

CONTENTS PAGES

INVESTOR LETTER	1 - 2
MANAGER'S REPORT	3 – 8
Fund objective and policy	
Performance data	
Market review	
Fund performance	
Portfolio structure	
Market outlook	
Investment strategy	
Spread of unitholdings	
Soft commission and rebates	
STATEMENT BY MANAGER	9
TRUSTEE'S REPORT	10
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	11
UNAUDITED STATEMENT OF FINANCIAL POSITION	12
UNAUDITED STATEMENT OF CHANGES IN EQUITY	13
UNAUDITED STATEMENT OF CASH FLOWS	14
NOTES TO THE FINANCIAL STATEMENTS	15-47
DIRECTORY	48
LIST OF CIMB WEALTH ADVISORS BERHAD'S OFFICES	49-50

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

MANAGER'S REPORT

What is the investment objective of the Fund?

To provide Unit holders with regular income as well as to achieve medium to long-term capital appreciation through investments primarily in Malaysian bonds.

Has the Fund achieved its objective?

For the period under review, the Fund is in line with its stated objectives

What are the Fund investment policy and its strategy?

Between 70% to 98% (both inclusive) of the Fund's NAV may be invested in debentures carrying at least a "BBB3" or "P3" rating by RAM or equivalent rating by MARC; "BB" by S&P or equivalent rating by Moody's or Fitch. The rest of the Fund is maintained in the form of liquid assets to meet any redemption payments to Unit holders. In line with its objective, the investment strategy and policy of the Fund is to invest in a diversified portfolio of approved fixed income securities consisting primarily of bonds, and aims to provide a steady stream of income.

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

Bonds / Income

How long should you invest for?

Recommended 3 years or more

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

Moderate

When was the Fund launched?

15 November 1995.

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

RM 453.236 million (382.270 million units)

What is the fund's benchmark?

Quant shop MGS Bond Index (medium sub-index).

What is the Fund distribution policy?

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

What was the net income distribution for the period ended 30 June 2011?

No distribution was declared for the six months period ended 30 June 2011

*Note: Pursuant to the Master Deed, the Manager has the right to make provisions for reserves in respect of distribution of the Fund. If the distribution available is too small or insignificant, any distribution may not be of benefit to the Unit holders as the total cost to be incurred in any such distribution may be higher than the amount for distribution. The Manager has the discretion to decide on the amount to be distributed to the Unit holders.

PERFORMANCE DATA

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

	30.06.2011	30.06.2010	30.06.2009
	%	%	%
Unquoted fixed income securities	94.05	95.68	88.39
Cash and other net assets	5.95	4.32	11.61
	<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:

	01.01.2011	01.01.2010	01.01.2009
	to	to	to
	30.06.2011	30.06.2010	30.06.2009
Net asset value (RM Million)	453.236	270.88	167.64
Units in circulation (Million)	382.270	234.35	151.88
Net Asset Value per unit (RM)	1.1856	1.1558	1.1037
Highest NAV per unit (RM)	1.1856	1.1558	1.1037
Lowest NAV per unit (RM)	1.1522	1.1237	1.0789
Total return (%)	2.93	2.84	2.30
- Capital growth (%)	2.93	2.84	2.30
- Income distribution (%)	-	-	-
Gross distribution per unit (sen)	-	-	-
Net distribution per unit (sen)	-	-	-
Date of distribution	-	-	-
Management expense ratio (%)	0.53	0.26	1.20
Portfolio turnover ratio (times) #	0.38	0.19	0.14

	Total return	Annualised
Period	%	%
- One Year	5.93	5.93
- Three Years	22.52	7.00
- Five Years	33.21	5.90
- Since inception (Launch date:15 November 1995)	153.26	6.12

#For the period under review, the Fund's Portfolio Turnover Ratio increased to 0.38 times versus 0.19 times for the same period last year due to greater volume of transactions.

	30.06.2011	30.06.2010	30.06.2009	30.06.2008	30.06.2007
	(%)	(%)	(%)	(%)	(%)
Annual total return	5.93	9.01	6.11	(0.37)	9.14

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up. All performance figures ended 30 June 2011 has been verified by Mercer Zainal Consulting Sdn Bhd, Consulting Actuaries (35090-H).

MARKET REVIEW

For the 6-month period under review, the MGS yield curve bull flattened with benchmark 3, 5 and 10 year yields changing by +3 bps to 3.20%, +4 bps to 3.48% and -21bps to 3.94% respectively. The notable weakening of the short end of the curve was primarily due to a combination of rising inflationary concerns as well as the prospect of rate hikes resuming in May 2011, while the mid to long end of the sovereign yield curve saw support from both local and foreign investors. Most notably, foreign ownership of MGS has been on an uptrend since the beginning of 2010. As at end of May 2011, foreign holdings of local MGS reached a record high of RM87.9 billion which represents approximately 30% of total MGS outstanding.

In a preemptive move to avoid financial imbalances, BNM was ahead of the pack in interest rate normalization. In 2010, the OPR was raised by a total of 75 bps over 3 consecutive hikes of 25 bps during the March, May and July 2010 Monetary Policy Committee (MPC) meetings to rest at 2.75%. The first rate hike of 2011 occurred at the May MPC meeting. The OPR was raised by 25bps to 3.00% and the statutory reserve ratio (SRR) was raised by 1% to 3.00% as well.

On the PDS front, corporate bond yields enjoyed a bullish run for the mid-to-long tenured papers for the period under review. The 3, 5 and 10 year AAA yields changed by +10 bps, +8 bps and -7 bps respectively. The rally at the long end was fueled by increasing investor risk appetite as well as too much demand chasing too little supply.

