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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

MANAGER'S REPORT**What is the investment objective of the Fund?**

The objective of the Fund is to provide capital growth over the medium to long-term as well as income distribution.

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 primarily fixed income investments and some exposure in equities. The Fund may invest between 60% to 80% (both inclusive) of its NAV in debentures carrying a minimum credit rating of "BBB3" or "P2" rating by RAM or equivalent rating by MARC or "BB" by S&P or equivalent rating by Moody's or Fitch. The Fund may also invest between 10% to 40% (both inclusive) of its NAV in equities. As part of its equities portfolio, the Fund may invest in stocks listed on the following foreign stock exchanges: Australia, the People's Republic of China, Hong Kong SAR, India, New Zealand, Singapore, Sri Lanka, Thailand, Korea, the Philippines, Indonesia and Taiwan subject to a maximum of 12% of its NAV. In line with the objective of the Fund, the investment policy and strategy of the Fund is to invest primarily in fixed income securities in order to provide streams of income and some capital stability, whilst having some exposure to equities in order to provide growth and added return in a rising market.

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 / Income

How long should you invest for?

3 years or more

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

Medium

When was the Fund launched?

12 March 1998

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

RM167.36 million (487.84 million units)

What is the fund's benchmark?

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

What is the fund distribution policy?

Distribution (if any) is expected to be distributed half-yearly in January and July at the Manager's discretion*.

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

0.55 sen per unit on 30 June 2011.

The Fund net asset value per unit before and after the latest distribution was RM0.3491 and RM0.3436 per unit respectively.

*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 periods are as follows:

	2011	2010	2009
	%	%	%
Quoted Investments			
- Construction	1.27	3.14	2.22
- Consumer products	0.24	1.17	1.91
- Finance	10.73	10.39	12.22
- Industrial products	2.69	3.62	-
- Infrastructure project companies	1.02	0.40	0.57
- Plantations	2.58	6.65	4.87
- Properties	1.26	-	0.88
- Trading/Services	12.54	14.58	14.82
- Trading/Services	0.50		
Collective investment scheme	4.82	-	-
Unquoted Investments	58.20	54.17	58.42
Cash and Other Net Assets	4.15	5.88	4.09
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	2011	2010	2009
Net asset value (RM Million)	167.36	78.38	77.99
Units in circulation (Million)	487.84	252.72	283.62
Net asset value per unit (RM)*	0.3431	0.3101	0.2749
Highest NAV per unit (RM)*	0.3486	0.3128	0.2799
Lowest NAV per unit (RM)*	0.3338	0.2970	0.2493
Total return (%) ^	3.96	3.23	10.85
- Capital growth (%)	2.32	3.23	9.70
- Income distribution (%)	1.60	-	1.05
Management expense ratio (%)	1.03	0.97	0.96
Portfolio turnover ratio (times) #	0.41	0.32	0.19

Date of distribution

Half-yearly on 30 June 2011

Gross Distribution Per Unit (sen)	0.57	-	0.32
Net Distribution Per Unit (sen)	0.55	-	0.29

	Total Return	Annualised
	%	%
- One Year	15.89	15.89
- Three Years	33.14	10.01
- Five Years	52.35	8.78
- Since Inception	196.57	8.85

* Ex-distribution

(Launch date: 12 March 1998)

^ Source: Mercer (Malaysia) Sdn Bhd

For the period under review, the Fund's Portfolio Turnover Ratio increased to 0.41 times versus 0.32 times last year due to greater volume of transactions for both the equity and fixed income components.

PERFORMANCE DATA (CONTINUED)

	30.06.2011	30.06.2010	30.06.2009	30.06.2008	30.06.2007
Annual total return (%)	15.89	15.39	(0.44)	(6.52)	22.40

Source: Mercer (Malaysia) Sdn Bhd

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up. All performance figures have been verified by Mercer (Malaysia) Sdn Bhd (253344-U).

MARKET REVIEW (1 JANUARY 2011 TO 30 JUNE 2011)

Equities

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.

MARKET REVIEW (1 JANUARY 2011 TO 30 JUNE 2011) (CONTINUED)**Fixed Income**

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.

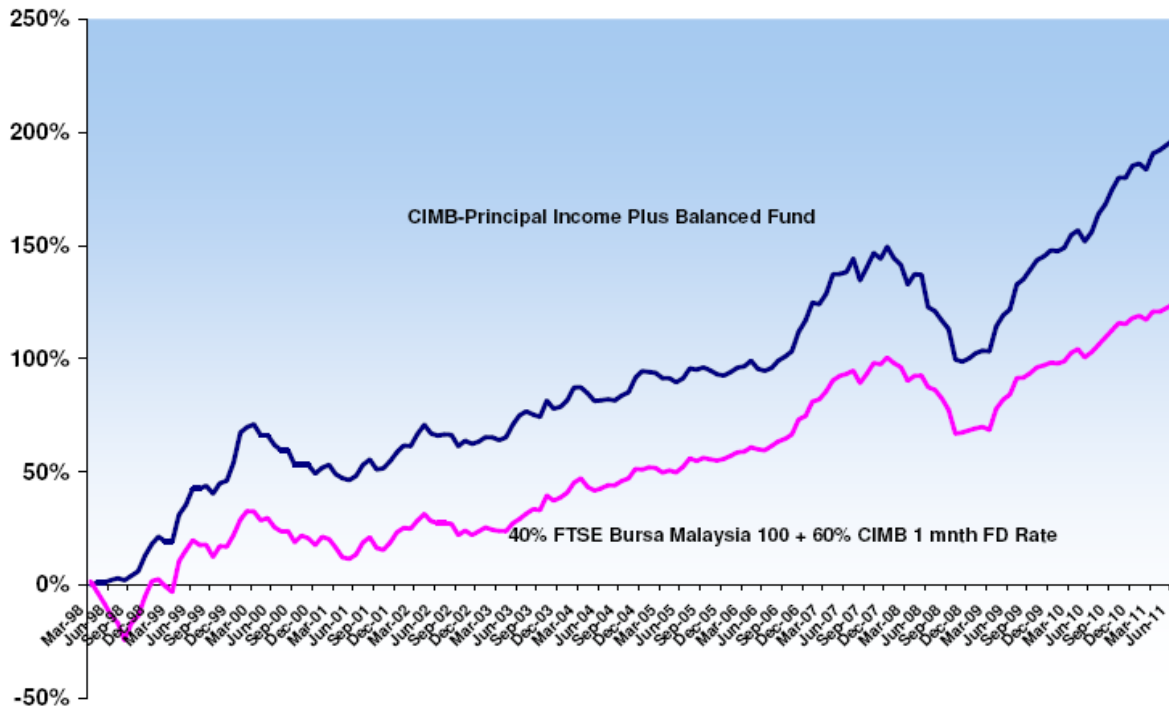
Malaysia's inflation rate quickened to 3.50% year-on-year in June 2011, up from 3.3% in May. This was the seventh consecutive monthly increase and the highest level in 26 months, mainly due to acceleration in the core inflation rate. In June 2011, Malaysia successfully concluded the sale of USD2 billion 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 30/06/11	1 Year to 30/06/11	3 years to 30/06/11	5 years to 30/06/11	Since Inception
Income (%)	1.60	4.63	10.28	23.97	115.74
Capital (%)	2.32	10.77	20.73	22.89	37.46
Total Return (%)	3.96	15.89	33.14	52.35	196.57
Benchmark (%)	2.82	10.46	19.58	40.56	124.10
Average Total Return (%)	N/A	15.89	10.01	8.78	8.85

For the period under review, the Fund gave an interim 6 month return of 3.96%, outperforming the benchmark by 1.14%. On a 1 year and 3 year performance basis, the Fund returned 15.89% and 33.14% respectively.

