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INVESTOR LETTER

Dear valued investors,

2011 was ushered in with a lot of optimism. Most analysts, if not all, were positive that the 2010 market rally would have spilt over into this year. However, it seems like the year may not be as predictable as we thought.

Nevertheless, as we all know the market is always cyclical. It goes up and comes down based on the current uncertainties. Ultimately, if you are a long-term investor, the best thing to do is to stay invested and not react emotionally by panic selling. What investors should do is to try to think forward with a plan and have a preferred asset allocation based on their risk tolerance. A well diversified portfolio is also important to mitigate risks in the long-term.

Usually, the source of market volatility is a mix of short and long-term causes. One of several immediate short-term causes has of course been the Standard and Poor's (S&P) ratings downgrade of long-term U.S. Government debt from AAA to AA+. The S&P downgrade had caused a massive downshift of investor's risk appetite that has been underway for several weeks.

We believe that once the current market turmoil subsides, we expect repercussions from the U.S. downgrade to be limited. Some fears that investors have, while certainly understandable in situation like this, are unsupported.

To be fair, here are some positive facts for the US:-

- US treasuries remain one of the safest investments even at AA+ rating;
- Over 60% of global allocated foreign exchange reserves are in USD and they are still highly in demand;
- US Treasuries are the most liquid securities traded in the world and it is hard to find alternatives or substitutes.
- Huge amounts of forced selling of US Treasures have yet to be seen

Overall, given the uncertainty in the markets, we still hold on to our view that the US will not go into a double dip recession. We will continue to remain positive on Asian Equities for second half of 2011 as we believe that strong fund flows into Asian fixed income markets may eventually have a positive spill over effect into the regional equity markets.

On another note, we are happy to announce that CIMB-Principal has garnered a total of 8 awards this year and will maintain our momentum of achievements in the industry for the best interest of our investors.

We are also happy to announce that CIMB-Principal Asset Management Berhad ("CIMB-Principal") is now GIPS-compliant.

GIPS or Global Investment Performance Standards are a set of standardized principles that provide guidance on how investment firms should calculate and report their investment results to prospective and current clients.

INVESTOR LETTER (CONTINUED)

By being GIPS-compliant, investors can now have a greater level of confidence in the integrity of performance presentations as well as our general practices. We trust this will provide further assurance that the performance and reporting figures we cite are prepared to the highest standards.

With this, we at CIMB-Principal will strive to consistently provide investors with potential capital gains over the long-term and at the same time become the most reliable and trusted fund house in the industry. We look forward to supporting your journey through the interesting financial markets to come.

Yours sincerely

Campbell Tupling

Chief Executive

CIMB-Principal Asset Management Berhad

What is the investment objective of the Fund?

The objective of the Fund is to grow the value of investments over the long term through investment in a diversified mix of Malaysian assets.

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 aims to invest in a diversified portfolio of equities and fixed income investments. In line with its objective, the investment policy and strategy will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 70:30. 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 be between 50% to 70% (both inclusive) of its NAV and investments in fixed income securities and liquid assets shall not be less than 30% of its NAV with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC or “BB” by S&P or equivalent rating by Moody’s or Fitch.

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

Fund category/ type

Balanced / Growth

How long should you invest for?

5 years or more

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

Moderate

When was the Fund launched?

12 March 1998

What was the size of the Fund as at 30 June 2011?

RM 112.557 millions (239.897 million units)

What is the fund’s benchmark?

70% FTSE Bursa Malaysia 100 + 30% CIMB Bank 1-Month Fixed Deposit Rate

What is the fund distribution policy?

Distribution (if any) is expected to be distributed once a year every January at the Manager’s discretion.

PERFORMANCE DATA

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

	30.06.2011	30.06.2010	30.06.2009
	%	%	%
Quoted Investments			
- Basic Material	-	-	-
- Construction	2.64	5.59	4.67
- Consumer Products	0.46	1.34	3.57
- Finance	21.90	17.84	8.82
- Hotel	-	-	0.81
- Industrial Products	5.80	8.05	4.38
- Infrastructure Project Company	2.10	0.70	3.67
- Oil and Gas	-	-	-
- Plantations	5.30	9.62	7.45
- Properties	3.60	1.95	5.07
- Telecommunications	-	-	-
- Technology	-	-	-
- Trading Services	26.09	24.01	30.08
- REITS	-	-	0.07
- TSR and Warrants	-	-	0.07
Unquoted Investments	29.99	24.58	31.95
Cash	2.12	5.92	2.51
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Performance details of the Fund for the last three financial period/years are as follows:

	30.06.2011	30.06.2010	30.06.2009
Net asset value (RM Million)	112.557	77.52	61.26
Units in circulation (Million)	239.897	192.76	175.69
Net asset value per unit (RM)	0.4692	0.4022	0.3487
Highest NAV per unit (RM)	0.4692	0.4116	0.3547
Lowest NAV per unit (RM)	0.4408	0.3805	0.2844
Total return (%)	5.39	3.63	20.16
- Capital return (%)	5.39	3.63	20.16
- Income return (%)	-	-	-
Management Expense Ratio (%)	1.19	0.98	0.96
Portfolio Turnover Ratio (times) #	0.40	0.24	0.41

#The Fund's PTR rose from 0.24 times to 0.40 times due to an increase in transactions for both fixed income and equity during the period under review.

	Total Return	Annualised
	%	%
- One year	23.15	23.15
- Three year	39.65	11.77
- Five year	83.02	12.85
- Since Inception	325.45	11.96

(Launch date: 12 March1998)

PERFORMANCE DATA (CONTINUED)

	30.06.2011	30.06.2010	30.06.2009	30.06.2008	30.06.2007
Annual total return (%)	23.15	22.88	20.16	(14.58)	53.43

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 has been verified by Mercer (Malaysia) Sdn Bhd (253344-U)

MARKET REVIEW (1 JANUARY 2011 TO 30 JUNE 2011)**Equity**

Global manufacturing activities picked up for the fifth straight month and rose to its highest level in more than six years in February 2011, 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 would likely pick up pace in the months ahead. The economic indicators released suggested that global economic growth was building momentum and would likely gain pace in 2011. However, there were fears that growth would be derailed by 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 threatened to spill over to a demand-pull inflationary situation that could be more difficult to manage and require more aggressive policy tightening.

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. On the downside, market was hit by news of natural disasters in Japan, Australia and New Zealand, political turmoil in North Africa and the Middle East, Japan debt rating downgrade, monetary tightening in China, debt woes in Europe and reversal of funds flow from the emerging markets back to the developed markets. High oil prices have fuelled concerns about inflation and its adverse impact on future economic growth. For most economies, inflation is expected to peak in 2H2011.

Fixed Income

For the first quarter of 2011, the domestic sovereign bond market was affected by a myriad of major events. The year began with the Malaysian government bonds yields closing lower in view of the oncoming supply and potential inflationary pressure in 2011. Trading was further depressed by the tightening monetary policy measures of Thailand, South Korea and India and spurring speculation that Bank Negara Malaysia ("BNM") could raise the policy rate. However, fear of rate hike was subdued after BNM maintained a dovish outlook at its January meeting and kept the Overnight Policy Rate ("OPR") at 2.75%.

