

ABF Malaysia Bond Index Fund

**Manager's Report And Financial Statements (unaudited)
For The Period 1 April 2006 to 30 June 2006**

(In Ringgit Malaysia)

MANAGER

AmInvestment Services Berhad
9th Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur

BOARD OF DIRECTORS

Kok Tuck Cheong
Datin Maznah Mahbob
Professor Dr Annuar Md. Nassir
Professor Dr Mahani Zainal Abidin

INVESTMENT COMMITTEE

Cheah Chuan Lok
Professor Dr Annuar Md. Nassir
Professor Dr Mahani Zainal Abidin

INVESTMENT MANAGER

AmInvestment Management Sdn Bhd

TRUSTEE

HSBC (Malaysia) Trustee Berhad

AUDITORS AND REPORTING ACCOUNTANTS

Ernst & Young

TAXATION ADVISER

Deloitte KassimChan Tax Services Sdn Bhd

ABF Malaysia Bond Index Fund

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PERFORMANCE DATA

Details of portfolio composition of ABF Malaysia Bond Index Fund (“the Fund”) for the last two financial periods as at 30 June 2006 to 31 March 2006 and the last financial period as at 31 December 2005 are as follows:

	As at 30-6-2006 %	As at 31-3-2006 %	FY 2005 %
Malaysian Government securities	97.1	94.1	92.0
Corporate bonds	1.7	5.0	6.8
Cagamas bonds	-	-	1.0
Cash and others	1.2	0.9	0.2
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Note: The abovementioned percentages are based on total investment market value plus cash.

Performance details of the Fund for the last two financial periods ended 30 June 2006 and 31 March 2006 and last financial period ended 31 December 2005 are as follows:

	3 months ended 30-6-2006	3 months ended 31-3-2006	FY 2005
Net asset value (RM million)	549.50	562.88	564.79
Units in circulation (million)	537.42	537.42	537.42
Net asset value per unit (RM)*	1.0225	1.0474	1.0509
Closing quoted price (RM/unit)*	1.023	1.04	1.05
Highest quoted price (RM/unit)*	1.050	1.05	1.06
Lowest quoted price (RM/unit)*	1.019	1.04	1.04
Annualised return (%) ⁽¹⁾	-9.20	4.66	1.46
- Capital growth (%)	-9.20	3.11	1.46
- Income growth (%)	-	1.55	-
Gross distribution per unit (sen)	-	1.55	-
Net distribution per unit (sen)	-	1.55	-
Management expense ratio (%) ⁽²⁾	0.26	0.30	0.29
Portfolio turnover ratio (times) ⁽³⁾	0.04	0.06	0.68

* Above prices and net asset value per unit are shown as ex-distribution.

Note: (1) Annualised return is the actual return of the Fund for the respective financial periods, computed based on net asset value per unit and net of all fees, annualised over one year.
(2) Management expense ratio is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis.
(3) Portfolio turnover ratio (“PTR”) is computed based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis. The PTR decreased by 0.02 times (33.3%) as compared to 0.06 times for the financial period 1 January 2006 to 31 March 2006 mainly due to decrease in investing activities.

Annualised Return (as at 30 June 2006)

	ABFMY1^(a) %	iBoxx Index^(b) %
Since launch of Fund (13 July 2005)	-0.61	-0.19

(a) Independently verified by Perkasa Normandy Advisers Sdn Bhd

(b) iBoxx Index (Source: www.indexco.com)

The Fund’s performance above is calculated based on net asset value per unit. Annualised return for ABF Malaysia Bond Index Fund (“ABFMY1”) for a period is computed on the absolute return for that period annualised over one year.

Note: Past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate.

Manager's Report For The Period 1 April 2006 To 30 June 2006.

Dear Unitholders

We are pleased to present you the Manager's Report and the unaudited accounts of ABF Malaysia Bond Index Fund ("the Fund") for the financial period 1 April 2006 to 30 June 2006.

Investment Objectives

ABF Malaysia Bond Index Fund ("the Fund") is a Fixed Income Exchange Traded Fund that is passively managed against the given benchmark where returns are expected to correspond closely to the performance of the Benchmark Index during the tenure of the Fund.