FUND PERFORMANCE (CONTINUED)



Changes in Net Asset Value (“NAV”)

	30.06.2011	30.06.2010	% changes
Net Asset Value (“NAV”) (RM Million)	167.36	78.38	113.52
NAV/unit (RM)*	0.3431	0.3101	10.64

* NAV after distribution

The Fund’s NAV grew by 113.52% for the 1 year period ended 30 June 2011 from RM78.38 million to RM167.36 million, primarily due to a sizeable injection of approximately RM35million received in early December 2010. The NAV per unit increased by 10.64% from RM0.3101 per unit to RM0.3431 per unit.

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

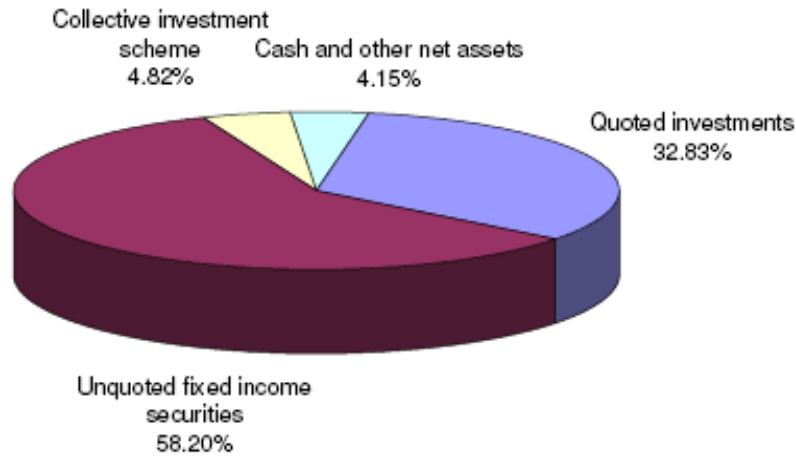
Performance data represents the combined income and capital return as a result of holding units in the fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the fund are reinvested and are net of management and trustee fees. Past performance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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30 June 2011	30 June 2010
Quoted investments	32.83	39.95
Unquoted fixed income securities	58.20	54.17
Collective investment scheme	4.82	-
Cash and other net assets	3.67	5.88
TOTAL	100.00	100.00

The Fund increased its holdings of Fixed Income securities from 54.17% to 58.66% for the 1 year period under review. Additionally, the Fund began gaining regional exposure by investing 4.82% of the Fund in the CIMB-Principal ASEAN Equity Fund. Investments in Equity and Cash was commensurately reduced compared to the previous year. The Fund ended the period with 3.67% in Cash compared to 5.88% previously.



MARKET OUTLOOK**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

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

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. We remain positive in our asset allocation.

Fixed Income

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	% of units held
5,000 and below	5,560	1,178,243	57.37
5,001-10,000	751	5,572,574	7.75
10,001-50,000	2,414	55,318,590	24.90
50,001-500,000	936	108,796,245	9.66
Above 500,000	31	316,972,807	0.32
Total	9,692	487,838,459	100.00

REBATES AND SOFT COMMISSION

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

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

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

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

We, being the Directors of CIMB-Principal Asset Management Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages [13 to 48](#) 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 financial year then ended in accordance with Financial Reporting Standards in Malaysia and the Securities Commission's Guidelines on Unit Trust Funds.

For and on behalf of the Manager

CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD (COMPANY NO.: 304078-K)

JOHN CAMPBELL TUPLING

Chief Executive Officer/Director

DATUK NORIPAH KAMSO

Director

Kuala Lumpur
26 August 2011

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

We have acted as Trustee of CIMB-Principal Income Plus Balanced Fund ("the 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 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 other regulatory requirement; and
- c) the creation and cancellation of units of the Fund are carried out in accordance with the Deed and any other regulatory requirement.

An income distribution of 0.55 sen per unit was declared to the unit holders of CIMB Principal Income Plus Balanced Fund for the financial period ended 30 June 2011.

We are of the view that the distribution is consistent with the objectives of the Fund.

For and on behalf of the Trustee
Mayban Trustees Berhad

JENNIFER WONG CHEE MUN
Head, Operations

Kuala Lumpur
26 August 2011

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

	Note	01.01.2011 to 30.06.2011 RM	01.01.2010 to 30.06.2010 RM
NET INVESTMENT INCOME			
Dividend income		704,774	371,169
Net realised gain on sale of financial assets at fair value through profit or loss	10	2,384,758	1,982,428
Net unrealised gain on financial assets at fair value through profit or loss	10	1,814,105	-
Profit income	4	2,083,692	1,238,770
Net accretion of discount	5	(94,657)	(58,807)
		<u>6,892,672</u>	<u>3,533,560</u>
EXPENSES			
Management fee	6	1,314,708	748,974
Trustee fee	7	56,852	32,388
Audit fee		9,400	-
Transaction cost		70,499	-
Administration expenses		23,931	13,254
		<u>1,475,390</u>	<u>794,616</u>
NET PROFIT BEFORE TAXATION		5,417,282	2,738,944
TAXATION	9	(93,236)	(30,199)
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		<u>5,324,046</u>	<u>2,708,745</u>
Net profit after taxation is made up as follows:			
Realised amount		(6,105,500)	2,708,745
Unrealised amount		11,429,546	-
		<u>5,324,046</u>	<u>2,708,745</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	30-June-11	31-Dec-10
		RM	RM
INVESTMENTS			
Financial assets at fair value through profit or loss	10	161,202,695	111,889,371
LIQUID ASSETS			
Deposits with licensed financial institutions	11	6,513,536	10,118,955
Bank balance in a licensed bank	11	185,991	163,289
		<u>6,699,527</u>	<u>10,282,244</u>
OTHER ASSETS			
Amount due from stockbrokers		762,627	68,161
Amount due from Manager		1,068,179	708,408
Dividends receivable		57,576	15,225
Tax recoverable		234,677	241,321
		<u>2,123,059</u>	<u>1,033,115</u>
TOTAL ASSETS		<u>170,025,281</u>	<u>123,204,730</u>
LIABILITIES			
Amount due to stockbrokers		1,670,424	-
Amount due to Manager		443,809	285,766
Accrued management fee		250,094	169,718
Amount due to Trustee		10,815	7,339
Distribution payable		255,330	450,027
Other payables and accruals		27,025	22,980
TOTAL LIABILITIES		<u>2,657,497</u>	<u>935,830</u>
NET ASSET VALUE OF THE FUND	12	<u>167,367,784</u>	<u>122,268,900</u>
Equity			
Unitholders' capital		153,873,562	111,453,862
Retained earnings		13,494,222	10,815,038
Fair value reserve		-	-
		<u>167,367,784</u>	<u>122,268,900</u>
NUMBER OF UNITS IN CIRCULATION	12	<u>487,838,459</u>	<u>364,413,521</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.3431</u>	<u>0.3355</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 SIX MONTH FINANCIAL PERIOD ENDED 30 JUNE 2011**