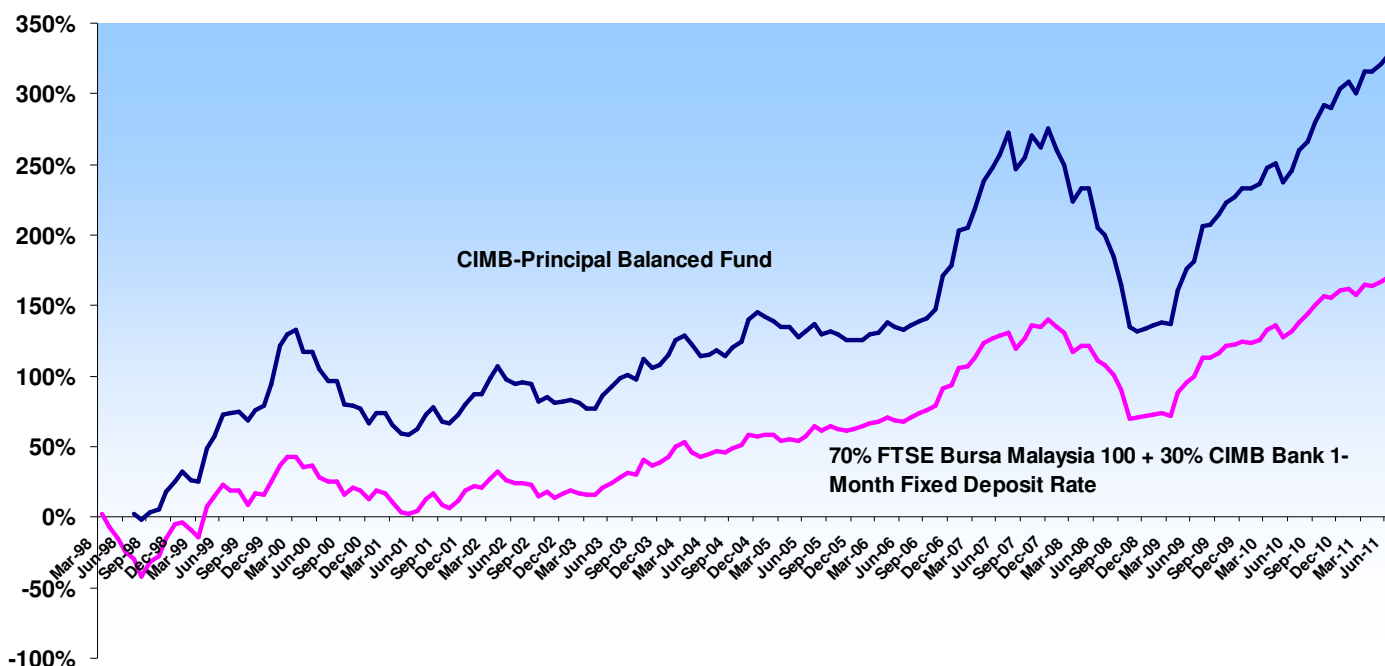
Exacerbating debt crisis in Europe, rating downgrades on Greece, Spain and Portugal, ongoing turmoil in North Africa and Middle East and the aftermath of Japan's earthquake induced a flight to quality in the month of March. However, towards the end of the month, we saw a general selling in the MGS market with yields increasing across the board as the initial shock of external negatives dissipated. The belly of the curve weakened the most as the 5 and 7 year yields rose 21bps and 13bps to 3.60% and 3.84% respectively. As expected, in the March MPC meeting BNM maintained its OPR at 2.75% and raised the statutory reserve ratio ("SRR") by 100bps to 2% with effect from 1st April 2011 as a preemptive measure to manage liquidity conditions.

In April, the MGS yield curve flattened for the first time in 4 months. Buying activities were mainly due to a strengthening ringgit and foreign money inflows for emerging market papers. In May, BNM raised its OPR for the first time this year from 2.75% to 3.00% and also hiked the banks' SRR from 2.00% to 3.00%. In view of higher interest rates, shorter dated yields moved higher in tandem with the OPR resulting in the MGS yield curve bearish flattened in May. The ongoing European debt crisis and weak US economic indicators have resulted in a steady demand for government bonds in June and hence caused the MGS yield to shift lower for the month.

FUND PERFORMANCE

	6 months to 30.06.2011	1 Year to 30.06.2011	3 years to 30.06.2011	5 years to 30.06.2011	Since Inception
Income (%)	-	5.62	21.37	35.20	126.69
Capital (%)	5.77	16.60	15.06	35.37	87.68
Total Return (%)	5.77	23.15	39.65	83.02	325.45
Benchmark (%)	3.87	16.50	28.35	61.70	170.32
Average Total Return (%)	5.77	23.15	11.77	12.85	11.96

For the interim period under review, the Fund gave a return of 5.77%, outperforming the benchmark by 1.90%. On a 1-year and 3-year basis, the Fund outperformed by 6.65% and 11.30% respectively.



Changes in Net Asset Value (“NAV”)

	30.06.2011	30.06.2010	% changes
Net Asset Value (“NAV”) (RM Million)	112.557	77.52	45.20
NAV/unit (RM)	0.4692	0.4022	16.66

The Fund’s NAV grew by 45.20% for the 1 year period ended 30 June 2011 from RM77.52 million to RM112.56 million. The NAV per unit increased by 16.66% from RM0.4022 per unit to RM0.4692 per unit.

Based on the Lipper rankings of Malaysian unit trust funds, the Fund was ranked in Quartile 1 on a 1-year and 3-year performance basis. The Fund ranked 1st out of 4 funds (1st Quartile) over the six month period on the Mixed Asset Other Aggressive Non Islamic Funds category (source: Lipper).

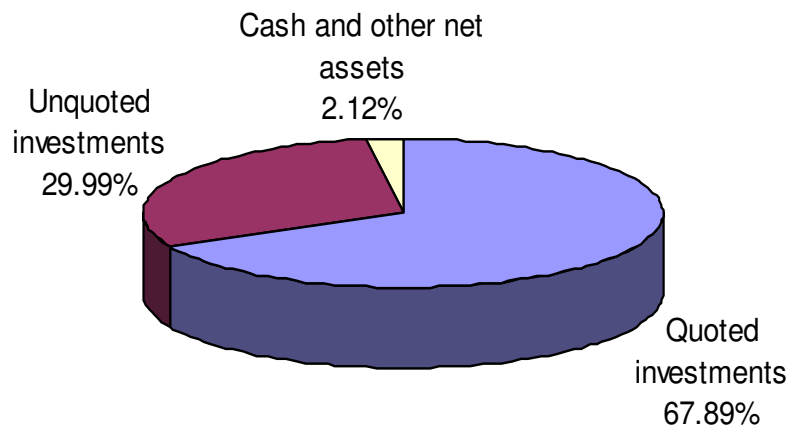
Performance data represents the combined income and capital return as a result of holding units in the fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the fund are reinvested and are net of management and trustee fees. Past performance 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 (253344-U).

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30 June 2011	30 June 2010
Quoted investments	67.89	69.50
Unquoted investments	29.99	24.58
Cash and other net assets	2.12	5.92
TOTAL	100.00	100.00

For 1H2011, equity exposure was kept reasonably high given our optimistic outlook for the market. As at end June, equity exposure was 67.89% of net asset value. The fixed income investment increased from 24.58% to 29.99% for the period under review with liquidity being maintained to facilitate any redemption.



MARKET OUTLOOK (CONTINUED)**Equity**

We do not expect any change in our market outlook as a result of the end of Quantitative Easing 2 (QE2) by the US Federal Reserve. Although the US economy is losing a bit of momentum, we feel this is not sufficient to warrant another package at a time where there is still growth and corporations are slowly increasing hiring. Corporate results are still robust and consumer spending is holding up. Although US manufacturing and services data show a softening at the same time that QE2 is ending, we do not expect this to lead to a double-dip recession as feared.