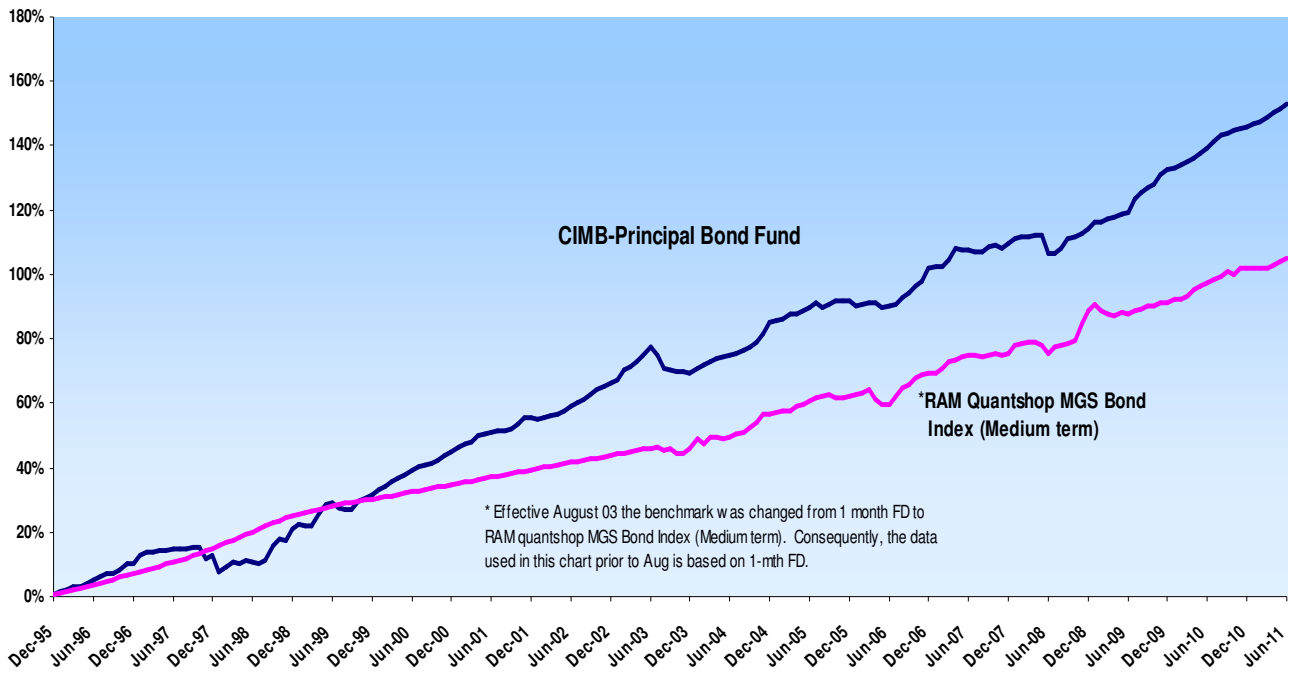
Malaysia's inflation rate quickened to 3.50% year-on-year in June 2011, up from 3.3% in May. This was the seventh consecutive monthly increase and the highest level in 26 months, mainly due to acceleration in the core inflation rate. In June 2011, Malaysia successfully concluded the sale of USD2 billion sukuk wakala in two tranches (the 5-yr USD1.2 billion tranche and 10-yr USD800 million tranche), both of which were nearly 5x oversubscribed, with subscriptions of well over USD9 billion. The 5- and 10-yr tranches' coupon rates are 2.991% and 4.646%, where they yielded 145 bps and 165 bps above US Treasuries respectively.

FUND PERFORMANCE

	6 months to 30.6.11 (%)	1 year to 30.06.11 (%)	3 years to 30.06.11 (%)	5 years to 30.06.11 (%)	Since Inception (%)
Income	-	3.26	13.02	16.08	107.20
Capital	2.93	2.58	8.40	14.76	22.23
Total Return	2.93	5.93	22.52	33.21	153.26
Benchmark	1.70	3.98	17.08	28.44	105.16
Average Total Return	2.93	5.93	7.00	5.90	6.12

For the period under review, the Fund gave an interim 6 month return of 2.93%, outperforming the benchmark by 1.23%. On a 1 year and 3 year performance basis, the Fund returned 3.98% and 17.08% respectively.

FUND PERFORMANCE (CONTINUED)



Changes in Net Asset Value (“NAV”)

	30.06.2011	30.06.2010	% Changes
NAV (RM million)	453.24	270.88	67.32
NAV / unit (RM)	1.1856	1.1558	2.58

The Fund’s NAV grew by 67.32% for the 1 year period ended 30 June 2011 from RM270.88 million to RM453.24 million. The NAV per unit increased by 2.58% from RM1.1558 per unit to RM1.1856 per unit.

On a 6month and 1-year performance basis, the Fund was ranked in Quartile 2 and Quartile 3 respectively as per Lipper ranking of Malaysian unit trust funds.

PORTFOLIO STRUCTURE

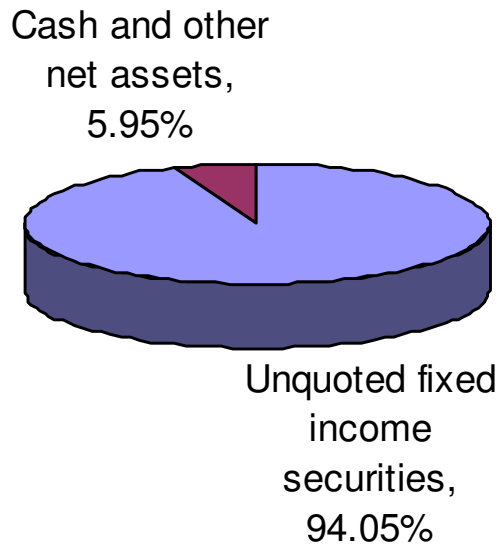
Asset Allocation

(% of NAV)	30.06.2011	30.06.2010
Unquoted fixed income securities	94.05	95.68
Cash and other net assets	5.95	4.32
Total	100.00	100.00

The Fund maintained its investments in fixed income securities at 94.05% for the period ended 30 June 2011. Cash position was held at between 5% to 6% for the period under review.

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

PORTFOLIO STRUCTURE (CONTINUED)



MARKET OUTLOOK

We believe one more rate hike is in the cards for the third quarter of 2011 (3Q2011), taking the overnight policy rate (OPR) to 3.25% by year-end.

Additionally, technical supply and demand factors may have a stronger influence on the direction of market yields for 3Q2011. Based on the Bank Negara Malaysia (BNM) auction calendar, there will be a string of long tenured govies slated for issuance from April onwards. Five auctions and three private placements are scheduled for 3Q11: the reopening of 10-year GII 4/21, 15-year MGS 4/26, new issue of 7-year benchmark MGS 9/18, reopening of 5 year MGS 9/16 and reopening of 5-year GII 11/16. Nonetheless, we believe the yield curve may bull flatten in view of continual global headwinds as well as further upside to MYR appreciation attracting foreign capital.

The PDS market has been experiencing a bit of a dry spell for the first half of this year with only RM34 billion issued. We expect the primary issuance pipeline to pick up momentum from the third quarter onwards, taking cue from the implementation of some of the major Economic Transformation Programme (ETP) projects like the KL-MRT and other infrastructure-related projects. It is likely that the bond issuances related to the ETP projects will be government guaranteed bonds (“GG”) or AAA rated. We foresee a neutral and stable credit environment.

INVESTMENT STRATEGY

We still favour Corporates over Sovereigns, in particular AA- and A- rated segment for yield enhancement. For MGS, we will buy on weakness and adopt a more active trading stance. We are targeting neutral portfolio duration in view of the rising interest rate environment and higher inflationary expectations.

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 (million)	% of units held
5,000 and below	5,981	2,497,421	0.65
5,001-10,000	623	4,510,067	1.18
10,001-50,000	921	20,345,870	5.33
50,001-500,000	312	34,796,679	9.10
Above 500,000	<u>28</u>	<u>320,119,682</u>	<u>83.74</u>
Total	<u>7,865</u>	<u>382,269,719</u>	<u>100.00</u>

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 BOND FUND**

I, being the Director of CIMB-Principal Asset Management Berhad, do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 11 to 47 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 the 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 UNITHOLDERS OF
CIMB-PRINCIPAL BOND FUND**

We have acted as the Trustee of CIMB-Principal Bond Fund for the financial period ended 30 June 2011. To the best of our knowledge, CIMB-Principal Asset Management Berhad, the Manager, has managed the Fund in accordance with the limitations imposed on the investment powers of the management company and the Trustee under the Deed, other provisions of the Deed, the Securities Commission Act 1993, the Capital Markets and Services Act 2007, the Securities Commission's Guidelines on Unit Trust Funds and other applicable laws during the financial year then ended.

We have also ensured the following:

- (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 financial period ended 30 June 2011;
- (b) valuation or pricing is carried out in accordance with the Deed of the Fund and the relevant regulatory requirements; and
- (c) creation and cancellation of units have been carried out in accordance with the Deed of the Fund and the relevant regulatory requirements.