The Fund has a passive strategy whereby the Manager aims by way of representative sampling, achieve a return on the Funds assets that closely tracks the return of the Benchmark Index.

ABF Malaysian Bond Index Fund was established on 12 July 2005 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.

Fund Performance Review

	As at 30 June 2006	As at 31 March 2006	Change (%)
iBoxx ABF Malaysia Index	104.19	106.62	-2.28
Net asset value (RM)	549,501,230	562,883,182	-2.38
Units in circulation (units)	537,421,800	537,421,800	-
Net asset value per unit (RM)	1.0225	1.0474	-2.38
Annualised return on portfolio (%)	-9.20 ^(a)	4.66 ^(b)	-13.86
Benchmark returns (%)	-8.83 ^(a)	5.10 ^(b)	-13.93
Closing price quoted on Bursa Malaysia (RM)	1.023	1.04	-1.63

(a) Annualised return for the period 1 April 2006 to 30 June 2006.

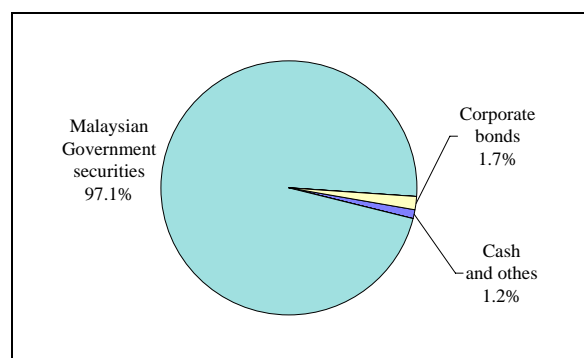
(b) Annualised return for the period 1 January 2006 to 31 March 2006.

For the reporting period 1 April 2006 to 30 June 2006, the Fund's Net Asset Value (NAV) shrunk by 2.28% to stood at RM 549,501,230 from RM 562,882,182. The Fund's NAV per unit dropped to RM 1.0225 from RM 1.0474 as at 30 June 2006. The Fund registered a return of -9.20% per annum on an annualised basis which is entirely capital in nature. However, the benchmark (iBoxx ABF Malaysia Bond Index) returned -8.83% per annum on the annualised basis which is 0.37% higher than the Fund. The differential in return was due to the cash holdings and fee incurred. The Fund was listed on Bursa Malaysia on 18 July 2005. On 30 June 2006, the closing price quoted at Bursa Malaysia closed at RM 1.023.

During the financial period 1 April 2006 to 30 June 2006, the Fund has not declared any income distribution. However, the Fund has declared a gross and net income distribution of 1.55 sen per unit amounting to RM8,330,038 on 4 July 2006. This was in line with the objective of the Fund that aims to provide capital growth, as well as regular income during the tenure of the Fund.

1.55 sen per unit interim income distribution	Changes in the unit price prior and subsequent to the interim income distribution	Before income distribution on 4 July 2006 (RM)	After income distribution on 4 July 2006 (RM)
	Net asset value per unit	1.0244	1.0089

Sectoral Composition as at 30 June 2006



	As at 30 June 2006 (%)	As at 31 March 2006 (%)	Change (%)
Malaysian Government securities	97.1	94.1	3.0
Quasi-Government bonds	1.7	5.0	-3.3
Cash and others	1.2	0.9	-0.3
Total	100.0	100.0	

The portfolio has 97.1% of sovereign bonds, 1.7% of quasi-government bonds and balance of 1.2% in cash. The portfolio closely mirrored the benchmark portfolio in term of duration and weighted average yield to maturity.