	Note	Unitholders' Capital <u>RM</u>	Retained Earnings <u>RM</u>	Fair Value Reserve <u>RM</u>	Total <u>RM</u>
Balance as at 1 January 2011		111,453,862	10,815,038	-	122,268,900
Movement in unitholders' contribution:					
Creation of units from distribution	12	2,389,532	-	-	2,389,532
Creation of units from applicatons	12	54,388,620	-	-	54,388,620
Cancellation of units	12	(14,358,452)	-	-	(14,358,452)
Total comprehensive income for the financial period		-	5,324,046	-	5,324,046
Distribution for the financial year	8	-	(2,644,862)	-	(2,644,862)
Balance as at 30 June 2011		<u>153,873,562</u>	<u>13,494,222</u>	-	<u>167,367,784</u>
Balance as at 1 January 2010, restated after adoption of FRS 139		82,935,152	2,583,992	-	85,519,144
Movement in unitholders' contribution:					
Creation of units from distribution	12	54,806,991	-	-	54,806,991
Creation of units	12	(29,390,021)	-	-	(29,390,021)
Cancellation of units		3,101,740	-	-	3,101,740
Total comprehensive income for the financial year		-	11,782,813	-	11,782,813
Distribution for the financial year	8	-	(3,551,767)	-	(3,551,767)
Balance as at 31 December 2010		<u>111,453,862</u>	<u>10,815,038</u>	-	<u>122,268,900</u>

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

**UNAUDITED CASH FLOW STATEMENT
FOR THE SIX MONTH FINANCIAL PERIOD ENDED 30 JUNE 2011**

	Note	30-June-11 RM	31-Dec-10 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		25,818,305	31,999,465
Purchase of investments		(37,034,172)	(38,675,963)
Proceeds from sale of unquoted fixed income securities		10,543,457	31,411,180
Proceeds from redemption of unquoted fixed income securities		-	-
Purchase of unquoted fixed income securities		(43,473,192)	(43,545,338)
Dividend received		575,832	816,152
Interest income received from deposits with licensed financial institutions		118,382	129,525
Interest income received from of fixed income securities		1,807,252	2,334,477
Management fee paid		(1,234,332)	(1,526,846)
Trustee's fee paid		(53,376)	(66,026)
Payments for other fees and expenses		(29,286)	(35,451)
Tax refund		-	209,295
Net cash outflow from operating and investing activities		<u>(42,961,130)</u>	<u>(16,949,530)</u>
Cash Flows From Financing Activities			
Cash proceeds from units created		54,028,849	54,141,227
Payments for cancellation of units		(14,200,411)	(29,151,781)
Distribution paid		(450,027)	(363,045)
Net cash inflow from financing activities		<u>39,378,412</u>	<u>24,626,401</u>
Net increase/(decrease) in cash and cash equivalents		(3,582,718)	7,676,872
Cash and cash equivalents at the beginning of the financial period / year		<u>10,282,245</u>	<u>2,605,373</u>
Cash and cash equivalents at the end of the financial period/ year	11	<u><u>6,699,527</u></u>	<u><u>10,282,245</u></u>

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

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

CIMB-Principal Income Plus Balanced Fund is governed by a Principal Master Deed dated 15 May 2008 (the "Deed"), between CIMB-Principal Asset Management Berhad (the "Manager"), Mayban Trustees Berhad ("the Trustee") and the registered unitholders of the Fund.

The principal activity of the Funds is to invest in "Authorised 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 and the SC Guidelines on Unit Trust Funds.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation

- (i) Standards and amendments to published standards that are effective
- FRS 8 "Operating Segments" (effective from 1 July 2009) replaces FRS 1142004 Segment Reporting. The new standard requires a 'management approach', under which segment information is reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The improvement to FRS 8 (effective from 1 January 2010) clarifies that entities that do not provide information about segment assets to the chief operating decision-maker will no longer need to report this information. Prior year comparatives must be restated.
 - FRS 7 "Financial instruments: Disclosures" (effective from 1 January 2010) provides information to users of financial statements about an entity's exposure to risks and how the entity manages those risks. The improvement to FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the Income Statement. This standard does not have any impact on the classification and valuation of the Fund's financial statements.
 - The revised FRS 101 "Presentation of financial statements" (effective from 1 January 2010) prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. 'Non-owner changes in equity' are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

- FRS 107 "Statement of cash flows" (effective from 1 January 2010) clarifies that only expenditure resulting in a recognised asset can be categorised as a cash flow from investing activities.
- FRS 110 "Events after the balance sheet date" (effective from 1 January 2010) reinforces existing guidance that a dividend declared after the reporting date is not a liability of an entity at that date given that there is no obligation at that time.
- FRS 118 "Revenue" (effective from 1 January 2010) provides more guidance when determining whether an entity is acting as a 'principal' or as an 'agent'. This standard does not have material impact on the classification and valuation of the Fund's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation

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

- Amendment FRS 132 “Financial Instruments: Presentation”

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

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

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

The effects as a result of adoption of the amendment on the statement of financial position for the prior periods are set out in Note 21(a).

- FRS 139 “Financial Instruments: Recognition and Measurement”

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation

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

The effects as a result of adoption of the new standard on the opening balances of the statement of financial position at the beginning of the financial year are set out in Note 21(b).

(ii) The new standards, amendments and interpretations to published standards which are relevant to the Fund and have not been early adopted are:

- Amendments to FRS 7 "Financial instruments: Disclosures" and FRS 1 "First-time adoption of financial reporting standards" (effective from 1 January 2011) require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The Fund will apply this standard when effective.

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

- IC Interpretation 17 "Distribution of non-cash assets to owners" (effective from 1 July 2010) provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. FRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

(b) Financial assets at fair value through profit or loss

Classification

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

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

Recognition and measurement

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets at fair value through profit or loss (continued)

Recognition and measurement (continued)

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

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

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

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

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

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.

