transactions by the Fund are trades conducted on normal terms with CIMB Investment Bank Berhad, a company related to the Manager amounting to RM64,686,090 (2010: RM32,671,420). For financial period ended 28 February 2011, there is RM12,407,912 conducted with CIMB Bank Berhad, a company related to the Manager (2010:RM6,078,777).

20. 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 as two sub-portfolios. These sub-portfolios consist of quoted investments and unquoted fixed income securities portfolio.

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 dividend income, interest income earned from investments and gains on the appreciation in the value of investments.

There were no changes in the reportable operating segment during the financial year.

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

20. SEGMENT INFORMATION (CONTINUED)

For the six months period ended 28 February 2011:

	Quoted investments portfolio RM	Unquoted fixed income securities portfolio RM	Total RM
Dividend income	2,364,539	-	2,364,539
Interest income	-	3,462,962	3,462,962
Net gain on financial assets/liabilities at fair value through profit and loss	3,200,943	(593,364)	2,607,579
Net realised gain on sales of investments	22,337,848	(332,862)	22,004,986
Net amortisation of discount	-	161,731	161,731
Total segment income	27,903,330	2,698,467	30,601,797

	Quoted investments portfolio RM	Unquoted fixed income securities portfolio RM	Total RM
Financial assets at fair value	182,904,797	114,270,442	297,175,238
Dividend receivable	215,921	-	215,921
Amount due from broker	3,328,116	-	3,328,116
Interest receivable from fixed income securities	-	1,797,899	1,797,899
Total segment assets	186,448,834	116,068,341	302,517,174

For the six months period ended 28 February 2010:

	Quoted investments portfolio RM	Unquoted fixed income securities portfolio RM	Total RM
Dividend income	1,943,506	-	1,943,506
Interest income	-	3,460,893	3,460,893
Net realised (loss)/gain on sales of investments	9,515,364	(316,508)	9,198,856
Net amortisation of premiums	-	-	-
Total segment income	11,458,870	3,144,385	14,603,255

20. SEGMENT INFORMATION (CONTINUED)

For the six months period ended 28 February 2011:

	Quoted investments portfolio RM	Unquoted fixed income securities portfolio RM	Total RM
Financial assets at fair value	193,821,498	123,797,363	317,618,861
Amount due from broker	2,013,953	-	2,013,953
Dividend receivable	288,350	-	288,350
Interest receivable from fixed income securities	-	2,017,706	2,017,706
	<u>196,123,801</u>	<u>125,815,069</u>	<u>321,938,870</u>
Total segment assets	<u>196,123,801</u>	<u>125,815,069</u>	<u>321,938,870</u>

The Fund's administration and trustee fee are not considered to be segment expenses.

A reconciliation of total segmental income to the net income is provided as follows:

	2011 RM	2010 RM
Total net segmental income/(loss)	30,601,797	14,603,255
Interest income from deposits with licensed financial institutions	267,765	109,301
Other income	10,880	-
Other fees and expenses	(2,616,499)	(2,501,074)
	<u>28,263,943</u>	<u>12,211,482</u>
Net income before taxation	28,263,943	12,211,482
Distribution	(12,260,944)	-
Taxation	(189,887)	-
	<u>15,813,111</u>	<u>12,211,482</u>
Net income/(loss) after taxation	<u>15,813,111</u>	<u>12,211,482</u>

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

	2011 RM	2010 RM
Total segment assets	302,517,174	321,938,870
Cash and deposits	24,991,607	5,230,366
Other receivables	802,809	692,716
	<u>328,311,590</u>	<u>327,861,952</u>
Total assets	<u>328,311,590</u>	<u>327,861,952</u>
Total segmental liabilities	-	-
Other payables and accrued expenses	1,419,728	693,857
	<u>1,419,728</u>	<u>693,857</u>
Total liabilities	<u>1,419,728</u>	<u>693,857</u>

20. SEGMENT INFORMATION (CONTINUED)

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.