For and on behalf of the Trustee
PB Trustee Services Berhad

JOTHIRANI KRISHNAN
Senior Assistant Manager

Kuala Lumpur

26 August 2011

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

	Note	30.06.2011 RM	30.06.2010 RM
NET INVESTMENT INCOME			
Interest income	4	10,491,274	6,799,556
Net realised gain/(loss) on sale of financial assets at fair value through profit or loss		(232,397)	1,263,566
Net unrealised gain on financial assets at fair value through profit or loss		<u>4,115,111</u>	<u>-</u>
		<u>14,373,988</u>	<u>8,063,122</u>
EXPENSES			
Manager's fees	5	2,108,179	1,214,082
Trustee's fees	6	105,409	60,706
Auditor's remuneration		5,700	10,637
Other expenses		<u>24,656</u>	<u>1,906</u>
		<u>2,243,944</u>	<u>1,287,331</u>
NET PROFIT BEFORE TAXATION		12,130,044	6,775,791
Taxation	8	<u>-</u>	<u>-</u>
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		<u>12,130,044</u>	<u>6,775,791</u>
Net profit after taxation is made up of the following:			
Realised amount		(232,397)	6,775,791
Unrealised amount		<u>16,211,134</u>	<u>-</u>
		<u>15,978,737</u>	<u>6,775,791</u>

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

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

	Note	30-Jun-2011 RM	31-Dec-2010 RM
INVESTMENTS			
Financial assets at fair value through profit or loss	9	<u>426,286,678</u>	<u>378,097,659</u>
LIQUID ASSETS			
Deposits with licensed financial institutions		21,036,736	45,780,092
Bank balance in a related licensed bank		<u>1,011,635</u>	<u>553,215</u>
	10	<u>22,048,371</u>	<u>46,333,307</u>
OTHER ASSETS			
Amount due from Manager		6,398,872	2,218,560
Interest receivable		-	-
Tax recoverable		<u>3,871</u>	<u>3,871</u>
		<u>6,402,743</u>	<u>2,222,431</u>
TOTAL ASSETS		<u>454,737,792</u>	<u>426,653,397</u>
LIABILITIES			
Amount due to Manager		1,094,042	640,482
Amount due to dealers		-	31,808,730
Accrued management fee		366,029	315,985
Amount due to Trustee		18,301	15,799
Other payables and accruals		23,591	19,126
Distribution payable		-	<u>819,477</u>
TOTAL LIABILITIES		<u>1,501,963</u>	<u>33,619,599</u>
NET ASSET VALUE OF THE FUND	11	<u>453,235,829</u>	<u>393,033,798</u>
EQUITY			
Unitholders' capital	11	429,007,887	375,084,873
Retained earnings		24,227,942	17,948,925
Fair value reserve		-	-
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (EX-DISTRIBUTION)		<u>453,235,829</u>	<u>393,033,798</u>
NUMBER OF UNITS IN CIRCULATION	11	<u>382,269,719</u>	<u>341,029,741</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.1856</u>	<u>1.1525</u>

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

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

	Unitholders' capital RM	Retained earnings RM	Fair value reserve RM	Total RM
Balance as at 1 Jan 2011	375,084,873	17,948,925	-	393,033,798
Movement in unitholders' contribution:				
Creation of units from applications	225,190,262	-	-	225,190,262
Cancellation of units	(177,118,275)	-	-	(177,118,275)
Total comprehensive income for the financial period	-	12,130,044	-	12,130,044
Balance as at 30 June 2011	<u>423,156,860</u>	<u>30,078,969</u>	<u>-</u>	<u>453,235,829</u>
Balance as at 1 January 2010	206,096,012	14,413,485	-	220,509,497
Movement in unitholders' contribution:				
Creation of units from applications	310,075,033	-	-	310,075,033
Creation of units from distributions	11,623,819	-	-	11,623,819
Cancellation of units	(152,709,991)	-	-	(152,709,991)
Total comprehensive income for the financial year	-	15,978,737	-	15,978,737
Distribution for the financial year (Gross/net: 3.76 sen)	-	(12,443,297)	-	(12,443,297)
Balanced as at 31 Dec 2010	<u>375,084,873</u>	<u>17,948,925</u>	<u>-</u>	<u>393,033,798</u>

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

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

	Note	30.06.2011 RM	31.12.2010 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Proceeds from sale of unquoted sukuk		134,488,657	84,600,051
Proceeds from redemption of fixed income securities		12,305,919	31,056,392
Purchase of unquoted fixed income securities		(222,111,264)	(248,070,655)
Interest received from deposits with licensed financial institutions		286,103	509,751
Interest received from unquoted fixed income securities		9,406,824	14,700,949
Manager's fees paid		(2,058,135)	(2,774,621)
Trustee's fees paid		(102,907)	(138,731)
Payment for other fees and expenses		<u>(25,893)</u>	<u>(42,704)</u>
Net cash outflow from operating activities		<u>(67,810,696)</u>	<u>(120,159,568)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Cash proceeds from unit created		221,009,951	307,989,601
Payment for cancellation of units		(176,664,714)	(152,930,262)
Distribution paid		<u>(819,477)</u>	<u>(307,551)</u>
Net cash inflow from financing activities		<u>43,525,760</u>	<u>154,751,788</u>
Net increase/(decrease) in cash and cash equivalents		(24,284,936)	34,592,220
Cash and cash equivalents at beginning of the financial year		<u>46,333,307</u>	<u>11,741,087</u>
Cash and cash equivalents at end of the financial year	10	<u><u>22,048,371</u></u>	<u><u>46,333,307</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY**

CIMB-Principal Bond Fund (the “Fund”) is governed pursuant to the execution of a Principal Master Deed dated 15 May 2008 (referred to as “the Deed”) and made between CIMB-Principal Asset Management Berhad (the “Manager”) and PB Trustee Services Berhad (the “Trustee”).

The principal activity of the Fund is to invest in “Authorised Investments”, as defined under Clause 17 of the Deed, which include fixed income securities listed on Bursa Malaysia Securities Berhad and money market instruments. The Fund commenced operations on 15 November 1995 and will continue its operations until terminated by the Trustee as provided under Clause 25 of the Deed.

The Fund aims to provide unitholders with regular income as well as achieve medium to long-term capital appreciation through investments primarily in Malaysian bonds.

The Manager, a company incorporated in Malaysia, is 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

- (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 (continued)

(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.

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 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.

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)

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.

(c) Income recognition

Interest income earned from deposits and unquoted fixed income securities are recognised on the accrual 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) 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.

(e) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalent comprise cash and bank balances and deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Taxation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(g) Distribution**

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

(h) Amount due from/to brokers

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.

(i) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 30 June 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 9)	-	426,286,678	426,286,678
Cash and cash equivalents (Note 10)	22,048,371	-	22,048,371
Amount due from Manager	6,398,872	-	6,398,872
Tax recoverable	3,871	-	3,871
	<u>28,451,114</u>	<u>426,286,678</u>	<u>454,737,792</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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Critical accounting estimates and judgements in applying accounting policies (continued)

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 provide income to unitholders via a medium and long bond portfolio with the objective of maximising distribution of income and gains.