Locally, most Malaysians will not benefit from the lower energy prices as we did not experience the same level of price appreciation when oil prices were moving up. Inflation remains relatively high in Malaysia as a result of the withdrawal of subsidies for a number of price controlled items. The removal of subsidies and falling crude prices is positive for the country's fiscal position. Corporate profits remain firm, growing in line with the economy. The challenge is asset inflation arising from high demand of properties; however we feel that Bank Negara and the commercial banks are prudent and will not go overboard in issuing credit.

Malaysia has received some investment flows as a safe haven market. With the KLCI at an all-time-high, growth opportunities are getting tougher to find. We believe the market is fairly valued for 2011 and will be rolling over to 2012 these few months. Malaysia trades at 18 to 20% premium valuation currently, up from 12 to 13% four months back. However, as the outlook for other ASEAN markets become clearer—from Thailand's completed election to lower inflation in Indonesia—we could see some outflow which will limit the upside of Malaysia within ASEAN.

Fixed Income

There are two more MPC meetings before year end with one on 8th September 2011 and the final one on 11th November 2011. We believe BNM will hike another 25bps by year end on signs of demand led inflation seeping through in 2H2011. MYR appreciated 1.75% in July and is expected to strengthen further in anticipation of weaker USD. As such, we are adamant that offshore flows to local market to remain. There will be a few economic data to be released in August, namely June exports and imports numbers, June Industrial Production, July CPI and 2Q2011 GDP growth & unemployment rate.

In the corporate bond market, we continue to expect the current trend of duration lengthening and lower yield to persist as end-investors move down the credit curve for better yield pick-up. Liquidity remains ample in the market and unless supply of new issuances substantially improves in August, we continue to foresee spread compression for credit markets. Lower yields in the MGS market provides additional impetus for risk adverse players to participate in GG rated PDS papers.

INVESTMENT STRATEGY**Equity**

Risk is moderating somewhat from Greece, China, and the global industry, but this support is temporary, even as it should last for a few months. More importantly, our medium-term view on equities is bullish relative to safe assets (cash and government bonds). The equity risk premium remains extremely high by historic standards, and corporate profits should continue to grow much faster than the underlying economy. The current global business cycle distinguishes itself from past ones by its overall weak growth pace, largely due to unfinished balance sheet repair (i.e. deleveraging) in major economies. However, the zero return on cash and fast rising corporate profit margins are equally distinctive and supportive of stronger equity gains than past cycles. With reduced uncertainties in the market, this will attract fund flows back into emerging markets. Nevertheless, we will continue to re-assess our asset allocation even as global markets are considering downgrade scenarios for peripheral European nations as well as the United States.

INVESTMENT STRATEGY (CONTINUED)Fixed Income

For fixed income, we maintain our strategy to overweight the corporate debt segment with neutral portfolio duration target. We look to take profit on some over valued bonds and participate in primary issues for better yield.

UNIT HOLDING STATISTICS

Breakdown of unit holdings by size as at 30 June 2011 are as follows:

Size of holdings(units)	No. of unitholders	No. of units held	% of units held
5,000 and below	5,493	1,615,933	0.67
5,001-10,000	2,759	67,820,090	28.27
10,001-50,000	238	43,354,627	18.07
50,001-500,000	7	5,021,466	2.09
Above 500,000	8	122,085,377	50.90
Total	8,505	239,897,493	100.00

SOFT COMMISSION & REBATES

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 UNIT HOLDERS OF CIMB-PRINCIPAL BALANCED FUND

I, being the Director 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 12 to 43 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 30 June 2011 and of its financial performance, changes in equity and cash flows for the six months financial period ended on that date 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

26 August 2011

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF CIMB-PRINCIPAL BALANCED FUND

We have acted as Trustee of CIMB-Principal Balanced Fund (“Fund”) for the financial period ended 30 June 2011. In our opinion, CIMB Principal Asset Management Berhad (“the Manager” or “the Management Company”), has operated and managed the Fund for the year under review in accordance with the following:

- a) 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;
- b) the valuation or pricing of the Fund is carried out in accordance with the Deed and any regulatory requirement; and
- c) the creation and cancellation of units of the Fund are carried out in accordance with the Deed and any regulatory requirement.

For and on behalf of the Trustee
Mayban Trustees Berhad

JENNIFER WONG CHEE MUN
Head, Unit Trust Operations

Kuala Lumpur

26 August 2011

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

	Note	30.06.2011 RM	30.06.2010 RM
NET INVESTMENT INCOME			
Dividend income		1,091,929	642,012
Interest income	4	952,666	689,762
Unrealised capital gain on financial assets at fair value through profit or loss	9	(1,720,294)	-
Net realised gain on sale of financial assets at fair value through profit or loss		6,759,811	3,308,512
Net amortisation of premium		-	(53,290)
		<u>7,084,112</u>	<u>4,586,996</u>
EXPENSES			
Management fee	5	975,017	698,379
Trustee's fees	6	42,163	30,200
Transaction costs		244,983	-
Tax agent's fee		3,202	4,975
Administration expenses		17,903	11,713
		<u>1,283,268</u>	<u>745,267</u>
NET PROFIT BEFORE TAXATION		5,800,844	3,841,729
TAXATION	8	152,855	41,690
NET PROFIT AFTER TAXATION REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>5,647,989</u>	<u>3,800,039</u>
Net profit after taxation is made up as follows:			
Realised amount		7,368,283	3,800,039
Unrealised amount		(1,720,294)	-
		<u>5,647,989</u>	<u>3,800,039</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Note	2011	2010 RM
INVESTMENTS			
Financial assets at fair value through profit or loss	9	110,161,866	91,464,858
Quoted investments		-	-
Unquoted fixed income securities		-	-
		<u>110,161,866</u>	<u>91,464,858</u>
LIQUID ASSETS			
Deposits with licensed financial institutions	10	2,834,232	4,260,644
Bank balance with a licensed bank	10	92,466	191,125
		<u>2,926,698</u>	<u>4,451,769</u>
OTHER ASSETS			
Amount due from stockbrokers		1,538,697	122,017
Amount due from Manager		137,609	1,216,790
Dividends receivable		273,908	38,770
Interest receivable		-	-
Tax recoverables		155,511	174,224
		<u>2,105,725</u>	<u>1,551,801</u>
TOTAL ASSETS		<u>115,194,289</u>	<u>97,468,428</u>
LIABILITIES			
Amount due to stockbrokers		2,224,364	126,437
Amount due to Manager		220,795	223,737
Accrued management fee		170,279	158,200
Amount due to Trustee		7,363	6,841
Other payables and accruals		14,250	22,248
Distribution payable		-	532,484
TOTAL LIABILITIES		<u>2,637,051</u>	<u>1,069,947</u>
NET ASSETS VALUE OF THE FUND	11	<u>112,557,238</u>	<u>96,398,481</u>
EQUITY			
Unitholders' capital		83,321,012	72,810,244
Retained earnings		29,236,226	23,588,237
Fair value reserve		-	-
NET ASSET ATTRIBUTABLE TO UNITHOLDERS (EX-DISTRIBUTION)		<u>112,557,238</u>	<u>96,398,481</u>
NUMBER OF UNITS IN CIRCULATION	11	<u>239,897,493</u>	<u>216,659,312</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.4692</u>	<u>0.4449</u>