Break down of unitholding by size

Size of holding	As at 30 June 2006 No of units held ('000)	As at 31 March 2006 No of units held ('000)
Less than 100	0.1	0.1
100 – 1,000	8.3	8.4
1,001 – 10,000	63.3	65.3
10,001 – 100,000	44.0	39.0
100,001 to less than 5% of issue units	5,957.0	6,914.5
5% and above of issue units	531,349.1	530,394.5

Note: 5% of issue units = 26,871,090 units

Market Review

On 31 March 2006, Prime Minister Datuk Seri Abdullah Badawi announced that Gross Domestic Product (GDP) growth should average 6.0% a year between 2006 and 2010. He noted that fiscal deficit will narrow to 3.4% of GDP in 2010 compared to 3.8% in 2005. The proposed Goods and Services Tax (GST) will be delayed for up to four years.

Bank Negara Malaysia (BNM) raised the Overnight Policy Rate (OPR) by 25 basis points (bps) to 3.5% on 26 April 2006. This is the third hike since November 2005 to bring the OPR higher by 80 bps from 2.7% to 3.5%. BNM further stated that even at this new level, the OPR continues to be below the neutral level and, going forward, monetary policy will balance the risks to price stability and sustainable economic growth.

Headline inflation gathered pace in March 2006 to 4.8% year on year due to the pass through effect of the 30 cents petrol price hike. This was beyond market expectation of 3.9 to 4.0% and was due to the 18% rise in the transportation component.

Malaysia's GDP grew by 5.3% year on year in the first quarter of 2006, a tad above the consensus estimate of 5.1% and higher than the 5.2% growth in fourth quarter of 2005. The first quarter of 2006's GDP appeared to be shored up by the manufacturing (+8% year on year in first quarter of 2006), driven by the pickup in exports in tech, along with a surge in rubber production that lifted agriculture.

On 22 May 2006, BNM left the OPR unchanged at 3.50%, quoting "limited evidence of second round effects and lack of indications of demand-induced inflationary pressures". However, citing from the comments during the GDP announcement, BNM sound hawkish by reinforcing that it is vital not to have significantly negative real interest rates for a prolonged period.

The Government has given approval for Tenaga Nasional Berhad to raise the average electricity tariff by 12% from 1 June 2006. However, BNM does not expect the 12% increase to have a major inflationary impact on the economy.

The overtones of bond market in the first quarter of 2006 turned bearish in the second quarter of 2006. Selling pressure shifted the entire yield curve up by 15 to 70 bps. For the quarter, RAM Quantshop All MGS Index registered a negative return of 2.59%. Short, Medium and Long MGS Index returned -0.52%, 2.61% and -5.48% respectively.

Market Outlook

We expect bond market remained volatile moving into the third quarter of 2006 with two BNM Monetary Policy Committee (MPC) meetings schedule for the quarter with possibility of further rates hike. Trading for bond market should continue to be lethargic as players now turn to the possible large supply of MGS issuance scenario.

With the outstanding risk factors over the uncertain interest rates trends, i.e. the anticipation of possible overshooting of US Federal Reserve Fund rate, the higher Consumer Price Index (CPI) domestically due to the electricity tariff hikes and the possible impending water tariff hikes will continue to “haunt” the market. However, we think that policy maker may need to balance up with economic growth that might delay or slow down the pace of rates hike.

Investment Strategy

We aim to maintain the tracking error below 50 basis points by using maturity buckets to track duration and yield due to scarcity of illiquid bonds. During the financial period from 31 March 2006 to 30 June 2006, tracking error stood at 39 basis points.

We will follow the benchmark as close as possible in order to reduce tracking error further. Monthly rebalancing will be carried out if there is exclusion or inclusion of bonds. Ad hoc rebalancing will be carried out there is any redemption or creation of units or there is a huge coupon flow during the month.

Rebates and soft commissions

It is our policy to pay all rebates to the Fund. However, soft commissions received for goods and services such as fundamental database, financial wire services, technical analysis software and stock quotation system incidental to investment management of the Fund are retained by the Manager. For the period under review, the Manager has received soft-commissions.