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) Creation and cancellation of units

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

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

(e) Cash and cash equivalents

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

(f) Taxation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(g) Amount due from/to stockbrokers**

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

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

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

(h) Distribution

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Functional and presentation currency

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

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

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

(k) Segmental information

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

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

(l) Financial instruments

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

Financial instruments as at 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 (Note 10)	-	161,202,695	161,202,695
Cash and cash equivalents (Note 11)	6,699,527	-	6,699,527
Amount due from Manager	1,068,179	-	1,068,179
Amount due from Stockbroker	762,627	-	762,627
Dividend Receivable	57,576	-	57,576
Tax recoverable	234,677	-	234,677
	<u>8,822,586</u>	<u>161,202,695</u>	<u>170,025,281</u>

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(m) Critical accounting estimates and judgements in applying accounting policies**

The preparation of financial statements in conformity with FRS and the SC Guidelines on Unit Trust Funds requires the use of estimates and assumptions that affect the reported 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 invest in a diversified portfolio of equities and fixed income investments. The Fund will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 60:40. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investments by the Fund in equity securities shall not exceed 60% of the NAV of the Fund and investments in fixed income securities and liquid assets shall not be less than 40% of the NAV of the Fund with a minimum credit rating of "BBB3" or "P3" by RAM or equivalent rating by MARC or "BB" by S&P or equivalent rating by Moody's or Fitch. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market.

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

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

(a) Market risk**(i) Price risk**

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Price risk (continued)

At 30 June 2011, the Fund's overall exposure to price risk was as follows:

	2011 RM
Financial assets at fair value through profit or loss	161,202,695
	<u><u>161,202,695</u></u>

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 30 June 2011. The analysis is based on the assumptions that the price of the quoted securities and unquoted fixed income securities increased and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the unquoted fixed income securities, having regard to the historical volatility of the prices.

% Change in price of quoted securities	Market value RM	Change in net asset value RM
- 5%	152,409,129	(8,060,135)
0%	161,202,695	-
5%	<u><u>168,452,195</u></u>	<u><u>8,060,135</u></u>

(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 profit rate	Unquoted fixed income securities designated at fair value through profit or loss RM	Deposit with licensed financial institutions RM
-5%	98,266	(5,919)
0%	-	-
5%	(98,266)	5,919
	<u> </u>	<u> </u>

(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.

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

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

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 30.06.2011

	Quoted investments RM	Unquoted fixed income securities RM	Cash balance and deposits RM	Other receivable RM	Total RM
Finance	17,954,106	-	6,699,527	-	24,653,633
Construction	2,131,350	-	-	-	2,131,350
Consumer product	410,731	-	-	-	410,731
Industrial product	4,502,519	-	-	-	4,502,519
Infrastructure	1,703,642	-	-	-	1,703,642
Plantation	4,310,621	-	-	-	4,310,621
Properties	2,945,271	-	-	-	2,945,271
Trading and services	20,997,569	-	-	-	20,997,569
Unquoted fixed income securities					
-AAA	-	17,127,512	-	-	17,127,512
-AA1	-	7,139,449	-	-	7,139,449
-AA2	-	6,075,823	-	-	6,075,823
-AA3	-	6,461,735	-	-	6,461,735
-AA	-	27,739,123	-	-	27,739,122
-A1	-	13,324,585	-	-	13,324,585
-A2	-	13,350,516	-	-	13,350,516
-A3	-	5,371,136	-	-	5,371,136
-BBB1	-	1,592,062	-	-	1,592,062
Others	8,064,945	-	-	2,123,059	10,188,004
	<u>63,020,754</u>	<u>98,181,941</u>	<u>6,699,527</u>	<u>2,123,059</u>	<u>170,025,280</u>

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

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

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

(c) Liquidity risk (continued)

	Less than 1 month RM	1 month above RM	Total
At 30 June 2011			
Amount due to stockbrokers	1,670,424	-	1,670,424
Amount due to Manager	443,809	-	443,809
Accrued management Fee	250,094	-	250,094
Amount due to Trustee	10,815	-	10,815
Other payables and accruals	-	282,355	282,355
	<u>2,375,142</u>	<u>282,355</u>	<u>2,657,497</u>
Contractual cash out flows	<u><u>2,375,142</u></u>	<u><u>282,355</u></u>	<u><u>2,657,497</u></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. PROFIT INCOME

	30.06.2011	30.06 2010
	RM	RM
Interest income from deposits with licensed financial institutions	118,382	41,287
Interest income from unquoted fixed income securities	1,965,310	1,197,483
	<u>2,083,692</u>	<u>1,238,770</u>

5. NET ACCRETION OF DISCOUNT

	30.06.2011	30.06 2010
	RM	RM
Accretion of discounts, net amortisation of premiums		
- realised	1,566,127	(58,807)
- unrealised	(1,660,784)	-
	<u>(94,657)</u>	<u>(58,807)</u>

6. MANAGEMENT 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% per annum calculated 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 1.85% per annum (2010: 1.85%).

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

7. TRUSTEE'S AND CUSTODIAN FEES

In accordance with Clause 24(2) of the Master Deed dated 15 May 2008, the Trustee is entitled to a fee not exceeding 1.50% per annum calculated daily based on the net asset value of the Fund prior to any deduction for management fees and trustee fees for that particular day.

For the financial period ended 30 June 2011, the Trustee's fee is recognised at a rate of 0.08% per annum (2010:0.08%).

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

The Trustee Fee includes the local custodian fee but excludes the foreign sub-custodian fee (if any).

The foreign sub-custodian fee is dependent on the country invested and is charged monthly in arrears.

8. DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	30.06.2011	30.06.2010
	RM	RM
Dividend income	703,011	-
Interest income	1,713,523	-
Net realised gain on sale of investment	1,729,279	-
Other income	-	-
Previous financial year realised gains	-	-
	<hr/>	<hr/>
	4,145,813	-
Less:		
Expenses	1,400,847	-
Taxation	100,104	-
Net distribution amount	<hr/>	<hr/>
	2,644,862	-
	<hr/>	<hr/>
Final distribution on 30 June 2011		
Net distribution per unit (sen)	0.55	-
Gross distribution per unit (sen)	<hr/>	<hr/>
	0.55	-

9. TAXATION

	30.06.2011	30.06.2010
	RM	RM
Current taxation		
- Malaysia tax	93,236	30,199
	<u>93,236</u>	<u>30,199</u>
	<u><u>93,236</u></u>	<u><u>30,199</u></u>

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

	30.06.2011	30.06.2010
	RM	RM
Net profit before finance cost and taxation	5,417,282	2,738,944
	<u>5,417,282</u>	<u>2,738,944</u>
Taxation at Malaysian statutory rate of 25% (2010: 25%)	1,354,320	684,736
Tax effects of:		
Income not subject to tax	(1,034,051)	(353,437)
Net realised (gain)/loss on sales of investments not (subject to tax)/deductible for tax purposes	(554,900)	(495,607)
Expenses not deductible for tax purposes	14,808	11,398
Restriction on tax deductible expenses for unit trust funds	302,774	183,109
Overprovision in prior financial years	10,285	-
	<u>93,236</u>	<u>30,199</u>
Taxation	<u><u>93,236</u></u>	<u><u>30,199</u></u>

10. 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 securities (Note (i))	63,020,754	48,369,521
- Unquoted fixed income securities (Note (ii))	98,181,941	63,519,831
	<u>161,202,695</u>	<u>111,889,371</u>
	<u><u>161,202,695</u></u>	<u><u>111,889,371</u></u>
Net gain on assets at fair value through profit or loss		
- Realised	2,384,758	4,375,467
- Unrealised	1,814,105	5,432,046
	<u>4,198,863</u>	<u>9,807,513</u>
	<u><u>4,198,863</u></u>	<u><u>9,807,513</u></u>