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

	Note	Unitholders' capital RM	Retained Earnings RM	Fair value reserve RM	Total RM
Balance as at 1 January 2011		72,810,244	23,588,237	-	96,398,481
Movement in unitholders' contribution:					
Creation of units from application	11	26,788,667		26,788,667	
Cancellation of units	11	(16,277,899)		(16,277,899)	
Total comprehensive income for the financial period			5,647,989		5,647,989
Balance as at 30 June 2011		<u>83,321,012</u>	<u>29,236,226</u>		<u>112,557,238</u>
Balance as at 1 January 2010, restated after adoption of FRS 139		61,125,923	12,936,410	-	74,062,333
Movement in unitholders' contribution:					
Creation of units from distribution			-	-	
Creation of units from application	11	37,118,982	-	-	37,118,982
Cancellation of units	11	(25,434,661)	-	-	(25,434,661)
Total comprehensive income for the financial year		-	15,808,633	-	15,808,633
Distribution for the financial year (net / gross : 2.48 sen / 2.50 sen)	7	-	(5,156,806)	-	(5,156,806)
Balance as at 31 December 2010		<u>72,810,244</u>	<u>23,588,237</u>	-	<u>96,398,481</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

	Note	01.01.2011 to 30.06.2011 RM	01.01.2010 to 31.12.2010 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of quoted investments		34,720,315	40,408,442
Proceeds from sale of unquoted fixed income securities		3,109,259	7,458,228
Purchase of quoted investments		(40,237,999)	(41,284,175)
Purchase of unquoted fixed income securities		(10,857,403)	(13,168,549)
Dividend received		724,623	1,666,428
Interest income received from deposits with licensed financial institutions		66,479	77,869
Interest income received from unquoted fixed income securities		930,787	1,437,650
Management fee paid		(962,937)	(1,454,267)
Trustee's fee paid		(41,641)	(62,887)
Payments for other fees and expenses		(31,077)	(36,233)
Net cash outflow from operating and investing activities		<u>(12,579,594)</u>	<u>(4,957,494)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		27,867,848	31,373,221
Payments for cancellation of units		(16,280,841)	(25,289,198)
Distribution paid		(532,484)	-
Net cash inflow from financing activities		<u>11,054,523</u>	<u>6,084,023</u>
Net (decrease)/increase in cash and cash equivalents		(1,525,071)	1,126,529
Cash and cash equivalents at the beginning of the financial period		<u>4,451,769</u>	<u>3,325,240</u>
Cash and cash equivalents at the end of the financial period/year	10	<u><u>2,926,698</u></u>	<u><u>4,451,769</u></u>

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY

CIMB-Principal Balanced Fund (the "Fund") is governed pursuant to a Principal Master Deed dated 15th May 2008, (referred to as "the Deed") made between CIMB-Principal Asset Management Berhad (the "Manager"), Mayban Trustees Berhad (the "Trustee") and the registered unit holders of the Fund.

The principal activity of the Funds is to invest in "Permitted Investments", which include securities of companies quoted on the Bursa Malaysia Securities Berhad, money market instruments and other form of investments as approved by the Securities Commission. The Fund commenced operation on 12 March 1998 and will continue its operation until terminated by the Trustee or the Manager as the case may be, as provided under Clause 25 of the Master Deed dated 15 May 2008.

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.

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 judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement are based on the Manager's best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(n).

(i) Standards and amendments to published standards and interpretations that are applicable and are effective :

- FRS 8 "Operating Segments" (effective from 1 July 2009) replaces FRS 114 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) Standards and amendments to published standards and interpretations that are applicable and are effective :

- 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.
- 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

- (i) Standards and amendments to published standards and interpretations that are applicable and are effective (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.

- 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).

In respect of FRS 7 and FRS 139, the Fund has applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the standards on the financial statements of the Fund. Comparative related to financial instruments have not been adjusted and therefore the corresponding balances are not comparable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

- (ii) The new standards, amendments and interpretations to published standards which are relevant to the Fund and have not been early adopted are:
- Amendments to FRS 7 "Financial instruments: Disclosures" and FRS 1 "First-time adoption of financial reporting standards" (effective from 1 January 2011) require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The Fund will apply this standard when effective.
- 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 investment in 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.

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.

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

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.

Financing and receivables and other financial liabilities are subsequently carried at amortised cost using the effective profit method.

For assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated

The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective profit rate. The asset’s carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If ‘financing and receivables’ or a ‘held-to-maturity investment’ has a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract.

As a practical expedient, the Fund may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

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

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

(e) Creation and cancellation of units

The Fund issues cancellable units, which are cancelled at the unitholder's option and are classified as equity. Cancellable units can be returned 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 unitholder exercises the right to return the unit to the Fund.

Units are created and cancelled at the unitholder'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.

(f) 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.

(g) Taxation

Current tax expense is determined according to Malaysian tax laws at the current tax rate based on taxable profits earned during the financial period.

(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) 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 30 June 2011 are as follows:

	Financing and receivables RM	Financial assets at fair value through profit or loss RM	Total RM
Financial assets at fair value through profit or loss	-	110,161,866	110,161,866
Cash and cash equivalents	2,926,698	-	2,926,698
Amount due from stockbrokers	1,538,697	-	1,538,697
Amount due from Manager	137,609	-	137,609
Dividend receivable	273,908	-	273,908
Tax Recoverable	155,511	-	155,511
	<u>5,032,423</u>	<u>110,161,866</u>	<u>115,194,289</u>

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

(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 amount of assets and liabilities at the statement of financial position date, and the reported amount 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 judgements 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 resulting accounting estimates will, by definition, seldom equal the related actual results.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to grow the value of investments over the long term through investment in a diversified mix of Malaysian assets. The Fund aims to invest in a diversified portfolio of equities and fixed income investments. In line with its objective, the investment policy and strategy will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 70:30. 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 be between 50% to 70% of the NAV of the Fund (both inclusive) and investments in fixed income securities and liquid assets shall not be less than 30% of the NAV of the Fund with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC or “BB” by S&P or equivalent rating by Moody’s or Fitch.

The Fund is exposed to a variety of risks which include market risk inclusive of price risk and interest rate risk, credit risk, liquidity risk, single issuer risk and non-compliance risk arising from the financial instruments it holds, and capital 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 30 June 2011, the Fund’s overall exposure to price risk was as follows:

	2011 RM
Financial assets designated at fair value through profit or loss	110,161,866

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 quoted securities and unquoted fixed income securities, having regard to the historical volatility of the prices.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Price risk (continued)

% Change in price	<u>Market value</u>			<u>Change in net asset value</u>		
	<u>Quoted securities</u> RM	<u>Unquoted Fixed income securities</u> RM	<u>Total</u> RM	<u>Quoted securities</u> RM	<u>Unquoted fixed income securities</u> RM	<u>Total</u> RM
- 5%	72,581,033	32,072,740	104,653,773	(3,820,054)	(1,688,039)	(5,508,093)
0%	76,401,087	33,760,779	110,161,866	-	-	-
5%	80,221,141	35,448,818	115,669,959	3,820,054	1,688,039	5,508,093

(ii) Interest rate risk

Interest rate risk is the risk that the value of the Fund's quoted security and unquoted fixed income securities investments and its return will fluctuate because of changes in market interest rates.

Interest rate is a general economic indicator that will have an impact on the management of the Fund. This risk is crucial in an bond fund 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 bond portfolio decrease and vice versa. Furthermore, bonds with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

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 30 June 2011 as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate fluctuates 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	<u>Impact on net asset value</u>	
	<u>Interest receivable</u> <u>From deposits</u> <u>held as at</u> <u>30 June 2011</u> RM	<u>Unquoted fixed</u> <u>income securities</u> <u>at fair value</u> <u>through profit</u> <u>or loss</u> RM
-5%	(12)	(13,739)
0%	-	-
5%	12	13,739

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(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 risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The major classes of financial assets of the Fund are cash and cash equivalents, and other assets.