Kuala Lumpur
AmInvestment Services Berhad

31 July 2006

ABF Malaysia Bond Index Fund

STATEMENT OF ASSETS AND LIABILITIES (unaudited) AS AT 30 JUNE 2006

	Note	30-6-2006 RM	31-3-2006 RM
ASSETS			
Investments	4	554,513,696	562,679,258
Sundry receivables		5,174	16,382
Cash at bank		572	354,631
		<u>554,519,442</u>	<u>563,050,271</u>
LIABILITIES			
Sundry payables and accrued expenses	5	4,884,698	28,790
Amount due to Manager	6	72,363	76,413
Amount due to Trustee	7	31,659	33,431
Amount due to index provider	8	29,492	28,455
		<u>5,018,212</u>	<u>167,089</u>
NET ASSETS		<u>549,501,230</u>	<u>562,883,182</u>
Represented by:			
UNITHOLDERS' FUND			
Unitholders' capital	9	560,927,091	560,927,091
(Accumulated loss)/Undistributed net income		(11,425,861)	1,956,091
		<u>549,501,230</u>	<u>562,883,182</u>
TOTAL UNITHOLDERS' FUND		<u>549,501,230</u>	<u>562,883,182</u>
UNITS IN CIRCULATION	9	<u>537,421,800</u>	<u>537,421,800</u>
NET ASSET VALUE PER UNIT (EX DISTRIBUTION)	10	<u>102 sen</u>	<u>105 sen</u>

The accompanying Notes form an integral part of the Financial Statements.

ABF Malaysia Bond Index Fund

STATEMENT OF INCOME AND EXPENDITURE (unaudited) FOR THE PERIOD 1 APRIL 2006 TO 30 JUNE 2006

	Note	1-4-2006 to 30-6-2006 RM	1-1-2006 to 31-3-2006 RM
INVESTMENT INCOME			
Interest income		6,687,552	6,733,201
Net realised loss on sale of investments		(495,451)	(179,193)
Net unrealised (loss)/gain on changes in value of investments		(17,534,888)	2,086,968
		(11,342,787)	8,640,976
Add: Accretion of discount		52,633	47,405
Less: Amortisation of premium		(1,728,072)	(1,838,059)
Gross (Loss)/Income		(13,018,226)	6,850,322
EXPENDITURE			
Manager's fee	6	221,150	224,466
Trustee's fee	7	96,753	98,204
Licence fee	8	28,248	28,280
Audit fee		1,243	1,243
Tax agent's fee		1,243	1,243
Other expenses	11	15,089	70,606
Total Expenditure		363,726	424,042
NET (LOSS)/INCOME BEFORE INCOME TAX		(13,381,952)	6,426,280
LESS: INCOME TAX EXPENSE	12	-	-
NET (LOSS)/INCOME AFTER INCOME TAX		(13,381,952)	6,426,280
DISTRIBUTION EQUALISATION	13	-	-
		(13,381,952)	6,426,280
UNDISTRIBUTED NET INCOME AT BEGINNING OF PERIOD		1,956,091	3,859,849
INCOME DISTRIBUTION	14	-	(8,330,038)
(ACCUMULATED LOSS)/UNDISTRIBUTED NET INCOME AT END OF PERIOD		(11,425,861)	1,956,091

(Forward)

	Note	1-4-2006 to 30-6-2006 RM	1-1-2006 to 31-3-2006 RM
Net (Loss)/Income After Income Tax comprises the following:			
Realised income		4,152,936	4,339,312
Unrealised (loss)/gain		<u>(17,534,888)</u>	<u>2,086,968</u>
		<u>(13,381,952)</u>	<u>6,426,280</u>

The accompanying Notes form an integral part of the Financial Statements.

ABF Malaysia Bond Index Fund

STATEMENT OF CHANGES IN NET ASSET VALUE (unaudited) FOR THE PERIOD 1 APRIL 2006 TO 30 JUNE 2006

	1-4-2006 to 30-6-2006 RM	1-1-2006 to 31-3-2006 RM
Net asset value at beginning of period	562,883,182	564,786,940
Net (loss)/income for the period	(13,381,952)	6,426,280
Net income distribution	<u>-</u>	<u>(8,330,038)</u>
Net asset value at end of period	<u>549,501,230</u>	<u>562,883,182</u>

The accompanying Notes form an integral part of the Financial Statements.