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

(i) Quoted securities

As at 30 June 2011

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net value %
Construction				
Gamuda Berhad	95,700	263,556	368,445	0.22
Hock Seng Lee Bhd	258,600	445,457	439,620	0.26
IJM Corporation Berhad	64,100	338,919	413,445	0.25
Malaysian Resources Corp Bhd	408,000	737,334	909,840	0.54
	826,400	1,785,266	2,131,350	1.27
Consumer				
MSM Malaysia Holdings Berhad	22,700	80,245	107,371	0.06
Tan Chong Motor Holding Bhd	64,000	290,564	303,360	0.18
	86,700	370,809	410,731	0.24
Finance				
Affin Holdings Berhad	165,500	570,929	551,115	0.33
Alliance Financial Group Berhad	186,800	579,705	594,024	0.35
AMMB Holdings Berhad	440,950	2,133,977	2,870,585	1.72
Bank Islam Malaysia Bhd	325,600	509,008	628,408	0.38
CIMB Group Holdings Berhad	513,500	2,792,741	4,585,555	2.74
Malayan Banking Berhad	489,422	3,505,964	4,375,433	2.61
OSK Holdings Berhad	283,200	579,269	433,296	0.26
Public Bank Berhad	168,874	1,995,344	2,246,024	1.34
RHB Capital Berhad	182,278	1,371,873	1,669,666	1.00
	2,756,124	14,038,810	17,954,106	10.73
Industrial Products				
Kossan Rubber Industries	53,400	178,421	166,608	0.10
Latexx Partners Berhad	65,800	177,023	144,760	0.09
Lion Industries Corporation	85,000	153,449	159,800	0.10
Parkson Holdings Berhad	50,000	310,595	301,000	0.18
Petronas Chemicals Group	230,100	1,409,122	1,631,409	0.97
Petronas Gas Berhad	96,500	1,094,468	1,275,730	0.76
Supermax Corp Berhad	66,300	289,143	245,973	0.15
YTL Cement Berhad	108,300	562,807	577,239	0.34
	755,400	4,175,028	4,502,519	2.69
Infrastructure Project Company				
Digi.com Berhad	41,600	1,126,513	1,208,064	0.72
Time Dotcom Berhad	669,700	517,879	495,578	0.30
	711,300	1,644,392	1,703,642	1.02

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

(i) Quoted securities (Continued)

As at 30 June 2011

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net value %
Plantation				
Genting Plantations Berhad	53,200	425,000	421,344	0.25
IOI Corporation Berhad	277,909	1,377,557	1,472,918	0.88
Kuala Lumpur Kepong Berhad	95,000	1,718,185	2,105,200	1.26
Tradewinds Plantation Berhad	82,100	332,451	311,159	0.19
	508,209	3,853,193	4310,621	2.58
Properties				
Eastern and Oriental Berhad	190,000	308,499	305,900	0.18
Paramount Corporation Berhad	322,700	680,614	648,627	0.39
UEM Land Berhad	410,166	843,391	1,152,566	0.69
	922,866	1,832,504	2,107,093	1.26
Trading/Services				
Airasia Berhad	345,000	988,689	1,214,400	0.73
Axiata Group Berhad	471,925	1,625,530	2,364,344	1.41
Dialog Group Berhad	391,000	665,466	1,079,160	0.64
Genting Berhad	237,500	1,745,558	2,664,750	1.59
Genting Malaysia Berhad	249,100	860,888	896,760	0.54
Kencana Petroleum Berhad	400,100	694,324	1,124,281	0.67
KPJ Healthcare Berhad	128,400	581,015	593,208	0.35
Malaysia Marine And Heavy Engineering Berhad	52,200	347,006	434,826	0.26
Malaysian Airport Berhad	51,100	328,185	330,617	0.20
Petronas Dagangan Berhad	103,300	1,578,518	1,663,130	0.99
Pos Malaysia Berhad	254,900	855,860	841,170	0.50
Sapura Crest Petroleum Berhad	268,500	572,494	1,127,700	0.67
Sime Darby Berhad	451,348	3,783,184	4,165,942	2.50
Telekom Malaysia Berhad	335,200	1,354,518	1,324,040	0.79
Tenaga Nasional Berhad	173,300	1,187,226	1,173,241	0.70
	3,912,873	17,168,461	20,997,569	12.54
Warrants				
SP Setia Berhad -Warrant 21/01/2013	741,750	971,234	838,178	0.50

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

(i) Quoted securities (continued)

As at 30 June 2011

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net value %
Mutual Funds				
CIMB-Principal Asean Equity Fund	16,282,949	8,133,333	8,064,945	4.82
TOTAL QUOTED SECURITIES	27,504,571	53,973,030	63,020,754	37.65

(ii) Unquoted fixed income securities

As at 30 June 2011

Name of issuer	Quantity RM	Aggregate cost RM	Market value RM	Percentage of net asset value %
Alliance Bank M Berhad 4.82%	1000,000	995,610	1,017,393	0.60
AmBank Bhd 4.95% 25/03/2015	2000,000	2,000,000	2,074,981	1.22
AmBank Bhd 8.25% 19/08/19	1500,000	1,500,000	1,746,392	1.02
Ara Bintang Bhd 5.35% 26/06/2015	1500,000	1,532,910	1,567,710	0.94
Bank Muamalat Malaysia 5.15% 15/06/2021	3000,000	3,000,000	3,019,654	1.80
Boustead Holdings Berhad 3.95% 29/11/2013	2000,000	2,013,600	2,022,742	1.20
CIMB Group Holdings Bhd 4.20% 14/04/2016	2000,000	2,000,000	2,022,151	1.20
CIMB Islamic Bank 4.20% 21/04/2021	5000,000	5,000,000	5,049,238	2.99
EON Bank Berhad 4.75% 30/12/2020	3000,000	2,986,830	3,033,090	1.81
EON Bank Berhad 8.25% 09/09/2039	2000,000	2,244,200	2,351,482	1.37
GB Services Berhad 5.30% 08/11/2019	3,000,000	3,084,600	3,205,488	1.90
Gulf Investment Corporation 5.25% 01/03/2016	4,000,000	4,000,000	4,142,592	2.43
Hong Leong Bank Berhad 4.35% 05/05/2021	5,000,000	5,000,000	5,035,966	2.99
Hyundai Capital Services 4.40% 02/08/2011	1,000,000	1,001,500	1,018,059	0.60
IJM Corporation Berhad 5.20% 23/10/2014	5,000,000	5,181,500	5,225,151	3.09
Konsortium Lebuh Utara Timur 6.82% 28/10/2024	2,000,000	2,063,800	2,301,317	1.36
Konsortium Lebuh Utara Timur 7.12% 28/10/2026	3,500,000	3,618,650	4,085,845	2.42