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 unquoted fixed income investments are settled/paid upon delivery using approved brokers. The following table sets out the credit risk concentration of the Fund:

As at 30 June 2011	Quoted Investment	Unquoted fixed income securities RM	Cash balance and deposits RM	Amount due from Stock brokers RM	Dividend receivable RM	Other receivable RM	Total RM
Construction	2,974,240	-	-	-	-	-	2,974,240
Consumer	515,554	-	-	-	-	-	515,554
Finance	24,660,131	-	-	-	-	-	24,660,131
Industrials	6,532,813	-	-	-	-	-	6,532,813
Infrastructure Project	2,354,096	-	-	-	-	-	2,354,096
Plantation	5,975,316	-	-	-	-	-	5,975,316
Properties	4,047,669	-	-	-	-	-	4,047,669
Trading Services	29,341,268	-	-	-	-	-	29,341,268
Unquoted fixed income securities:							
AAA	-	6,333,508	-	-	-	-	6,333,508
AA1/AA+	-	3,609,928	-	-	-	-	3,609,928
AA3/AA-	-	18,553,547	-	-	-	-	18,553,547
A2	-	3,700,303	-	-	-	-	3,700,303
BBB1	-	1,563,493	-	-	-	-	1,563,493
Others	-	-	2,926,698	1,538,697	273,908	293,120	5,032,423
	<u>76,401,087</u>	<u>33,760,779</u>	<u>2,926,698</u>	<u>1,538,697</u>	<u>273,908</u>	<u>293,120</u>	<u>115,194,289</u>

All the financial assets of the Fund as at 30 June 2011 are neither past due nor impaired.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that quoted securities and unquoted fixed income securities investments cannot be readily sold at or near its actual value without taking a significant discount. This will result in lower net asset value of the Fund. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days. The Fund has a policy of maintaining a minimum level of 0.5% of liquid assets at all times to reduce the liquidity risk.

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

	Less than 1 month RM	Less than 1 year RM
Accrued management fee	170,279	-
Amount due to Trustee	7,363	-
Amount due to broker	2,224,364	-
Other payables and accruals	-	235,045
	<u>2,402,006</u>	<u>235,045</u>
Contractual cash out flows	<u>2,402,006</u>	<u>235,045</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. INTEREST INCOME

	30.06.2011	30.06.2010
	RM	RM
Interest income from deposits with licensed financial institutions	66,479	25,604
Interest income from unquoted fixed income securities	886,187	664,158
	<u>952,666</u>	<u>689,762</u>

5. MANAGER'S FEE

In accordance with Clause 24(1) of the Master Deed dated 15 May 2008, the Manager is entitled to a maximum management fee of 2.00% (2010: 2.00%) per annum, calculated daily based on the net asset value of the Fund.

For the period ended 30 June 2011, the management fee is recognised at a rate of 1.85% (2010: 1.85%) per annum.

There will be no further liability to the Manager in respect of management fee other than the amount recognized above.

6. TRUSTEE'S FEE

In accordance with Clause 24(2) of the Master Deed dated 15 May 2008, the Trustee is entitled to a maximum management fee of 1.50% (2010: 1.50%) per annum, calculated daily based on the net asset value of the Fund.

For the financial period ended 30 June 2011, the trustee fee is recognised at a rate of 0.08% (2010: 0.08%) per annum. The trustee fee includes the local custodian fee but excludes the foreign sub-custodian fee (if-any).

There will be no further liability to the Trustee in respect of trustee fee other than the amount recognized above.

7. DISTRIBUTION

	2011	2010
	RM	RM
Dividend income	-	1,349,813
Interest earned on deposits	-	76,281
Net realised gain on sale of investment	-	5,445,527
		<u>6,871,621</u>
Less:		
Expenses	-	(1,617,126)
Taxation	-	(97,689)
Net distribution amount	-	<u>5,156,806</u>
Final distribution		
Net distribution per unit (sen)	-	2.50
Gross distribution per unit (sen)	-	<u>2.55</u>

7. DISTRIBUTION (CONTINUED)

Net distribution above is sourced from current year's realised income. Gross distribution is derived using total income less total expenses.

Gross distribution per unit is derived from gross realised income less expense divided by the number of units in circulation, while net distribution for unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

8. TAXATION

	30.06.2011	30.06.2010
	RM	RM
Current taxation	<u>152,855</u>	<u>41,690</u>

The numerical reconciliation between net profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

Net income before finance cost and taxation	<u>5,800,844</u>	<u>3,841,729</u>
Taxation at Malaysian statutory rate of 25% (2010: 25%)	1,450,211	960,432
Tax effects of:		
Income not subject to tax	96,582	(271,328)
Net realised losses on sale of investments not deductible for tax purposes	(1,689,953)	(827,128)
Expenses not deductible for tax purposes	72,792	11,542
Restriction on tax deductible expenses for unit trust funds	<u>223,223</u>	<u>168,172</u>
	<u>152,855</u>	<u>41,690</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2011	31.12.2010
	RM	RM
Designated at fair value through profit or loss		
- Quoted Investments	76,401,087	65,854,243
- Unquoted fixed income securities	<u>33,760,779</u>	<u>25,610,615</u>
	<u>110,161,866</u>	<u>91,464,858</u>
Net gain on assets at fair value through profit or loss		
- Realised	6,759,811	6,295,324
- Unrealised	(1,720,294)	8,305,206
	<u>5,039,517</u>	<u>14,600,530</u>

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

As at 30 June 2011	Quantity Unit(s)	Aggregate cost RM	Fair value RM	Percentage of net asset value %
MAIN BOARD				
Construction				
Gamuda Berhad	144,700	356,767	557,095	0.50
Hock Seng Lee Bhd	346,100	598,056	588,370	0.52
IJM Corporation Berhad	89,400	421,574	576,630	0.51
Malaysian Resources Corp Bhd	561,500	974,632	1,252,145	1.11
	<u>1,141,700</u>	<u>2,351,029</u>	<u>2,974,240</u>	<u>2.64</u>
Consumer				
MSM Malaysia Holdings Berhad	15,800	55,300	74,734	0.07
Tan Chong Motor Hldgs Berhad	93,000	417,905	440,820	0.39
	<u>108,800</u>	<u>473,205</u>	<u>515,554</u>	<u>0.46</u>
Finance				
Affin Holdings Berhad	234,500	807,616	780,885	0.69
Alliance Financial Group Bhd	272,100	845,000	865,278	0.77
AMMB Holdings Berhad	612,050	2,766,405	3,984,446	3.54
Bank Islam Malaysia Bhd	471,300	742,677	909,609	0.81
CIMB Group Holdings Bhd	693,500	3,238,515	6,192,955	5.50
Malayan Banking Berhad	663,530	3,361,696	5,931,958	5.27
OSK Holdings BHD	436,200	840,072	667,386	0.59
Public Bank Bhd - Local	238,134	2,526,883	3,167,182	2.81
RHB Capital Bhd	235,855	1,636,660	2,160,432	1.92
	<u>3,857,169</u>	<u>16,765,524</u>	<u>24,660,131</u>	<u>21.90</u>
Industrials				
Kossan Rubber Industries	107,700	358,576	336,024	0.30
Latexx Partners Berhad	132,600	355,474	291,720	0.26
Lion Industries Corporation	115,000	206,874	216,200	0.19
Parkson Holdings Berhad	69,000	427,255	415,380	0.37
Petronas Chemicals Group	306,700	1,767,204	2,174,503	1.93
Petronas Gas Berhad	137,900	1,565,953	1,823,038	1.62
Supermax Corp Bhd	124,400	545,071	461,524	0.41
YTL Cement Bhd	152,800	787,686	814,424	0.72
	<u>1,146,100</u>	<u>6,014,093</u>	<u>6,532,813</u>	<u>5.80</u>