ABF Malaysia Bond Index Fund

CASH FLOW STATEMENT (unaudited) FOR THE PERIOD 1 APRIL 2006 TO 30 JUNE 2006

	Note	1-4-2006 to 30-6-2006 RM	1-1-2006 to 31-3-2006 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of investments		17,617,109	50,180,623
Interest received		4,440,385	8,768,608
Payment for other fees expenses		(5,825)	(67,077)
License fee paid		(27,211)	(28,332)
Trustee's fee paid		(98,525)	(97,252)
Manager's fee paid		(225,200)	(222,291)
Purchase of investments		<u>(19,541,634)</u>	<u>(46,294,100)</u>
Net Cash Generated From Operating And Investing Activities		<u>2,159,099</u>	<u>12,240,179</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution paid		<u>-</u>	<u>(8,330,038)</u>
Net Cash Used In Financing Activities		<u>-</u>	<u>(8,330,038)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,159,099	3,910,141
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		<u>4,792,620</u>	<u>882,479</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15	<u><u>6,951,719</u></u>	<u><u>4,792,620</u></u>

The accompanying Notes form an integral part of the Financial Statements.

ABF Malaysia Bond Index Fund

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ABF Malaysia Bond Index Fund (“the Fund”) was established pursuant to a Deed dated 12 July 2005 (“the Deed”), between AmInvestment Services Berhad as the Manager, HSBC (Malaysia) Trustee Berhad as the Trustee and all unitholders.

The Fund was set up with the objective for investors who seek an “index-based” approach to investing in a portfolio of Ringgit Malaysia denominated Government and quasi-Government debt securities. As provided in the Deeds, the “accrual period” or financial year shall end on 31 December and the units in the Fund were first offered for sale on 13 July 2005.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention modified by the revaluation of investments in accordance with applicable MASB Approved Accounting Standards and the Securities Commission’s Guidelines on Unit Trust Funds.

3. SIGNIFICANT ACCOUNTING POLICIES

Investments

Investments are stated at market value on a portfolio basis in accordance with the provisions of the Deed, market value is determined based on prices provided by the index provider, International Index Company Limited (“IIC”), plus accrued interest. The difference between the adjusted cost and market value is treated as unrealised gain or loss and is recognised in the statement of income and expenditure. Adjusted cost of investments relates to the purchase cost plus accrued interest, adjusted for amortisation of premium and accretion of discount, if any, and calculated on the straight-line method over the period from the date of acquisition to the date of maturity of the respective securities as approved by the Manager and the Trustee. Unrealised gains or losses recognised in the statement of income and expenditure is not distributable in nature.

On disposal of investments, the net realised gain or loss on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The net realised gain or loss is recognised in the statement of income and expenditure.

Income Recognition

Interest on fixed income securities and short-term deposits is recognised on an accrual basis.

Income Tax Expense

The tax effects of transactions are recognised, using the 'balance sheet' method and all taxable temporary differences are recognised. As at 30 June 2006, there were no significant temporary differences.

Cash Flow Statement

The Fund adopts the direct method in the preparation of the cash flow statement.

Cash equivalents are short-term, highly liquid investments with maturity of seven days or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

Payables

The amounts are stated at cost which is the fair value of the consideration to be paid for services received.

Receivables

Sundry receivables are carried at anticipated realisable values.

Financial Assets And Liabilities

Financial assets and financial liabilities carried on the statement of asset and liabilities include cash at banks, investments, including deposits and placements with licensed institutions, receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies.

Financial instruments are classified as assets or liabilities in accordance with the substance of the contractual arrangement. The accounting policies on the recognition of interest, gains and losses relating to financial instruments classified as assets, are disclosed in the respective accounting policies.