21. CHANGES IN ACCOUNTING POLICIES**(a) Amendment FRS 132 "Financial Instruments: Presentation"**

In the previous financial year, the Fund had classified its puttable instruments as liabilities and distribution to unitholders of the puttable instruments as finance costs 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. As a result, distribution to unitholders of these puttable instruments shall be debited by the entity directly to equity.

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.

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

	As previously stated	Adjustment	As restated
<u>1 September 2009</u>	RM	RM	RM
Statement of Financial Position			
Financial liability	322,468,043	(322,468,043)	-
Unitholders' capital	-	295,375,834	295,375,834
Retained earnings	-	3,524,043	3,524,043
Fair value reserve	-	23,568,166	23,568,166
	-	322,468,043	322,468,043
Statement of Comprehensive Income			
Total comprehensive income for the financial year	(10,247,507)	-	(10,247,507)

21. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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

31 August 2010**Statement of Financial Position**

Financial liability	334,413,680	(334,413,680)	-
Unitholders' capital	-	256,542,705	256,542,705
Retained earnings	-	30,136,723	30,136,723
Fair value reserve	-	47,734,252	47,734,252
	-	334,413,680	334,413,680

Statement of Comprehensive Income

Total comprehensive income for the financial year	26,612,681	-	26,612,681
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Effect of changes in accounting policy on the balance sheet as at 28 February 2011 and statement of changes in equity for the year ended 28 February 2011 are set out below.

	Previous accounting policy RM	Change in accounting policy RM	Revised accounting policy RM
Statement of financial position			
Financial liability	326,891,862	(326,891,862)	-
Unitholders' capital	-	233,207,774	233,207,774
Retained earnings	-	93,684,088	93,684,088
	-	326,891,862	326,891,862
Statement of Comprehensive Income			
Finance cost	12,260,943	(12,260,943)	-
Total comprehensive income for the financial year	2,616,500	12,260,943	14,877,443

21. CHANGES IN ACCOUNTING POLICIES (CONTINUED)**(b) FRS 139 “Financial Instruments: Recognition and Measurement”**

In the previous financial year, unrealised gains or losses from the financial instruments are recognised in the statement of financial position as investments 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 investments in its statement of financial position as assets 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. 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 year are set out below.

<u>1 September 2010</u>	As restated after adoption of amendments to FRS 132 (Note 20(a)) RM	Adjustment RM	As restated RM
Unitholders' capital	256,542,705	-	256,542,705
Retained earnings	30,136,723	47,734,252	77,870,975
Fair value reserve	47,734,252	(47,734,252)	-
	<u>334,413,680</u>	<u>-</u>	<u>334,413,680</u>

21. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) FRS 139 "Financial Instruments: Recognition and Measurement" (continued)

Effects of changes in accounting policy on the statement of financial position as at 28 February 2011, statement of comprehensive income and statement of changes in equity for the financial year ended 28 February 2011 are set out below.

	Previous accounting policy RM	Change in accounting policy RM	Revised accounting policy RM
Statement of Financial Position			
Financial assets at fair value through profit or loss	-	297,175,238	297,175,238
Quoted investments	182,904,797	(182,904,797)	-
Unquoted fixed income securities	114,270,441	(114,270,441)	-
Deposits with licensed financial institutions	24,835,000	7,360	24,842,360
Interest receivable from unquoted fixed income securities	1,797,899	(1,797,899)	-
Interest receivable from deposits with licensed financial institutions	7,360	(7,360)	-
Fair value reserve	<u>323,815,497</u>	<u>(1,797,899)</u>	<u>-</u>

DIRECTORY

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(03) 7718 3100

Trustee for the CIMB-Principal Balanced Income Fund

Universal Trustee (Malaysia) Berhad (Company No.:17540-D)
No. 1 Jalan Ampang (3rd Floor),
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Auditors of the Trusts and of the Manager

PricewaterhouseCoopers (Company No. AF: 1146)
Level 10, 1 Sentral,
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PO Box 10192, 50706 Kuala Lumpur, MALAYSIA.