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

As at 30 June 2011	Quantity Unit(s)	Aggregate cost RM	Fair value RM	Percentage of net asset value %
MAIN BOARD				
Infrastructure Project Company				
Digi.com Berhad	57,600	1,499,040	1,672,704	1.49
Time Dotcom Bhd	920,800	687,464	681,392	0.61
	978,400	2,186,504	2,354,096	2.10
Genting Plantations Berhad	74,200	589,748	587,664	0.52
IOI Corporation Berhad	382,580	1,675,303	2,027,674	1.80
Kuala Lumpur Kepong Berhad	131,750	2,188,118	2,919,580	2.59
Tradewinds Plantation Berhad	116,200	469,017	440,398	0.39
	704,730	4,922,186	5,975,316	5.30
Properties				
SP Setia Berhad -Warrant 21/01/2013	1,097,600	1,436,289	1,240,288	1.10
Eastern and Oriental Berhad	260,000	420,810	418,600	0.37
Paramount Corporation Berhad	440,980	927,013	886,370	0.79
UEM Land Berhad	534,666	948,958	1,502,411	1.34
	2,333,246	3,733,070	4,047,669	3.60
Trading Services				
Airasia Berhad	475,000	1,331,380	1,672,000	1.49
Axiata Group Berhad	645,000	1,680,576	3,231,450	2.87
Dialog Group Berhad	541,566	481,590	1,494,722	1.33
Genting Berhad	332,500	1,954,786	3,730,650	3.31
Genting Malaysia Berhad	355,100	1,208,402	1,278,360	1.14
Kencana Petroleum Berhad	555,000	690,373	1,559,550	1.39
KPJ Healthcare Berhad	178,800	806,468	826,056	0.73
Malaysia Marine And Heavy	75,800	487,852	631,414	0.56
Malaysian Airport Berhad	71,100	451,737	460,017	0.41
Petronas Dagangan Berhad	147,300	2,224,790	2,371,530	2.11
Pos Malaysia Berhad	390,600	1,299,083	1,288,980	1.15
Sapura Crest Petroleum Berhad	372,000	599,699	1,562,400	1.39
Sime Darby Berhad	622,188	5,020,733	5,742,795	5.10
Telekom Malaysia Berhad	472,200	1,901,270	1,865,190	1.66
Tenaga Nasional Berhad	240,200	1,639,114	1,626,154	1.45
	5,474,354	21,777,853	29,341,268	26.09
TOTAL QUOTED SECURITIES	15,744,499	58,223,464	76,401,087	67.89

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

As at 30 June 2011	Nominal value RM	Carrying cost RM	Fair Value RM	Percentage of net asset value %
Name of Issuer				
Konsortium Lebuh Utara Timur 6.82% 28/10/2024	1,000,000	1,062,867	1,150,658	1.02
Konsortium Lebuh Utara Timur 6.97% 28/10/2025	3,000,000	3,095,646	3,479,164	3.09
Jimah Energy Ventures SB 8.75% 11/05/2018	1,000,000	1,208,980	1,257,589	1.12
Jimah Energy Ventures SB 8.2% Due 10/11/2017 MN12	3,000,000	3,405,180	3,648,065	3.24
Jimah Energy Ventures SB 8.55% Due 12/5/2017 MN12	1,000,000	1,117,611	1,224,392	1.09
Lebuh raya Kajang-Seremban 5.35% Due 10/6/2016 JD13	1,000,000	1,011,558	796,031	0.71
Lebuh raya Kajang-Seremban 5.6% Due 12/6/2017 JD12	1,000,000	1,020,192	767,462	0.68
Malakoff Corp Berhad 6.682% Due 29/4/2022 AO30	1,000,000	1,033,400	1,103,533	0.98
Malakoff Corp Berhad 6.982% Due 30/4/2025 AO30	1,000,000	1,054,575	1,100,351	0.98
Industrial Bank of Korea - 6.60% 17/04/2014	2,000,000	2,130,817	2,163,362	1.92
OSK Investment Bank Berhad 7.25% 06/04/2020	1,000,000	1,078,024	1,097,682	0.98
OSK Investment Bank Berhad 5.20% 04/15/2021	1,000,000	1,000,000	1,017,670	0.90
WCT BHD 2.50% 27/12/2013	2,000,000	1,908,632	1,925,811	1.71
Ara Bintang Bhd 5.35% 26/06/2015	2,000,000	2,080,455	2,090,279	1.86
GB Services Berhad - 5.30% 08/11/2019	1,000,000	1,027,102	1,068,496	0.95
Sports Toto Malaysia Sdn Bhd -5.50% 30/06/2015	1,000,000	1,008,836	1,040,051	0.92
Sports Toto Malaysia Sdn Bhd -6.00% 30/06/2017	1,500,000	1,599,992	1,601,947	1.42
Boustead Holdings Berhad 3.95% 29/11/2013	1,000,000	1,005,421	1,011,371	0.90

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

	Nominal value RM	Carrying cost RM	Fair Value RM	Percentage of net asset value %
As at 30 June 2011				
Name of Issuer				
EON Bank Berhad 5.75% 27/02/2019	1,500,000	1,518,721	1,584,951	1.41
Prominic Bhd - 5.05% 05/05/2061	1,000,000	1,000,000	1,021,986	0.91
Sabah Credit Corp 4.90% 24/09/12	1,500,000	1,498,686	1,535,686	1.36
Sabah Credit Corp 5.30% 07/05/2014	2,000,000	2,049,401	2,074,242	1.84
TOTAL UNQUOTED SECURITIES	<u>31,500,000</u>	<u>32,916,096</u>	<u>33,760,779</u>	<u>29.99</u>
TOTAL FINANCIAL ASSETS FAIR VALUE THROUGH PROFIT OR LOSS	<u>47,244,499</u>	91,139,560	<u>110,161,866</u>	<u>97.88</u>
UNREALISED GAIN ON ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>19,022,306</u>		
FINANCIAL ASSETS AT FAIR THROUGH PROFIT OR LOSS		<u>110,161,866</u>		

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

As at 31 December 2010	Quantity Unit(s)	Aggregate cost RM	Fair value RM	Percentage of net asset value %
MAIN BOARD				
Basic Materials				
Malaysia Mining Corp Berhad	141,700	327,406	393,926	0.41
Petronas Chemicals Group Bhd	293,700	1,603,826	1,621,224	1.68
	<u>435,400</u>	<u>1,931,232</u>	<u>2,015,150</u>	<u>2.09</u>
Construction				
Malaysia Marine And Heavy Engineering Bhd	138,800	616,083	818,920	0.85
YTL Corporation Bhd	116,700	914,488	981,447	1.02
	<u>255,500</u>	<u>1,530,571</u>	<u>1,800,367</u>	<u>1.87</u>
Consumer				
Genting Plantations Berhad	116,700	733,510	1,026,960	1.07
Tan Chong Motor Hldgs Berhad	109,900	559,994	569,282	0.59
Airasia Berhad	418,000	849,979	1,057,540	1.10
Genting Berhad	325,000	1,701,414	3,633,500	3.77
	<u>969,600</u>	<u>3,844,897</u>	<u>6,287,282</u>	<u>6.52</u>
Finance				
OSK Holdings BHD	306,200	601,561	603,214	0.63
Alliance Financial Group Bhd	297,100	932,028	903,184	0.94
AMMB Holdings Berhad	449,550	1,692,930	3,160,337	3.28
CIMB Group Holdings Bhd	673,500	2,903,091	5,724,750	5.94
Malayan Banking Berhad	637,493	3,071,413	5,418,691	5.61
Public Bank Bhd - Local	275,134	2,919,497	3,582,245	3.72
RHB Capital Bhd	125,200	557,323	1,091,744	1.13
	<u>2,764,177</u>	<u>12,677,843</u>	<u>20,484,164</u>	<u>21.25</u>
Hotels				
Landmarks Berhad	85,600	132,157	144,664	0.15
Industrials				
Perisai Petroleum Teknologi Be	1,350,000	783,767	735,750	0.76
Petronas Gas Berhad	71,900	823,118	798,090	0.83
UEM Land Berhad	288,424	402,228	701,988	0.73
UEM Land Berhad -A	288,743	622,162	704,533	0.73
Eastern and Oriental Berhad	568,100	582,007	670,358	0.70
Gamuda Berhad	240,900	593,953	917,829	0.95
IJM Corporation Berhad	300,900	1,227,810	1,874,607	1.94
IJM Land Berhad	212,300	377,409	607,178	0.63
IOI Corporation Berhad	568,580	2,489,967	3,303,450	3.43
Kuala Lumpur Kepong Berhad	76,250	911,804	1,685,125	1.75
Malaysian Resources Corp Bhd	757,500	1,143,561	1,507,425	1.56
Sime Darby Berhad	530,188	4,070,766	4,665,654	4.84
WCT Bhd	160,400	340,750	511,676	0.53
YTL Power International Bhd	159,300	388,206	388,692	0.40
	<u>5,573,485</u>	<u>14,757,508</u>	<u>19,072,355</u>	<u>19.78</u>