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, non compliance risk 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 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 exposures to price risk were as follows:

	2011 RM
Unquoted fixed income securities designated at fair value through profit or loss	426,286,678

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Price risk (continued)

The table below summarises the sensitivity of the Fund's net asset value to movements in prices of unquoted fixed income securities as at 30 June 2011. The analysis is based on the assumptions that the price of the 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 unquoted fixed income securities	Market value RM	Change in net asset value RM
- 5%	404,972,344	(21,314,334)
0%	426,286,678	-
5%	447,601,012	21,314,334

(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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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 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 interest rate	<u>Impact on net asset value</u>	
	<u>Unquoted fixed income securities designated at fair value through profit or loss</u> RM	<u>Deposits with licensed financial institutions</u> RM
-5%	(179,224)	(86)
0%	-	-
5%	179,224	86

(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. In the case of the Fund, the Manager regularly review the ratings assigned to the Issuer so that the necessary steps can be taken if the ratings fall below those prescribed by the SC.

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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

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

As at 30 June 2011	Financial assets at fair value through profit or RM	Cash and cash equivalents RM	Amount due from Manager RM	Total RM
Finance	-	22,048,371	-	22,048,371
Unquoted fixed Income securities:				
A1	33,691,112			33,691,112
A2	20,906,234			20,906,234
A3	15,098,270			15,098,270
A+	13,412,326			13,412,326
AA-	47,165,900			47,165,900
AA	5,269,836			5,269,836
AA+	15,147,713			15,147,713
AA1	92,773,423			92,773,423
AA2	27,038,588			27,038,588
AA3	82,861,885			82,861,885
AAA	64,323,768			64,323,768
B+	780,159			780,159
BBB1	7,817,464			7,817,464
Others	-	-	6,402,743	6,402,743
	426,286,678	22,048,371	6,402,743	454,737,792

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that investments cannot be readily sold at or near its actual value without taking a significant discount. This will result in lower net asset value of the Fund. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days. The Fund has a policy of maintaining a minimum level of two percent (2%) 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
Amount due to Manager	1,094,042	-
Accrued management fee	366,029	-
Amount due to Trustee fee	18,301	-
Other payables and accruals	-	23,591
	<u>1,478,372</u>	<u>23,591</u>
Contractual cash out flows	<u>1,478,372</u>	<u>23,591</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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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

	2011 RM	2010 RM
Interest income on deposits with licensed financial institutions	286,103	168,947
Interest income on quoted fixed income securities	<u>10,205,171</u>	<u>6,630,609</u>
	<u>10,491,274</u>	<u>6,799,556</u>

5. MANAGER'S FEES

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

For the financial period ended 30 June 2011, the Manager's fee is recognised at a rate of 1.00% per annum (2010: 1.00%).

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

6. TRUSTEE'S FEES

In accordance with Clause 24 (2) of the Deed, the Trustee is entitled to a fee not exceeding 0.05% per annum calculated based on the net asset value of the Fund or at such rates as may be agreed from time to time between the Trustee and the Manager. Trustee Fee includes the local custodian fee but excludes the foreign sub-custodian fee (if any).

For the financial period ended 30 June 2011, the Trustee's fee is recognised at a rate of 0.05% per annum (2010: 0.05%).

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

7. DISTRIBUTION

Distribution to unitholders is derived from the following sources:

	2011 RM	2010 RM
Interest income	-	12,124,516
Net realised gain/(loss) on sale of Investments	-	2,716,073
Net realised amortisation of premiums	-	-
Other income	-	-
Previous financial year's realised gain	-	671,917
	<u>-</u>	<u>15,512,506</u>
Less:		
Expenses	-	(3,069,209)
Net distribution amount	<u>-</u>	<u>12,443,297</u>
 Final distribution on 31 December		
Net distribution per unit (sen)	-	3.76
Gross distribution per unit (sen)	<u>-</u>	<u>3.76</u>

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 expenses 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

	2011 RM	2010 RM
Current taxation	-	-

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

	2011 RM	2010 RM
Net profit before taxation	12,130,044	15,978,737
Taxation at Malaysian statutory rate of 25% (2010: 25%)	3,032,511	3,994,684
Tax effects of:		
Income not subject to tax	(3,449,656)	(4,120,040)
Net realised (gain)/loss on sale of investment not (subject to tax)/deductible for tax purposes	(143,841)	(641,946)
Expenses not deductible for tax purposes	32,516	39,077
Restriction on tax deductible expenses for unit trust funds	528,470	728,225
Taxation	-	-

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2011 RM	31.12.2010 RM
Designated at fair value through profit or loss		
- Unquoted fixed income securities	426,286,678	378,097,659
Net gain on assets at fair value through profit or loss		
- Realised	(232,397)	2,567,787
- Unrealised	4,115,111	1,519,893

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

Financial assets at fair value through profit or loss comprise unquoted fixed income securities.

As at 30 June 2011	Nominal Value RM	Carrying value RM	Fair value RM	Percentage of value of Fund %
Alliance Bank M Berhad				
4.82% 08/04/2021	8,000,000	7,965,198	8,139,141	1.80
AmBank Bhd - 5.25% 28/04/2017	7,000,000	7,211,885	7,319,238	1.61
AmBank Bhd 5.23% 02/02/2018	5,000,000	5,000,000	5,185,667	1.14
AmBank Bhd -8.25% 19/08/19	5,000,000	5,000,000	5,821,308	1.28
Ara Bintang Bhd 5.35% 26/06/2015	3,000,000	3,053,779	3,135,419	0.69
Bank Muamalat Malaysia				
5.15% 15/06/2021	15,000,000	15,000,000	15,098,270	3.33
Chemical Company Malaysia				
5.95% 28/11/11	2,000,000	2,005,720	2,028,085	0.45
CIMB Group Holdings Bhd				
4.20% 14/04/2016	8,000,000	8,000,000	8,088,603	1.78
CIMB Group Holdings Bhd				
5.05% Due 30/5/2013 MN30	5,000,000	5,100,505	5,135,957	1.13
CIMB Islamic Bank -				
4.20% 21/04/2021	15,000,000	15,000,000	15,147,713	3.34
Digi.com Berhad 4.85% 17/07/14	1,000,000	1,000,000	1,046,925	0.23
Diversified Venue Sdn Bhd				
6.10% 30/12/2013	5,000,000	5,215,597	5,269,836	1.16
Encorp Systembilt Sdn Bhd				
- 0% 03/01/2014	4,000,000	3,570,130	3,636,800	0.80
Encorp Systembilt Sdn Bhd				
Due 3/7/2011 JJ3	3,000,000	2,999,180	2,999,100	0.66
EON Bank Berhad -				
4.75% 30/12/2020	1,500,000	1,493,908	1,516,545	0.33
Gulf Investment Corporation				
- 5.25% 01/03/2016	9,000,000	9,000,000	9,320,832	2.06
Hong Leong Bank Berhad				
-4.35% 05/05/2021	10,000,000	10,000,000	10,071,932	2.22
Jimah Energy Ventures SB				
7.65% Due 12/11/2014 MN12	4,000,000	4,318,654	4,485,529	0.99