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

As at 30 June 2011

Name of issuer	Quantity RM	Aggregate cost RM	Market value RM	Percentage of net asset Value %
Lebuhraya Kajang-Seremban 5.35% Due 10/6/2016	2,000,000	2,035,800	1,592,062	0.95
Maju Expressway Sdn Bhd 6.10% 15/06/2018	3,000,000	3,237,300	3,282,522	1.96
Malakoff Corp Berhad 6.182% Due 28/4/2017	1,000,000	1,019,298	1,085,701	0.64
Malakoff Corp Berhad 6.982% Due 30/4/2025	3,000,000	3,056,190	3,301,053	1.95
National Bank Of Abu Dhabi 4.90% 28/12/2020	3,000,000	3,000,000	3,067,508	1.83
OCBC Bank Malaysia Bhd 4.20% 04/11/2015	2,000,000	2,000,000	2,025,948	1.20
OSK Investment Bank Berhad 7.15% 25/05/2015	2,500,000	2,500,000	2,714,620	1.61
OSK Investment Bank Berhad 5.20% 04/15/2021	4,755,000	4,755,000	4,839,020	2.86
Public Bank Bhd 5.10% Due 22/12/2016	1,000,000	1,028,600	1,039,858	0.62
RHB Bank Bhd Hybrid Tier 1 8.00% 31/03/2039	4,000,000	4,630,500	4,843,058	2.85
Sabah Credit Corp 4.75% 02/11/2012	1,000,000	998,600	1,017,108	0.60
Sabah Credit Corp 5.30% 07/05/2014	2,000,000	2,000,000	2,074,242	1.23
Special Power Vehicle 3.00% 05/19/2017	5,000,000	8,238,500	8,481,526	5.06
Sports Toto Malaysia Sdn Bhd 5.50% 30/06/2015	1,500,000	1,516,305	1,560,076	0.93
Sports Toto Malaysia Sdn Bhd 6.00% 30/06/2017	1,500,000	1,572,150	1,601,947	0.96
Tesco Stores M Sdn Bhd 5.10% 02/09/14	2,000,000	2,000,000	2,103,414	1.24
WCT BHD - 2.50% 28/12/2015	5,000,000	4,473,500	4,633,027	2.77

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

(ii) Unquoted fixed income securities

As at 30 June 2011

Name of issuer	Quantity RM	Aggregate cost RM	Market value RM	Percentage of net asset value %
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>90,755,000</u>	95,284,943	<u>98,181,941</u>	58.20
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	118,259,571	149,257,973	161,202,695	95.85
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>11,944,722</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>161,202,695</u>		

The unquoted fixed income securities has an effective weighted average interest rate of 4.87% per annum as at 30 June 2011.

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

Name of counter

As at 31 December 2010

	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net asset value %
Construction				
Gamuda Berhad	133,700	335,538	509,397	0.42
IJM Corporation Berhad	145,000	666,307	903,350	0.74
Malaysian Resources Corp Bhd	317,500	458,546	631,825	0.52
UEM Land Berhad -A	141,512	293,514	345,289	0.28
WCT Bhd	86,100	221,101	274,659	0.22
YTL Corporation Bhd	62,100	494,828	522,261	0.43
	<u>885,912</u>	<u>2,469,834</u>	<u>3,186,781</u>	<u>2.61</u>
Consumer Products				
Tan Chong Motor Hldgs Berhad	72,500	362,394	375,550	0.31
Finance				
Alliance Financial Group Bhd	156,800	490,365	476,672	0.39
AMMB Holdings Berhad	229,950	755,893	1,616,549	1.32
CIMB Group Holdings Bhd	377,500	1,591,459	3,208,750	2.62
Malayan Banking Berhad	322,188	1,987,613	2,738,598	2.24
OSK Holdings BHD	288,200	622,070	567,754	0.46
Public Bank Bhd - Local	139,374	1,592,884	1,814,649	1.48
RHB Capital Bhd	65,300	319,720	569,416	0.47
	<u>1,579,312</u>	<u>7,360,004</u>	<u>10,992,388</u>	<u>8.98</u>
Industrial				
Perisai Petroleum Teknologi Bhd	905,200	499,466	493,334	0.40
Petronas Chemicals Group Bhd	157,100	857,994	867,192	0.71
Petronas Gas Berhad	38,700	443,134	429,570	0.35
UEM Land Berhad	145,300	196,384	354,532	0.29
	<u>1,246,300</u>	<u>1,996,978</u>	<u>2,144,628</u>	<u>1.75</u>
Infrastructure				
Digi.com Berhad	6,100	151,230	150,060	0.12
Time Dotcom Bhd	243,700	179,756	193,742	0.16
YTL Power International Bhd	85,600	208,696	208,864	0.17
	<u>335,400</u>	<u>539,682</u>	<u>552,666</u>	<u>0.45</u>

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

As at 31 December 2010	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net asset value %
Plantations				
Genting Plantations Berhad	79,500	544,867	699,600	0.57
IOI Corporation Berhad	295,909	1,410,149	1,719,231	1.40
Kuala Lumpur Kepong Berhad	36,500	448,514	806,650	0.66
Sime Darby Berhad	282,348	2,191,881	2,484,662	2.03
	<u>694,257</u>	<u>4,595,411</u>	<u>5,710,143</u>	<u>4.66</u>
Properties				
Eastern and Oriental Berhad	289,200	279,833	341,256	0.28
IJM Land Berhad	102,500	191,541	293,150	0.24
Mah Sing Group Berhad	136,700	253,424	251,528	0.21
SP Setia Berhad	54,900	288,791	326,655	0.27
	<u>583,300</u>	<u>1,013,589</u>	<u>1,212,589</u>	<u>1.00</u>
Technology				
Unisem Bhd	65,500	125,841	150,650	0.12
Trading/Services				
Airasia Berhad	110,000	146,147	278,300	0.23
Axiata Group Berhad	518,025	1,581,548	2,460,619	2.01
Dialog Group Berhad	437,600	608,071	783,304	0.64
Genting Berhad	189,500	1,110,192	2,118,610	1.73
Kencana Petroleum Berhad	476,600	651,969	1,148,606	0.94
Malaysia Marine And Heavy Engineering Bhd	76,200	337,663	449,580	0.37
Malaysia Mining Corp Berhad	72,500	182,801	201,550	0.16
Malaysian Airline System Bhd	119,000	257,215	248,710	0.20
Pos Malaysia Berhad	78,400	260,389	263,424	0.22
QSR Brands Berhad	55,000	269,162	278,300	0.23
Sapura Crest Petroleum Berhad	347,000	648,748	1,075,700	0.88
Tenaga Nasional Berhad	101,500	829,445	849,555	0.69
	<u>2,581,325</u>	<u>6,883,350</u>	<u>10,156,258</u>	<u>8.30</u>
Mutual Funds				
CIMB-Principal Asean Equity Fund	28,028,028	14,000,000	13,887,888	11.35
TOTAL QUOTED INVESTMENTS	<u>36,071,834</u>	<u>39,294,664</u>	<u>48,369,541</u>	<u>39.53</u>