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

	Quantity Unit(s)	Aggregate cost RM	Fair value RM	Percentage of net asset value %
As at 31 December 2010				
MAIN BOARD				
IPC				
Time Dotcom Bhd	451,800	333,120	359,181	0.37
Oil & Gas				
Dialog Group Berhad	815,066	724,801	1,458,968	1.51
Kencana Petroleum Berhad	938,000	1,166,793	2,260,580	2.35
Sapura Crest Petroleum Berhad	730,000	1,176,829	2,263,000	2.35
	2,483,066	3,068,423	5,982,548	6.21
Properties				
Mah Sing Group Berhad	150,200	279,321	276,368	0.29
SP Setia Berhad	124,900	649,847	743,155	0.77
	275,100	929,168	1,019,523	1.06
Technology				
Unisem Bhd	117,200	226,184	269,560	0.28
Telecommunications				
Axiata Group Berhad	1,045,700	2,724,618	4,967,075	5.15
Digi.com Berhad	13,300	329,678	327,180	0.34
	1,059,000	3,054,296	5,294,255	5.49
Trading and Services				
Malaysian Airline System Bhd	225,500	487,234	471,295	0.48
Pos Malaysia Berhad	179,500	582,987	603,120	0.63
QSR Brands Berhad	91,500	448,642	462,990	0.48
	496,500	1,518,863	1,537,405	1.59
Utilities				
Tenaga Nasional Berhad	189,700	1,516,906	1,587,789	1.65
TOTAL QUOTED SECURITIES				
	15,156,128	45,521,168	65,854,243	68.31

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

Name of issuer	Nominal value RM	Carrying cost RM	Fair value RM	Percentage of net asset value %
As at 31 December 2010				
Konsortium Lebuh Utara Timur 6.82% 28/10/2024	1,000,000	1,076,700	1,091,245	1.13
Konsortium Lebuh Utara Timur 6.97% 28/10/2025	3,000,000	3,135,430	3,282,937	3.41
Jimah Energy Ventures SB - 8.75% 11/05/2018	1,000,000	1,227,860	1,247,986	1.29
Jimah Energy Ventures SB 8.2% Due 11/10/2017 MN12	3,000,000	3,436,440	3,617,478	3.76
Jimah Energy Ventures SB 8.55% Due 5/12/2017 MN12	1,000,000	1,137,596	1,216,909	1.26
Lebuhraya Kajang-Seremban 5.35% Due 6/10/2016 JD13	1,000,000	1,014,069	775,793	0.80
Lebuhraya Kajang-Seremban 5.6% Due 6/12/2017 JD12	1,000,000	1,024,528	746,915	0.77
Malakoff Corp Berhad 6.182% Due 4/28/2017 AO30	1,000,000	1,020,092	1,077,440	1.12
Malakoff Corp Berhad 6.682% Due 4/29/2022 AO30	1,000,000	1,046,186	1,087,516	1.13
Malakoff Corp Berhad 6.982% Due 4/30/2025 AO30	1,000,000	1,068,035	1,075,842	1.12
Ara Bintang Bhd 5.35% 26/06/2015	2,000,000	2,090,714	2,092,173	2.18
Sports Toto Malaysia Sdn Bhd 5.50% 30/06/2015	1,000,000	1,010,264	1,036,001	1.07
Powertek Bhd 6.8% Due 8/30/2011 FA29	1,000,000	1,040,521	1,044,501	1.08
EON Bank Berhad 5.75% 27/02/2019	1,500,000	1,548,982	1,589,410	1.65
Hyundai Capital Services 5 1/2% Due 5/20/2011 MN20	1,000,000	1,006,027	1,012,827	1.05
Sabah Credit Corp 4.90% 24/09/12	1,500,000	1,518,882	1,539,136	1.60
Sabah Credit Corp 5.30% 07/05/2014	2,000,000	2,073,540	2,076,505	2.15
TOTAL UNQUOTED FIXED INCOME SECURITIES	24,000,000	25,475,866	25,610,615	26.57
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	39,156,128	70,997,034	91,464,858	94.88
UNREALISED GAIN ON ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		20,467,824		
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		91,464,858		

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

The unquoted fixed income securities has an effective weighted average interest rate of 6.14% per annum (2010: 6.48%) and an average maturity of 6.26 years (2010:7 years) as at 30 June 2011.

10. CASH AND CASH EQUIVALENTS

	2011 RM	2010 RM
Bank balances in a licensed bank	92,466	191,125
Deposits with licensed financial institutions	2,834,000	4,260,000
Interest receivable from deposit with licensed financial Institution	232	644
	<u>2,926,698</u>	<u>4,451,769</u>

The effective weighted average interest rate per annum is as follows:

	2011 %	2010 %
Deposits with licensed financial institutions	<u>2.99</u>	<u>4.35</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 1.06 days (2010: 4.35 days).

11. NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

	2011 No. of Units	RM	2010 No. of Units	RM
At the beginning of the financial year	216,659,312	96,398,481	190,783,269	74,062,333
Creation arising from application	58,779,021	26,788,667	75,712,866	32,494,660
Creation arising from distribution	-	-	10,387,068	4,624,322
Cancellation of units	(35,540,840)	(16,277,899)	(60,223,891)	(25,434,661)
Total comprehensive income for the financial period/year	<u>-</u>	<u>5,647,989</u>	<u>-</u>	<u>10,651,827</u>
At end of the financial period/year	<u>239,897,493</u>	<u>112,557,238</u>	<u>216,659,312</u>	<u>96,398,481</u>
Approved size of the Fund	<u>1,000,000,000</u>		<u>1,000,000,000</u>	

As at 30 June 2011, the number of units not yet issued is 760,102,507 (2010: 783,340,688).

12. MANAGEMENT EXPENSE RATIO (“MER”)

	2011	2010
MER	%	%
	<u>1.19</u>	<u>0.98</u>

MER is derived based on the following calculation:

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

A	=	Management fee
B	=	Trustee's fee
C	=	Transaction costs
D	=	Auditors' remuneration
E	=	Tax agent's fee
F	=	Other expenses
G	=	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 RM 107,726,056 (2010: RM 76,230,546)

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2011	2010
PTR (times)	<u>0.40</u>	<u>0.24</u>

PTR is derived based on the following calculation:

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

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

Where:

Total acquisition for the financial year = RM 53,096,576 (2010: RM 19,853,921)

Total disposal for the financial year = RM 32,639,420 (2010: RM 16,571,512)

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

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

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

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

Units held by the Manager and parties related to the Manager

	No. of units	2011 RM	No. of units	2010 RM
Manager				
CIMB-Principal Asset Management Berhad	550,483	258,287	-	-
Director of the Manager				
Datuk Noripah Kamsu	-	-	172,167	69,246

The above units were transacted at the prevailing market price.