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

As at 30 June 2011	Nominal Value RM	Carrying value RM	Fair value RM	Percentage of value of Fund %
Jimah Energy Ventures SB 7.8% Due 12/11/2015 MN12	2,000,000	2,200,682	2,303,568	0.51
Jimah Energy Ventures SB 7.9% Due 12/5/2016 MN12	5,000,000	5,503,581	5,842,091	1.29
Jimah Energy Ventures SB 8% Due 11/11/2016 MN12	10,000,000	11,588,736	11,845,527	2.61
Jimah Energy Ventures SB 8.2% Due 10/11/2017 MN12	2,000,000	2,270,120	2,432,043	0.54
Jimah Energy Ventures SB 8.3% Due 11/11/2016 MN12	2,000,000	2,215,219	2,398,512	0.53
Jimah Energy Ventures SB 8.55% Due 12/5/2017 MN12	1,000,000	1,153,297	1,224,392	0.27
Jimah Energy Ventures SB 9 1/4% Due 12/5/2021 MN12	2,000,000	2,270,490	2,676,466	0.59
Jimah Energy Ventures SB 9.20% 12/11/2019	1,000,000	1,197,793	1,314,200	0.29
Kesas Sdn Bhd 7.95% Due 11/10/2013 AO11	1,000,000	1,055,379	1,094,794	0.24
Konsortium Lebuhraya Utara Timur 6.22% 28/10/2020	5,000,000	5,123,416	5,567,032	1.23
Konsortium Lebuhraya Utara Timur 6.37% 28/10/2021	5,000,000	5,273,760	5,602,847	1.24
Konsortium Lebuhraya Utara Timur 6.67% 27/10/2023	5,000,000	5,379,733	5,696,477	1.26
Konsortium Lebuhraya BwhKulim 4.00% 15/07/2015	1,000,000	959,209	1,011,053	0.22
Konsortium Lebuhraya Bwh-Kulim -4.00% 15/01/14	1,000,000	974,074	1,019,153	0.22
Lebuhraya Kajang-Seremban 5.35% Due 10/6/2016 JD13	5,000,000	4,728,593	3,980,156	0.88
Lebuhraya Kajang-Seremban 5.6% Due 12/6/2017 JD12	5,000,000	5,100,959	3,837,308	0.85
Maju Expressway Sdn Bhd -6.25% 14/06/2019	2,000,000	2,000,000	2,209,079	0.49
Malakoff Corp Berhad 6.182% Due 28/4/2017 AO30	2,000,000	1,980,628	2,171,741	0.48
Malakoff Corp Berhad 6.982% Due 30/4/2025 AO30	6,000,000	6,002,793	6,602,107	1.46

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

As at 30 June 2011	Nominal Value RM	Carrying value RM	Fair value RM	Percentage of value of Fund %
Malayan Banking Berhad				
- 5.00% 15/05/2013	10,000,000	10,175,187	10,278,859	2.27
National Bank Of Abu Dhabi				
4.75% 29/06/2015	1,000,000	1,002,458	1,031,760	0.23
New Pantai Expressway SB				
- 5.55% 31/10/2014	500,000	501,202	523,675	0.12
New Pantai Expressway SB				
5.9% Due 31/10/2011 AO30	1,500,000	1,506,865	1,526,619	0.34
OCBC Bank Malaysia Bhd				
4.20% 04/11/2015	5,000,000	5,000,000	5,064,870	1.12
OCBC Limited				
4.6% Due 27/3/2013 MS27	2,000,000	1,998,126	2,052,945	0.45
OSK Investment Bank Berhad				
- 7.15% 25/05/2015	5,000,000	5,000,000	5,429,240	1.20
Padiberas Nasional Berhad				
-4.550% 20/01/2014	5,000,000	5,013,555	5,163,473	1.14
Padiberas Nasional Berhad				
-5.05% 07/09/2015	5,000,000	5,030,432	5,224,247	1.15
Powertek Bhd 6.8% Due				
30/8/2011 FA29	3,200,000	3,214,187	3,289,968	0.73
Premium Commerce Bhd -				
4.00% 02/12/2013	10,000,000	10,023,364	10,070,781	2.22
Premium Commerce Bhd				
- 4.50% 02/12/2015	5,000,000	5,000,000	5,051,877	1.11
Ranhill Powertron Sdn Bhd				
-7.10% 26/06/15	5,000,000	5,548,946	5,571,890	1.23
RH Capital Sdn Bhd				
- 6.70% 23/12/2014	5,000,000	5,310,715	5,409,322	1.19
RHB Bank Bhd -				
365D 30/11/2017	5,000,000	5,019,282	5,107,418	1.13
RHB Bank Bhd				
- 5.00% 29/04/2015	8,000,000	8,086,804	8,315,441	1.83
RHB Bank Bhd Hybrid Tier 1				
6.75% 17/12/2039	5,000,000	5,417,955	5,574,445	1.23
RHB Bank Bhd Hybrid Tier 1				
8.00% 31.03.2039	2,000,000	2,218,528	2,421,529	0.53
RHB Capital Bhd				
4.80% 30/12/2015	5,000,000	5,000,000	5,114,158	1.13

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

As at 30 June 2011	Nominal Value RM	Carrying value RM	Fair value RM	Percentage of value of Fund %
RHB Capital Bhd				
5.00% 22/11/2013	5,000,000	5,000,000	5,151,397	1.14
Road Builder M Sdn Bhd				
6.3% Due 23/3/2012 MS24	1,000,000	1,008,060	1,031,888	0.23
Sabah Credit Corp				
- 4.30% 04/11/2013	5,000,000	5,003,565	5,050,664	1.11
Sabah Credit Corp				
- 4.50% 07/09/2012	15,000,000	15,000,000	15,298,521	3.37
Sabah Credit Corp				
1096D 02/11/2012	2,000,000	1,998,568	2,034,216	0.45
Sabah Credit Corp				
5.20% 07/05/2013	6,000,000	6,017,624	6,164,830	1.36
Sabah State Government				
-4.58% 09/12/14	5,000,000	5,020,138	5,034,303	1.11
Selia Selenggara Selatan				
-0% 31/03/14	8,000,000	7,194,533	7,194,400	1.59
Special Power Vehicle				
- 3.00% 17/05/2019	5,000,000	8,645,824	9,212,027	2.03
Sports Toto Malaysia Sdn Bhd				
4.8% Due 11/10/2016 AO11	5,000,000	5,010,949	5,101,760	1.13
Sports Toto Malaysia Sdn Bhd				
-5.50% 30/06/2015	2,000,000	2,017,672	2,080,101	0.46
Sports Toto Malaysia Sdn Bhd				
-6.00% 30/06/2017	10,000,000	10,367,590	10,679,644	2.36
Star Publications M Bhd -				
4.50% 11/05/2016	5,000,000	5,075,993	5,120,938	1.13
Star Publications M Bhd -				
4.80% 11/05/2018	5,000,000	5,132,170	5,183,534	1.14
Sunrise Bhd -				
4.55% 31/01/2014	10,000,000	10,039,833	10,311,362	2.28
Sunrise Bhd -				
4.90% 18/02/2013	3,000,000	3,009,612	3,100,964	0.68
Tanjung Bin Power Sdn Bhd				
7.4% Due 9/11/2012 MN11	6,000,000	6,227,442	6,339,933	1.40
Teknologi Tenaga Perlis				
8.55% Due 13/9/2012 MS13	3,000,000	3,143,034	3,243,471	0.72
Teknologi Tenaga Perlis				

9% Due 11/9/2015 MS13	1,000,000	1,133,912	1,208,303	0.27
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9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