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

As at 31 December 2010

	Nominal Value RM	Carrying cost RM	Fair Value RM	Percentage of net asset value %
AmBank Bhd 4.95% 25/03/2015 (AA3)	2,000,000	2,026,581	2,073,781	1.69
AmBank Bhd 8.25% 19/08/2019 (A2)	1,500,000	1,546,110	1,740,510	1.42
Ara Bintang Bhd 5.35% 26/06/2015 (AAA)	1,500,000	1,530,764	1,569,129	1.28
EON Bank Berhad 4.75% 30/12/2020 (A2)	3,000,000	2,987,811	3,000,781	2.45
EON Bank Berhad 8.25% 09/09/2019 (A3)	2,000,000	2,287,365	2,303,082	1.88
Hyundai Capital Services 5.05% 20/05/2011 (AA1)	1,000,000	2,037,996	2,043,447	0.83
Hyundai Capital Services 4.40% 02/08/2011 (AA1)	2,000,000	1,007,579	1,012,827	1.67
Konsortium Lebuh Utara Timur 6.82% 28/10/2024 (AA-)	2,000,000	2,087,518	2,182,490	1.78
Konsortium Lebuh Utara Timur 7.12% 28/10/2026 (AA-)	3,500,000	3,662,143	3,843,278	3.14
Lebuhraya Kajang-Seremban 5.35% 10/6/2016 (BBB1)	2,000,000	2,028,139	1,551,585	1.27
Maju Expressway Sdn Bhd 6.10% 15/06/2018 (AA-)	3,000,000	3,244,661	3,250,323	2.66
Malakoff Corp Berhad 6.182% Due 28/04/2017 (AA3)	1,000,000	1,024,608	1,077,440	0.88
Malakoff Corp Berhad 6.98% 30/04/2025 (AA3)	3,000,000	3,085,425	3,227,527	2.64
National Bank Of Abu Dhabi 4.90% 28/12/2020 (AAA)	3,000,000	3,001,611	3,001,611	2.45
OCBC Bank Malaysia Bhd 4.20% 04/11/2015 (AA1)	2,000,000	2,013,459	2,022,859	1.65
OSK Investment Bank Berhad 7.15% 25/05/2015 (A2)	2,500,000	2,518,120	2,655,120	2.17
Public Bank Bhd 5.10% 22/12/2016 (AA2)	1,000,000	1,029,933	1,029,297	0.84
RHB Bank Bhd 8.00% 31/03/2019 (A1)	4,000,000	4,696,037	4,773,934	3.90
Sabah Credit Corp 4.75% 02/11/2012 (AA1)	1,000,000	1,006,865	1,018,608	0.83
Sabah Credit Corp 5.30% 07/05/2014 (AA1)	2,000,000	2,016,105	2,076,505	1.70

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

As at 31 December 2010

	Nominal Value RM	Carrying cost RM	Fair Value RM	Percentage of net asset value %
Special Power Vehicle Stp 3.00% 18/11/2016 (A1)	5,000,000	8,232,973	8,324,818	6.80
Sports Toto Malaysia Sdn Bhd 5.50% 30/06/2015 (AA-)	1,500,000	1,515,396	1,554,002	1.27
Sports Toto Malaysia Sdn Bhd 6.00% 30/06/2017 (AA-)	1,500,000	1,569,523	1,588,693	1.30
Tesco Stores (M) Sdn Bhd 5.10% 02/09/2014 (AAA)	2,000,000	2,033,814	2,121,814	1.73
WCT BHD 2.50% 28/12/2015 (AA-)	5,000,000	4,476,171	4,476,370	3.66
TOTAL UNQUOTED FIXED INCOME SECURITIES	58,000,000	62,666,705	63,519,831	51.89
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	94,071,834	101,961,369	111,889,371	91.40
UNREALISED PROFIT ON CHANGE IN VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		9,928,002		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		111,889,371		

The unquoted fixed income securities has an effective weighted average interest rate of 5.49% per annum and an average maturity of 6 years as at 31 December 2010.

11. CASH AND CASH EQUIVALENTS

	30.06.2011 RM	31.12.2010 RM
Deposits with licensed financial institutions	6,513,000	10,117,000
Bank balances in a licensed bank	185,991	163,289
Interest receivable on deposits with licensed financial institutions	536	1,955
	<u>6,699,527</u>	<u>10,282,244</u>

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

	30.06.2011 %	31.12.2010 %
Deposits with licensed financial institutions	<u>3.00</u>	<u>2.73</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 2 days (2010: 3 days).

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

	30.06.2011		31.12.2010	
	No. of units	RM	No. of units	RM
At the beginning of the financial year	364,413,521	122,268,900	284,662,922	85,519,144
Add: Creation arising from distributions	6,954,401	2,389,532	9,236,866	3,101,740
Add: Creation arising from application	158,511,344	54,388,620	162,114,466	54,806,991
Less: Cancellation of units	(42,040,807)	(14,358,452)	(91,600,733)	(29,390,021)
Total comprehensive income for the financial year	-	5,324,046	-	11,782,813
Distribution for the financial year	-	(2,644,862)	-	(3,551,767)
At the end of the financial year	<u>487,838,459</u>	<u>167,367,784</u>	<u>364,413,521</u>	<u>122,268,900</u>
Approved size of 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 1,012,161,541 (31 December 2010: 1,135,586,479).

13. MANAGEMENT EXPENSE RATIO (“MER”)

	30.06.2011	30.06.2010
	%	%
MER	<u>1.03</u>	<u>0.97</u>

MER is derived from the following calculation:

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

- A = Management fee
- B = Trustee’s fee
- C = Auditors’ remuneration
- D = Tax Agent’s fee
- E = Administration expenses
- F = Transaction cost
- 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 RM143,583,474 (2010: RM81,524,475).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	30.06.2011	30.06.2010
PTR (times)	0.41	0.32

PTR is derived from the following calculation:

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

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

where:

total acquisition for the financial year = RM81,973,406 (2010: RM21,990,670)

total disposal for the financial year = RM37,126,727 (2010: RM30,892,252)

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

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

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

Units held by the Manager and parties related to the Manager

	30.06.2011		30.06.2010	
	No. of units	RM	No. of units	RM
Manager				
CIMB-Principal Asset Management Berhad	380,132	130,720	357,460	110,848

The above units were transacted at the prevailing market price.