Consulting Actuaries

Mercer Zainal Consulting Sdn. Bhd. (Company No.:35090-H)
1702 Kenanga International,
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50250 Kuala Lumpur, MALAYSIA.

LIST OF CIMB WEALTH ADVISORS BERHAD'S OFFICES

ADDRESS **TELEPHONE**

HEAD OFFICE

- 50, 52 & 54, Jalan SS21/39, Damansara Utama,
47400 Petaling Jaya, Selangor. 03-77183000

FINANCIAL CARE CENTRE

- 1 Jalan PJU 8/3B, Damansara Perdana,
47820 Petaling Jaya, Selangor. 03-77262000

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
- 48, Jalan SS 21/39, Damansara Utama
47400 Petaling Jaya, Selangor. 03-77122888
- 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

- Ground Floor, No. 298-B, Jalan Tok Hakim, 15000
Kota Bharu, Kelantan 09-7471190
09-7471172
- 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

SALES OFFICES

- Unit 113 & 213, Block C, Damansara Intan 1, Jalan SS20/27, 47400 Petaling Jaya 03-7118 2234
- Lot C-615 & Lot C-616, Level 6 Block C Kelana Square, 17 Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor 03-7880 6893
- 2-6A, Jalan PJU 8/3A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor 03-7725 6320
- 12A-3 (2nd Floor), Block C, Jalan PJU 5/17 Dataran Sunway, Kota Damansara, 47810 Petaling Jaya Selangor 03-6141 6369
- UNIT A-2-5 & A-3-5, Block A, Pusat Perdagangan Pelangi, Pelangi Damansara, PJU 6 Persiaran Surian, 47800 Petaling Jaya Selangor 03-7725 2880
- Lot No 35-2, 2ND Floor, Jalan Sepah Puteri 5/1B, Pusat Dagangan Seri Utama, PJU 5 Kota Damansara, 47410 Selangor 03-6140 3046
- No. 6-2, Jalan Dagang 1/1A, Taman Dagang, 68000 Ampang, Selangor 03-4251 1129
- I-91-2, Block I, Jalan Teknologi 3/9, Kota Damansara, 47810 Petaling Jaya, Selangor 03-6140 7275
- No 6B, 2ND Floor, Jalan Tengku Zabedah Ampuan K/9K, 40000 Shah Alam, Selangor 03-5541 0350
- Block E-1-03A & E-2-03A, Jalan SS6/20A, Dataran Glomac, 47301 Kelana Jaya, Selangor 03-7880 7082
- 98A, Jalan SS21/39, Damansara Utama, 47400, Petaling Jaya, Selangor 03-7725 0825
- D-10-08-G & D10-08-1, Pusat Perdagangan Dana 1, Jalan PJU 1A/46 47301 Petaling Jaya Selangor TBA
- 32 – 3, 3rd Floor, Jalan 1/27F, KL Satellite Centre (KLSC), Wangsa Maju Section 5 53300 Kuala Lumpur 03-4142 2911
- A-2-1, Block A, 8 Jalan PJU 1A/20A Dataran Ara Damansara, 47301 Petaling Jaya 03-7843 0506
- A-2-3, Block A, 8 Jalan PJU 1A/20A, Dataran Ara Damansara, 47301 Petaling Jaya 03-7843 0503
- Unit B-3A-1, Setiawangsa Business Suites Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur 03-4256 6277
- 22-2, Jalan Metro Wangsa, Seksyen 2 Wangsa Maju, 53300 Kuala Lumpur 03-4149 8818
- J-06-01 Level 6 Block J, Solaris Mont Kiara, Jalan Solaris, 50480 Kuala Lumpur 03-6204 0113
- Suite B-12-11 Plaza Mont Kiara 2, Jalan 1/70C, Mont Kiara, 50480 Kuala Lumpur 03-6203 9036

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