As at 30 June 2011	Nominal Value RM	Carrying value RM	Fair value RM	Percentage of value of Fund %
Teknologi Tenaga Perlis				
9.2% Due 13/9/2016 MS13	8,000,000	9,824,589	9,998,391	2.21
Tesco Stores M Sdn Bhd				
-4.65% 24/06/13	2,000,000	2,000,000	2,034,979	0.45
Tesco Stores M Sdn Bhd				
5.10% 02/09/14	5,000,000	5,169,784	5,258,534	1.16
Tresor Assets Berhad -				
8.15% 25062013	1,000,000	1,059,511	1,075,940	0.24
Tresor Assets Berhad				
9.05% 24/06/16	3,000,000	3,298,192	3,501,263	0.77
Trinity Corporation Berhad -				
0% 28/06/19	2,026,914	179,762	780,159	0.17
UMW Holdings Berhad				
4.55% 15/09/14	4,000,000	4,042,405	4,151,413	0.92
United Overseas Bank Malaysia				
4.88% 27/03/15	5,000,000	5,082,173	5,223,338	1.15
WCT BHD -				
2.50% 28/12/2015	10,000,000	9,186,925	9,266,055	2.04
WCT BHD				
2.50% 27/12/2013	1,000,000	952,264	962,905	0.21
YTL Power International Bhd				
3% Due 18/4/2013 AO18	1,000,000	975,843	993,482	0.22
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>405,726,914</u>	415,798,591	<u>426,286,678</u>	<u>94.05</u>
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>10,488,087</u>		
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>426,286,678</u>	

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

As at 31 December 2010	Nominal Value RM	Carrying value RM	Fair value RM	Percentage of value of Fund %
Malaysian Government 5.094% - 4/30/2014	14,000,000	15,134,588	14,950,832	3.77
Malaysian Government 4.012% - 15/09/2017	5,000,000	5,204,013	5,147,848	1.29
Sabah State Government 4.58% - 09/12/2014 (AAA)	5,000,000	5,044,965	5,113,430	1.30
Kesas Sdn Berhad 7.95% - 10/11/2013 (AA3)	1,000,000	1,128,153	1,101,309	0.28
Encorp Systembilt Sdn Bhd 0% - 03/01/2014 (AA2)	4,000,000	3,293,157	3,550,400	0.90
Encorp Systembilt Sdn Bhd due 7/3/2011 (AA2)	3,000,000	2,646,856	2,948,400	0.75
Konsortium Lebuhraya Bwh-Kulim 4.00% - 15/01/2014 (AA3)	1,000,000	969,638	1,014,778	0.25
Konsortium Lebuhraya Bwh-Kulim 4.00% - 15/07/2015 (AA3)	1,000,000	957,242	1,003,930	0.25
Sunrise Berhad 4.90% - 18/02/2013 (A+)	3,000,000	3,076,694	3,106,673	0.78
Talam Corporation Berhad 0% - 28/06/2019 (B+)	2,332,833	483,600	804,594	0.20
Teknologi Tenaga Perlis 8.55% - 9/13/2012 (AA1)	3,000,000	3,500,553	3,317,042	0.82
Teknologi Tenaga Perlis 9% - 9/11/2015 (AA1)	1,000,000	1,227,584	1,234,498	0.31
Teknologi Tenaga Perlis 9.2% - 9/13/2016 (AA1)	5,000,000	5,474,889	6,383,038	1.59
UMW Holdings Berhad 4.55% - 15/09/2014 (AAA)	4,000,000	4,117,766	4,152,298	1.04
Chemical Company Malaysia Bhd 5.95% - 28/11/2011 (AA3)	2,000,000	2,054,747	2,043,085	0.52
Konsortium Lebuh Utara Timur 6.22% - 28/10/2020 (AA-)	5,000,000	5,188,219	5,364,384	1.35
Konsortium Lebuh Utara Timur 6.37% - 28/10/2021 (AA-)	5,000,000	5,341,500	5,386,219	1.36
Konsortium Lebuh Utara Timur 6.67% - 27/10/2023 (AA-)	5,000,000	5,451,218	5,450,218	1.37
Maju Expressway Sdn Berhad 6.25% - 14/06/2019 (AA-)	2,000,000	2,005,822	2,182,022	0.55
New Pantai Expressway Sdn Bhd 5.55% - 31/10/2014 (AA3)	500,000	506,484	517,503	0.13

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

As at 31 December 2010 (continued)	Nominal value RM	Carrying value RM	Fair value RM	Percentage of value of Fund %
New Pantai Expressway Sdn Bhd 5.9% - 10/31/2011 (AA3)	1,500,000	1,557,222	1,537,910	0.39
Padiberas Nasional Berhad 5.05% - 07/09/2015 (AA3)	5,000,000	5,118,998	5,184,247	1.30
Tesco Stores M Sdn Berhad 4.65% - 24/06/2013 (AAA)	2,000,000	2,002,044	2,052,644	0.52
Jimah Energy Ventures Sdn Bhd 7.65% - 11/12/2014 (AA3)	2,000,000	2,218,784	2,246,933	0.57
Jimah Energy Ventures Sdn Bhd 7.8% - 11/12/2015 (AA3)	2,000,000	2,283,552	2,300,747	0.58
Jimah Energy Ventures Sdn Bhd 7.9% - 5/12/2016 (AA3)	5,000,000	5,720,667	5,822,058	1.47
Jimah Energy Ventures Sdn Bhd 8% - 11/11/2016 (AA3)	10,000,000	11,807,014	11,781,497	2.97
Jimah Energy Ventures Sdn Bhd 8.2% - 11/10/2017 (AA3)	2,000,000	2,353,195	2,411,652	0.61
Jimah Energy Ventures Sdn Bhd 8.3% - 11/11/2016 (AA3)	2,000,000	2,297,299	2,387,528	0.60
Jimah Energy Ventures Sdn Bhd 8.55% - 5/12/2017 (AA3)	1,000,000	1,194,423	1,216,909	0.31
Jimah Energy Ventures Sdn Bhd 9.25% - 5/12/2021 (AA3)	2,000,000	2,340,398	2,646,952	0.67
Jimah Energy Ventures Sdn Bhd 9.20% - 12/11/2019 (AA3)	1,000,000	1,236,200	1,303,507	0.33
Lebuhraya Kajang-Seremban 5.35% - 6/10/2016 (BBB1)	5,000,000	4,637,839	3,878,963	0.98
Lebuhraya Kajang-Seremban 5.6% - 6/12/2017 (BBB1)	5,000,000	5,150,309	3,734,575	0.95
Malakoff Corp Berhad 6.182% - 4/28/2017 (AA3)	2,000,000	1,996,140	2,154,879	0.54
Malakoff Corp Berhad 6.982% - 4/30/2025 (AA3)	6,000,000	6,077,469	6,455,054	1.62
Ranhill Powertron Sdn Berhad 7.10% - 26/06/2015 (AA1)	5,000,000	5,602,871	5,616,808	1.43
Special Power Vehicle Stp % - 11/19/2018 (A1)	5,000,000	7,706,994	8,997,818	2.28
Syarikat Pengeluar Air Sungai 5.65% - 11/28/2014 (A)	1,000,000	998,784	913,922	0.23
Syarikat Pengeluar Air Sungai 8.25% - 7/18/2014 (BBB3)	5,000,000	5,897,697	4,567,573	1.11
Tanjung Bin Power Sdn Berhad 7.4% - 11/9/2012 (AA3)	6,000,000	6,630,207	6,433,952	1.62
Bank Muamalat Malaysia Berhad 6.25% - 9/5/2011 (A3)	10,000,000	10,355,547	10,325,893	2.58
CIMB Group Holdings Berhad 5.05% - 5/30/2013 (AA1)	5,000,000	5,165,793	5,172,820	1.31