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

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

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

	30.06.2011 RM	30.06.2010 RM
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institutions:		
- CIMB Bank Berhad	23,744	7,142
<u>Significant related party balances</u>		
Deposits with licensed financial institutions:		
- CIMB Bank Berhad	2,153,000	1,121,000

16. TRANSACTIONS WITH BROKERS/DEALERS

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

	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
RHB Bank Berhad	468,527,000	28.10	-	-
Hong Leong Bank Berhad	361,990,000	21.72	-	-
CIMB Bank Bhd #	330,657,363	12.36	-	-
United Overseas Bank	205,995,000	19.84	-	-
EON Bank Berhad	156,809,721	9.41	-	-
AmBank Berhad	58,614,000	3.52	-	-
CIMB Investment Bank Berhad#	18,924,748	1.14	38,826	28.82
Credit Suisse (M) Sdn Berhad	13,928,524	0.84	31,346	23.27
OSK Investment Bank Berhad	9,998,955	0.60	7,226	5.36
JP Morgan Securities (M) Sdn Berhad	9,702,177	0.58	21,828	16.20
Others	31,468,528	1.89	35,506	26.35
	1,666,616,015	100.00	134,732	100.00

16. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

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

	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Investment Bank Berhad #	21,430,576	16.40	48,615	37.03
OSK Investment Bank Berhad	20,285,748	15.53	7,214	5.49
CIMB Bank Berhad #	16,260,428	12.45	-	-
RHB Investment Bank Berhad	8,777,229	6.72	10,292	7.84
OCBC Bank (M) Berhad	7,272,748	5.57	-	-
Maybank Securities	6,727,315	5.15	16,166	12.31
AmInvestment Bank Berhad	6,350,254	4.86	10,158	7.74
Credit Suisse (M) Sdn Berhad	5,632,379	4.31	13,287	10.12
Macquarie (M) Sdn Berhad	5,046,476	3.86	11,595	8.83
Malayan Banking Berhad	4,922,449	3.77	-	-
Others	27,939,090	21.38	13,971	10.64
	130,644,692	100.00	131,298	100.00

Included in transactions by the Fund are trades conducted on normal terms with CIMB Investment Bank Berhad, a company related to the Manager amounting to RM18,924,748 (2010: RM21,430,576). For financial period ended 30 June 2011, there is RM330,657,363 conducted with CIMB Bank Berhad, a company related to the Manager (2010:RM16,260,428).

17. SEGMENT INFORMATION

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

The Committee is responsible for the Fund's entire portfolio and considers the business as two sub-portfolios. These sub-portfolios consist of quoted investments and unquoted fixed income securities portfolio.

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

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

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

17. SEGMENT INFORMATION (CONTINUED)

For the six months period ended 30 June 2011:

	Quoted investments portfolio RM	Unquoted fixed income securities portfolio RM	Total RM
Dividend income	704,774	-	704,774
Interest income	-	1,965,310	1,965,310
Net gain on financial assets/liabilities at fair value through profit and loss	25,265	1,788,840	1,814,105
Net realised gain on sales of investments	2,504,622	(119,864)	2,384,758
Net amortisation of discount	-	(94,657)	(94,657)
Total segment income	3,234,661	3,539,629	6,774,290

For the six months period ended 30 June 2010:

	Quoted investments portfolio RM	Unquoted fixed income securities portfolio RM	Total RM
Dividend income	371,169	-	371,169
Interest income	-	1,197,483	1,197,483
Net realised gain on sales of investments	2,059,412	(76,984)	1,982,428
Net amortisation of discount	-	(58,807)	(58,807)
Total segment income	2,430,581	1,061,692	3,492,273

17. SEGMENT INFORMATION (CONTINUED)

For the six months period ended 30 June 2010:

	Unquoted Quoted investments portfolio RM	fixed income securities portfolio RM	Total RM
Financial assets at fair value	63,020,754	98,181,941	161,202,695
Dividend receivable	57,576	-	57,576
Amount due from broker	762,627	-	762,627
	<u>63,840,957</u>	<u>98,181,941</u>	<u>162,022,898</u>
Total segment assets	<u><u>63,840,957</u></u>	<u><u>98,181,941</u></u>	<u><u>162,022,898</u></u>

For the financial year ended 31 December 2010:

	Unquoted Quoted investments portfolio RM	fixed income securities portfolio RM	Total RM
Financial assets at fair value	48,369,541	63,519,830	111,889,371
Dividend receivable	15,225	-	15,225
Amount due from broker	68,161	-	68,161
	<u>48,452,927</u>	<u>63,519,830</u>	<u>111,972,757</u>
Total segment assets	<u><u>48,452,927</u></u>	<u><u>63,519,830</u></u>	<u><u>111,972,757</u></u>

17. SEGMENT INFORMATION (CONTINUED)

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

	30.06.2011	30.06.2010
	RM	RM
Total net segmental income	6,774,290	3,492,273
Interest income from deposits with licensed financial institutions	118,382	41,287
Other fees and expenses	(1,475,390)	(794,616)
	<hr/>	<hr/>
Net income before taxation	5,417,282	2,738,944
Taxation	(93,236)	(30,199)
	<hr/>	<hr/>
Net income after taxation	<u>5,324,046</u>	<u>2,708,745</u>

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

	2011	2010
	RM	RM
Total segment assets	162,022,898	111,972,757
Cash and deposits	6,699,527	10,282,244
Other receivables	1,302,856	949,729
	<hr/>	<hr/>
Total assets	<u>170,025,281</u>	<u>123,204,730</u>
Total segmental liabilities	-	-
Other payables and accrued expenses	2,657,497	935,830
	<hr/>	<hr/>
Total liabilities	<u>167,367,784</u>	<u>122,268,900</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 Income Plus Balanced Fund

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

Consulting Actuaries

Mercer (Malaysia) Sdn Bhd (Company No.: 253344-U)
1702 Kenanga International,
Jalan Sultan Ismail,
50250 Kuala Lumpur, MALAYSIA.

LIST OF CIMB WEALTH ADVISORS BERHAD'S OFFICES

ADDRESS **TELEPHONE**

HEAD OFFICE

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

FINANCIAL CARE CENTRE

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

REGIONAL OFFICES

- 5A, 1st & 2nd Floor, Jalan Todak 4, Bandar Sunway,
Seberang Jaya, 13700 Perai, Penang. 04-3702155
04-3702156
- 23 & 23A Jalan Harimau Tarum
Taman Century, 80250 Johor Bahru, Johor. 07-3341748
- 48, Jalan SS 21/39, Damansara Utama
47400 Petaling Jaya, Selangor. 03-77122888
- 5B, Lot 414, Section 10, KTLD Jalan Rubber,
93400 Kuching, Sarawak. 082-259777
- No 1 Jalan Pasar Baru, Kampung Air,
88000 Kota Kinabalu, Sabah. 088-239951
088-239952

BRANCHES

- Ground Floor, No. 298-B, Jalan Tok Hakim, 15000
Kota Bharu, Kelantan 09-7471190
09-7471172
- 30A, First Floor, Persiaran Greentown 1,
Greentown Business Centre, 30450 Ipoh, Perak. 05-2439001
05-2439002
- No 13B, 2nd Floor, Jalan Mamanda 7/1,
Off Jalan Ampang, 68000 Ampang, Selangor. 03-42702970
- 39-3 & 41-3, Jalan Radin Anum, Bandar Baru Sri Petaling,
57000 Kuala Lumpur. 03-90592333
- 61, Jalan Melaka Raya 24, Taman Melaka Raya, 75000 Melaka. 06-2811111
- Lot 228, 1st Floor, Beautiful Jade Centre, Jalan Maju,
98000 Miri, Sarawak. 085-432525

SALES OFFICES

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

- 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