The units are held beneficially by the Manager for booking purposes. Other than the above, there were no units held by other Directors or 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 obtainable in transactions with unrelated parties unless otherwise stated. Interest rate on fixed and short-term deposits were at normal commercial rates.

	2011 RM	2010 RM
<u>Significant related party transactions</u>		
Interest from deposits:		
- CIMB Bank Berhad	20,515	5,768
<u>Significant related party balances</u>		
Deposits with licensed financial institutions:		
- CIMB Bank Berhad	113,353,000	1,000,000

15. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the financial period ended 30 June 2011 are as follows:

Brokers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Affin Bank Berhad	16,311,000	3.61	-	-
AmBank Berhad	47,438,000	10.51	-	-
AmInvestment Bank Bhd	4,609,013	1.02	10,370	5.85
Bank Islam Malaysia Bhd	1,013,530	0.22	-	-
CIMB Bank Bhd – Treasury#	115,392,671	25.53	-	-
CIMB Investment Bank Bhd#	24,883,270	5.51	57,046	32.17
CLSA Securities M Sdn Bhd	926,620	0.20	2,085	1.17
Credit Suisse M Sdn Bhd	10,552,664	2.33	23,743	13.39
EON Bank Berhad	30,321,700	6.71	-	-
Hong Leong Bank Bhd	65,784,000	14.56	-	-
Others	134,720,888	29.81	84,083	47.42
	451,953,356	100.00	177,327	100.00

Details of transactions with the top 10 brokers/dealers for the financial year ended 30 June 2010 are as follows:

Brokers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Affin Bank Berhad	33,347,000	14.29	-	0.00
AmBank Berhad	6,114,000	2.62	-	0.00
AmInvestment Bank Bhd	4,014,796	1.72	9,349	11.18
CIMB Bank Bhd – Treasury#	46,214,000	19.80	-	0.00
CIMB Investment Bank Bhd#	9,557,901	4.09	25,050	29.97
CLSA Securities M Sdn Bhd	1,050,739	0.45	2,386	2.85
Credit Suisse M Sdn Bhd	3,422,418	1.47	8,221	9.84
Hong Leong Bank Berhad	28,398,000	12.17	-	0.00
Hwang-DBS Investment Bank	1,029,245	0.44	560	0.67
JPMorgan Securities M S B	1,610,956	0.69	3,702	4.43
Other Broker	98,618,387	42.26	34,325	41.06
	233,377,442	100.00	83,593	100.00

Included in transactions by the Fund are trades conducted on normal terms with CIMB Bank Bhd and CIMB Investment Bank Berhad, a company related to the Manager amounting to RM115,392,671 (2010: RM46,214,000) and RM 24,883,270(2010: RM 9,557,901) respectively.

16. 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-portfolio, consisting of a quoted investments portfolio, which focuses on equity and equity-related securities, and a debt portfolio, which focuses on unquoted fixed income securities.

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 profit income, dividend income 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:

For the financial period ended 30 June 2011:

	Quoted Investments sub-portfolio RM	Debt sub- portfolio RM	Total RM
Dividend income	1,091,929	-	1,091,929
Interest income	-	886,187	886,187
Net realised gain on sale of financial assets at fair value through profit or loss	6,608,807	11,461	6,620,268
Unrealised gain on financial assets at fair value through profit or loss	(2,260,892)	435,158	(1,825,734)
Transaction costs	244,983	-	244,983
Total segment income	5,684,827	1,332,806	7,017,633
Financial assets at fair value through profit or loss	76,401,087	33,760,779	110,161,866
Dividend receivable	273,908	-	273,908
Total segment assets	76,674,995	33,760,779	110,435,774
Total segment liabilities	2,224,364	-	2,224,364

16. SEGMENT INFORMATION (CONTINUED)

For the financial period ended 30 June 2010:

	Quoted Investments sub-portfolio RM	Debt sub- portfolio RM	Total RM
Dividend income	642,012	-	642,012
Interest income	-	664,158	664,158
Net realised gain on sale of financial assets at fair value through profit or loss	3,322,447	(13,935)	3,308,512
Net amortization of premium		(53,290)	(53,290)
Unrealised gain on financial assets at fair value through profit or loss	-	-	-
Total segment income	<u>3,964,459</u>	<u>596,933</u>	<u>4,561,392</u>

For the year ended 31 December 2010:

	Quoted Investments sub-portfolio RM	Debt sub- portfolio RM	Total RM
Financial assets at fair value through profit or loss	65,854,243	25,610,615	91,464,858
Dividend receivable	38,770	-	38,770
Total segment assets	<u>65,893,013</u>	<u>25,610,615</u>	<u>91,503,628</u>
Total segment liabilities	<u>126,437</u>	<u>-</u>	<u>126,437</u>

The Fund's management fee, trustee's fees and other expenses are not considered to be segment expenses.

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

	30.06.2011 RM	30.06.2010 RM
Total segmental income	7,017,633	4,561,392
Interest income from deposits with licensed financial institutions	66,479	25,604
Other fees and expenses	(1,283,268)	(745,267)
Net profit before taxation	<u>5,800,844</u>	<u>3,841,729</u>

CIMB-PRINCIPAL BALANCED FUND

Taxation	152,855	41,690
Net profit after taxation and total comprehensive income	<u>5,647,989</u>	<u>3,800,039</u>

16. SEGMENT INFORMATION (CONTINUED)

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

	30.06.2011	31.12.2010
	RM	RM
Total segment assets	110,435,774	91,503,628
Cash and cash equivalents	2,926,698	4,451,769
Amount due from stockbrokers	1,538,697	122,017
Amount due from Manager	137,609	1,216,790
Interest receivable from deposits with licensed financial institutions	-	-
Tax recoverable	155,511	174,224
Total assets	<u>115,194,289</u>	<u>97,468,428</u>
Total segment liabilities	2,224,364	126,437
Amount due to manager	220,795	223,737
Amount due to trustee	7,363	6,841
Accrued management fee	170,279	158,200
Distribution payable	-	532,484
Other payables and accrued expenses	14,250	22,248
Total liabilities	<u>2,637,051</u>	<u>1,069,947</u>

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

DIRECTORY

Head office of the Manager

CIMB-Principal Asset Management Berhad (Company No.: 304078-K)
Level 5, Menara Milenium,
8, Jalan Damanlela,
Bukit Damansara,
50490 Kuala Lumpur MALAYSIA

Postal address

CIMB-Principal Asset Management Berhad (Company No.: 304078-K)
P. O. Box 10571
50718 Kuala Lumpur MALAYSIA

Internet site

www.cimb-principal.com.my

E-mail address

service@cimb-principal.com.my

General investment enquiries

(03) 2084 2200

Trustee for the CIMB-Principal Equity Aggressive Fund 3

Mayban Trustees Berhad (Company No.: 5004-P)
34th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur, MALAYSIA.

Auditors of the Trusts and of the Manager

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

Consulting Actuaries

Mercer Zainal Consulting Sdn Bhd. (35090-H)
1702 Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur
MALAYSIA

CIMB- Principal Balanced Fund is also available from 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
- 46, 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
- A-7, Tingkat 1 Lorong Tun Ismail 12, Sri Dagangan 2, 25000 Kuantan Pahang 09-5161 430
- 15A, Jalan Ruby, 96000 Sibu, Sarawak 084-325 515