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

As at 31 December 2010 (continued)	Nominal value RM	Carrying value RM	Fair value RM	Percentage of value of Fund %
Malayan Banking Berhad 5.00% - 15/05/2013 (AA1)	10,000,000	10,317,183	10,317,917	2.61
National Bank Of Abu Dhabi 4.75% - 29/06/2015 (AAA)	1,000,000	1,003,704	1,030,090	0.26
RH Capital Sdn Berhad 6.70% - 23/12/2014 (AAA)	5,000,000	5,451,149	5,470,283	1.39
Diversified Venue Sdn Berhad 6.10% - 30/12/2013 (AA)	5,000,000	5,286,504	5,284,671	1.34
Road Builder M Sdn Berhad 6.3% - 3/23/2012 (A1)	1,000,000	1,048,443	1,035,188	0.26
OCBC Bank Malaysia Berhad 4.20% - 04/11/2015 (AA1)	5,000,000	5,033,646	5,057,146	1.28
OCBC Limited 4.6% - 27/03/2013 (AAA)	2,000,000	2,017,750	2,056,197	0.52
OSK Investment Bank Berhad 7.15% - 25/05/2015 (A2)	5,000,000	5,036,240	5,310,240	1.34
Premium Commerce Berhad 4.50% - 12/02/2015 (AAA)	5,000,000	5,018,493	5,026,993	1.27
Sabah Development Bank 6.2% - 7/8/2011 (AA1)	4,000,000	4,285,966	4,173,945	1.03
Tresor Assets Berhad 6.10% - 12/01/2012 (AAA)	1,000,000	1,058,716	1,049,412	0.26
Tresor Assets Berhad 8.15% - 25/06/2013 (AAA)	1,000,000	1,098,256	1,086,363	0.28
Tresor Assets Berhad 8.85% - 25/06/2015 (AAA)	3,000,000	3,397,529	3,430,792	0.87
Tresor Assets Berhad 9.05% - 24/06/2016 (AAA)	3,000,000	3,420,314	3,488,807	0.89
United Overseas Bank Malaysia 4.88% - 27/03/2015 (AA2)	5,000,000	5,168,688	5,212,838	1.31
Selia Selenggara Selatan 0% - 31/03/2014 (AAA)	8,000,000	7,373,156	7,059,200	1.80
WCT Berhad 2.50% - 27/12/2013 (AA-)	1,000,000	943,283	943,674	0.24
YTL Power Generation Sdn Bhd 4.43% - 28/01/2011 (AA1)	2,000,000	2,042,964	2,039,710	0.51
YTL Power International Berhad 3% - 18/04/2013 (AA1)	6,000,000	5,715,202	5,924,786	1.50
Ara Bintang Berhad 5.35% - 26/06/2015 (AAA)	3,000,000	3,073,629	3,138,259	0.80
Sports Toto Malaysia Sdn Berhad 5.50% - 30/06/2015 (AA-)	2,000,000	2,024,158	2,072,003	0.53

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

As at 31 December 2010 (continued)	Nominal value RM	Carrying value RM	Fair value RM	Percentage of value of Fund %
Sports Toto Malaysia Sdn Berhad 6.00% - 30/06/2017 (AA-)	10,000,000	10,424,422	10,591,288	2.69
Sports Toto Malaysia Sdn Berhad 4.8% - 10/11/2016 (AA-)	5,000,000	5,067,364	5,048,418	1.27
Digi.com Berhad 4.85% - 17/07/2014 (AA1)	1,000,000	1,022,323	1,050,723	0.26
Powertek Berhad 6.8% - 30/08/2011 (AA1)	3,200,000	3,493,451	3,342,404	0.83
AmBank Berhad 5.25% - 28/04/2017 (A2)	7,000,000	7,296,666	7,295,266	1.84
AmBank Berhad 8.25% - 19/08/2019 (A2)	5,000,000	5,153,699	5,801,699	1.44
AmBank Berhad 5.23% - 02/02/2018 (A1)	5,000,000	5,107,466	5,194,466	1.29
EON Bank Berhad 4.75% - 30/12/2020 (A2)	1,500,000	1,493,706	1,500,390	0.38
RHB Bank Berhad 365D 30/11/2017 (AA2)	5,000,000	5,043,042	5,104,418	1.29
RHB Bank Berhad 5.00% - 29/04/2015 (AA3)	8,000,000	8,176,404	8,228,537	2.08
RHB Bank Berhad Hybrid Tier 1 6.75% - 17/12/2039 (A1)	5,000,000	5,459,996	5,454,870	1.38
RHB Bank Berhad Hybrid Tier 1 8.00% 31.03.2039 (A1)	2,000,000	2,286,632	2,386,967	0.60
RHB Capital Berhad 4.80% 30/12/2015 (A1)	5,000,000	5,001,315	5,001,315	1.27
RHB Capital Berhad 5.00% 22/11/2013 (A1)	5,000,000	5,027,397	5,110,397	1.29
Hyundai Capital Services 4.40% 02/08/2011 (AA1)	4,000,000	4,083,257	4,086,893	1.02
Hyundai Capital Services 5 1/2% Due 5/20/2011 MN20 (AA1)	18,000,000	17,985,437	18,230,898	4.61
Sabah Credit Corp - 4.30% 04/11/2013 (AA1)	5,000,000	5,040,913	5,040,664	1.27
Sabah Credit Corp - 4.50% 07/09/2012 (AA1)	15,000,000	15,214,521	15,304,521	3.84
Sabah Credit Corp 1096D 02/11/2012 (AA1)	2,000,000	2,011,941	2,037,216	0.51
Sabah Credit Corp 5.20% 07/05/2013 (AA1)	6,000,000	6,069,654	6,179,403	1.56
Bayu Padu Sdn Bhd - 181D 28/03/2011 (NR)	2,000,000	1,933,357	1,981,050	0.50

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

As at 31 December 2010 (continued)	Nominal value RM	Carrying value RM	Fair value RM	Percentage of value of Fund %
TOTAL UNQUOTED FIXED				
INCOME SECURITIES	<u>360,032,833</u>	375,365,070	<u>378,097,659</u>	95.29
UNREALISED GAIN/(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,732,589</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>378,097,659</u>		

The unquoted fixed income securities have effective weighted average interest rate of 5.55% per annum (2010: 5.52% p.a.) and an average maturity of 4.38 years (2010: 4 years) as at 30 June 2011.

10. CASH AND CASH EQUIVALENTS

	2011 RM	2010 RM
Bank balances in a licensed bank	1,011,635	553,215
Deposits with licensed financial institutions	21,036,736	45,780,092
	<u>22,048,371</u>	<u>46,333,307</u>

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

	2011 %	2010 %
Deposits with licensed financial institutions	<u>3.01</u>	<u>2.00</u>

The deposits have an average maturity of 1.28 days (2010: 2 days).

11. NUMBER OF UNITS IN CIRCULATION AND NET ASSETS VALUE OF THE FUND

	2011		2010	
	No of units	RM	No of units	RM
At beginning of the financial year	341,029,741	393,033,798	196,077,797	220,509,497
Creation arising from applications	193,230,246	225,190,262	265,960,054	310,075,033
Creation arising from distribution	-	-	10,090,998	11,623,819
Cancellation of units	(151,990,268)	(177,118,275)	(131,099,108)	(152,709,991)
Total comprehensive income for the financial year		12,130,044	-	15,978,737
Distribution		-		(12,443,297)
At end of the financial year	<u>382,269,719</u>	<u>453,235,829</u>	<u>341,029,741</u>	<u>393,033,798</u>
Approved size of the Fund	<u>1,500,000,000</u>		<u>1,500,000,000</u>	

As at 30 June 2011, the number of units not yet issued is 1,117,730,281 (2010: 1,158,970,259).

12. MANAGEMENT EXPENSE RATIO (“MER”)

	2011 %	2010 %
MER	<u>0.53</u>	<u>0.26</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 RM 424,205,007 (30.06.2010: 244,255,158)

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	30.06.2011 %	30.06.2010 %
PTR (times)	<u>0.38</u>	<u>0.19</u>

PTR is derived based on the following calculation:

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

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

Where:

Total acquisition for the financial year	=	RM 189,653,280(2010:78,293,137)
Total disposal for the financial year	=	RM 131,466,731(2010: 16,623,057)

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

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

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

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

Units held by the Manager and parties related to the Manager

	<u>30.06.2011</u>		<u>30.06.2010</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
CIMB-Principal Asset Management Berhad	<u>139,474</u>	<u>165,360</u>	<u>-</u>	<u>-</u>
<u>Director of the Manager</u>				
Datuk Noripah Kamsu	<u>-</u>	<u>-</u>	<u>10,802</u>	<u>12,148</u>

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 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 obtained in transactions with unrelated parties unless otherwise stated. Interest rates on fixed and short-term deposits were at normal commercial rates.

	30.06.2011	30.06.2010
	RM	RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution:		
- CIMB Bank Berhad	<u>44,648</u>	<u>21,280</u>
<u>Significant related party balances</u>		
Deposits with licensed financial institution:		
- CIMB Bank Berhad	<u>237,580,000</u>	<u>137,548,000</u>

15. TRANSACTIONS BY THE FUND

Transactions entered into by the Fund by value of trades for the financial period ended 30 June 2011:

Brokers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage %
RHB Bank Berhad - Repo	495,725,000	26.62	-	-
CIMB Bank Bhd – Treasury#	287,587,333	15.44	-	-
United Overseas Bank M - REPO	278,336,000	14.95	-	-
EON Bank Berhad	261,488,636	14.04	-	-
Hong Leong Bank Berhad	221,298,991	11.88	-	-
AmBank Berhad	112,113,200	6.02	-	-
OSK Investment Bank Bhd	74,629,086	4.01	-	-
Malayan Banking Bhd -KLMMain	41,265,000	2.22	-	-
Bank Muamalat M Berhad	20,013,900	1.07	-	-
RHB Bank Islamic Bhd	18,226,000	0.98	-	-
Others	51,567,864	2.77	-	-
	1,862,251,010	100.00	-	-

Transactions entered into by the Fund by value of trades for the financial period ended 30 June 2010 are as follows:

Brokers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage %
AmBank Berhad	224,711,953	20.53	-	-
United Overseas Bank M -REPO	190,244,000	17.37	-	-
Hwang-DBS Investment Bank Bhd	174,705,000	15.96	-	-
RHB Bank Berhad - Repo	139,899,000	12.78	-	-
CIMB Bank Bhd – Treasury#	137,548,000	12.56	-	-
Hong Leong Bank Berhad	90,562,000	8.27	-	-
Affin Bank Berhad	46,835,000	4.28	-	-
OSK Investment Bank Bhd	30,045,098	2.74	-	-
RHB Investment Bank Berhad	16,360,457	1.49	-	-
CIMB Bank Bhd#	15,103,187	1.38	-	-
Others	28,940,499	2.64	-	-
	1,094,954,194	100.00	-	-

Transactions entered into by the Fund by value of trades for the financial period ended 30 June 2011 are as follows:

*Included in transactions by the Fund are trades conducted on normal terms with CIMB Bank Berhad - Treasury and CIMB Bank Berhad, companies related to the Manager amounting to RM287,587,333 (2010: RM137,548,000) and RM nil (2010: RM 15,103,187) 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 one sub-portfolio, consisting of a debt portfolio, which focuses on fixed income-related securities. The committee's asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of interest 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:

	Debt sub-portfolio RM
Net realize gain on sale of financial assets at fair value through profit or loss	(232,397)
Interest income from unquoted fixed income securities	10,205,171
Net unrealized gain on financial assets at fair value through profit or loss	4,115,111
Total segment income	<u>14,087,885</u>
Financial assets at fair value through profit or loss	<u>426,286,678</u>
Total segment assets	<u>426,286,678</u>
Amount due to dealers	<u>-</u>
Total segment liabilities	<u>-</u>

16. SEGMENT INFORMATION (CONTINUED)

For the financial period ended 30 June 2010:

	Debt sub-portfolio RM
Net realize gain on sale of financial assets at fair value through profit or loss	1,263,566
Interest income from unquoted fixed income securities	6,630,609
Total segment income	<u>7,894,175</u>

For the financial year ended 31 December 2010:

Financial assets at fair value through profit or loss	<u>378,097,659</u>
Total segment assets	<u>378,097,659</u>
Amount due to dealers	<u>31,808,730</u>
Total segment liabilities	<u>31,808,730</u>

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

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

	30.06.2011 RM	30.06.2010 RM
Total net segmental income	14,087,885	7,894,175
Interest income from deposits with licensed financial institutions	286,103	168,947
Other fees and expenses	<u>(2,243,944)</u>	<u>(1,287,331)</u>
Net profit before taxation	12,130,044	6,775,791
Taxation	<u>-</u>	<u>-</u>
Net profit after taxation and total comprehensive income	<u>12,130,044</u>	<u>6,775,791</u>

16. SEGMENT INFORMATION (CONTINUED)

	30.06.2011 RM	31.12.2010 RM
Total segment assets	426,286,678	378,097,659
Cash and cash equivalents	22,048,371	46,333,307
Amount due from Manager	6,398,872	2,218,560
Tax recoverable	3,871	3,871
Total assets	<u>454,737,792</u>	<u>426,653,397</u>
Total segment liabilities	-	31,808,730
Amount due to Manager	1,094,042	640,482
Amount due to Trustee	18,301	15,799
Accrued management fee	366,029	315,985
Other payables and accruals	23,591	19,126
Distribution payable	-	819,477
Total liabilities	<u>1,501,963</u>	<u>33,619,599</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

cimb-p.custsupport@cimb.com

General investment enquiries

(03) 7718 3100

Trustee for the CIMB-Principal Bond Fund

PB Trustees Berhad
17th Floor, Menara Public Bank
146, Jalan Ampang
0450 Kuala Lumpur, MALAYSIA.

Auditors of the Trusts and of the Manager

PricewaterhouseCoopers(Company 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 Bond 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 CENTER

- 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
- 5B, Lot 414, Section 10, KTLD Jalan Rubber,
93400 Kuching, Sarawak. 082-259777
- No 1 Jalan Pasar Baru, Kampung Air,
88000 Kota Kinabalu, Sabah. 088-239951
088-239952

BRANCHES

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

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