4. INVESTMENTS

	30-6-2006	31-3-2006
	RM	RM
At carrying value		
Short-term deposits with licensed banks under repurchase agreements	6,951,147	4,437,989
Corporate bonds	9,213,436	15,027,230
Zero coupon bonds	-	13,330,500
Malaysian Government securities	524,430,613	520,560,539
Malaysian Government securities – zero coupon	13,918,500	9,323,000
	<u>554,513,696</u>	<u>562,679,258</u>

	30-6-2006	31-3-2006
	RM	RM
At nominal value		
Short-term deposits with licensed banks under repurchase agreements	6,950,500	4,437,600
Corporate bonds	10,000,000	15,000,000
Zero coupon bonds	-	15,000,000
Malaysian Government securities	522,050,000	502,050,000
Malaysian Government securities – zero coupon	<u>15,000,000</u>	<u>10,000,000</u>

Details of investments as at 30 June 2006 are as follows:

Maturity date	Issuer/Stock no.	Nominal value RM	Carrying value RM	Purchase cost RM	Carrying value as a percentage of net asset value %
Short-term deposits with licensed banks under repurchase agreements					
03.07.2006	OCBC Bank (M) Berhad	<u>6,950,500</u>	<u>6,951,147</u>	<u>6,950,500</u>	<u>1.26</u>
Corporate bonds					
30.11.2016	Syarikat Prasarana Negara Bhd	<u>10,000,000</u>	<u>9,213,436</u>	<u>9,823,474</u>	<u>1.68</u>
Malaysia Government securities					
15.10.2007	MN97001A	13,000,000	13,708,816	14,417,162	2.49
01.12.2007	MW86003X	56,000,000	59,771,554	63,550,256	10.88
17.12.2007	MG04005V	10,000,000	9,863,279	10,030,270	1.80
15.03.2008	MW87001S	12,000,000	12,921,652	13,664,191	2.35
01.07.2008	MV88002X	58,050,000	62,226,698	63,777,070	11.32
27.02.2009	MI04001A	53,000,000	53,559,965	55,753,594	9.75
14.04.2009	GG060001	15,000,000	14,896,512	14,946,234	2.71
15.09.2009	MI04004Z	50,000,000	49,861,652	51,964,391	9.07
25.08.2010	MJ05001X	25,000,000	24,442,089	25,474,434	4.45
28.04.2011	MJ050004	45,000,000	43,729,554	45,070,958	7.96
28.09.2011	MN01001V	25,000,000	24,334,874	25,494,622	4.43
25.02.2013	MN03003V	90,000,000	85,214,031	90,031,134	15.51

(Forward)

Maturity date	Issuer/Stock no.	Nominal value RM	Carrying value RM	Purchase cost RM	Carrying value as a percentage of net asset value %
16.03.2015	GN050001	10,000,000	9,696,487	10,329,639	1.76
30.09.2015	MO05002S	15,000,000	14,864,467	15,911,180	2.71
15.09.2016	MO060001	15,000,000	14,293,621	15,207,796	2.60
30.07.2019	MS04003H	15,000,000	16,261,147	16,717,159	2.96
15.07.2025	MY050003	15,000,000	14,784,215	15,525,623	2.69
		<u>522,050,000</u>	<u>524,430,613</u>	<u>547,865,713</u>	<u>95.44</u>

Malaysia Government securities – zero coupon

31.03.2008	GI03001W	<u>15,000,000</u>	<u>13,918,500</u>	<u>13,858,000</u>	<u>2.53</u>
Total investments		<u>554,000,500</u>	<u>554,513,696</u>	<u>578,497,687</u>	<u>100.91</u>

The weighted average interest rate and average remaining maturities of short-term deposits with licensed banks under repurchase agreements are as follows:

	Weighted average interest rate		Remaining maturities	
	30-6-2006 %	31-3-2006 %	30-6-2006 Days	31-3-2006 Days
Short-term deposits with licensed banks under repurchase agreements	<u>3.40</u>	<u>3.20</u>	<u>3</u>	<u>3</u>

The weighted average effective yields on unquoted securities are as follows:

	Effective yield*	
	30-6-2006 %	31-3-2006 %
Corporate bonds	5.38	4.33
Zero coupon bonds	-	3.79
Malaysian Government securities	4.64	3.81
Malaysian Government securities – zero coupon	<u>4.37</u>	<u>3.56</u>

* As provided by IIC

Analyses of the remaining maturity of investments as at 30 June 2006 are as follows:

	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
At nominal value			
Corporate bonds	-	-	10,000,000
Malaysian Government securities	91,000,000	246,050,000	185,000,000
Malaysian Government securities – zero coupon	<u>15,000,000</u>	<u>-</u>	<u>-</u>

5. **SUNDRY PAYABLES AND ACCRUED EXPENSES**

Included in sundry payables and accrued expenses are amounts owing to financial institutions for outstanding contracts where settlement is not due as follows:

	30-6-2006 RM	31-3-2006 RM
Amount owing to financial institutions	<u>4,855,366</u>	<u>-</u>

6. **AMOUNT DUE TO MANAGER**

Amount due to Manager represents the manager's fee payable.

Manager's fee was charged at a rate of 0.16% (0.16% for the financial period 1 January 2006 to 31 March 2006) per annum of the net asset value of the Fund, calculated on daily basis, for the financial period 1 April 2006 to 30 June 2006.

7. **AMOUNT DUE TO TRUSTEE**

Amount due to Trustee represents the trustee's fee payable.

Trustee's fee was charged at a rate of 0.07% (0.07% for the financial period 1 January 2006 to 31 March 2006) per annum of the net asset value of the Fund, calculated on daily basis, for the financial period 1 April 2006 to 30 June 2006.

8. AMOUNT DUE TO INDEX PROVIDER

Included in amount due to index provider is the license fee payable to International Index Company Limited, the provider of the benchmark index.

License fee is calculated on a daily basis at the following rate:

Fund size	% p.a.
For amount equal to or less than Initial Funding	0.023
For amount above Initial Funding, but equal to or less than 275% of Initial Funding	0.010
For amount above 275% of Initial Funding	No charges

subject to a minimum annual fee of USD26,542 (approximate RM100,860)

* Initial Funding for the Fund was USD115,400,000 (approximate RM438,520,000)

9. UNITHOLDERS' CAPITAL/UNITS IN CIRCULATION

	1-4-2006 to 30-6-2006		1-1-2006 to 31-3-2006	
	No. of units	RM	No. of units	RM
At beginning of period	<u>537,421,800</u>	<u>560,927,091</u>	<u>537,421,800</u>	<u>560,927,091</u>
At end of period	<u>537,421,800</u>	<u>560,927,091</u>	<u>537,421,800</u>	<u>560,927,091</u>

As provided in the prospectus of the Fund dated 13 July 2005, the initial size of the Fund shall not exceed 1 billion units.

The Manager, AmInvestment Services Berhad, did not hold any units in the Fund as at 30 June 2006. Holdings by parties related to the Manager as at 30 June 2006 were 124,829,300 (123,874,700 as at 31 March 2006) units valued at RM127,637,959 (RM129,746,361 as at 31 March 2006).

10. NET ASSET VALUE PER UNIT (EX DISTRIBUTION)

The net asset value per unit (ex distribution) is calculated by dividing the net assets of RM549,501,230 (RM562,883,182 as at 31 March 2006) by the 537,421,800 (537,421,800 as at 31 March 2006) units in issue as at 30 June 2006.

11. OTHER EXPENSES

Included in other expenses is pre-listing expense amounting to RM54,500 charged out during the financial period 1 January 2006 to 31 March 2006.

12. INCOME TAX EXPENSE

Income tax payable is calculated on investment income less deduction for permitted expenses as provided for under Section 63B of the Income Tax Act, 1967.

Pursuant to Schedule 6 paragraph 35 of the Income Tax Act, 1967, interest income on short-term deposits with licensed financial institutions derived by the Fund is exempted from tax.

A reconciliation of income tax expense applicable to income before income tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	1-4-2006 to 30-6-2006 RM	1-1-2006 to 31-3-2006 RM
Net (loss)/income before income tax	<u>(13,381,952)</u>	<u>6,426,280</u>
Taxation at Malaysian statutory rate of 28%	(3,747,000)	1,799,400
Tax effect of:		
Loss/(Income) not subject to tax	3,645,100	(1,918,100)
Expenses not deductible for tax purposes	72,400	73,400
Restriction on tax deductible expenses for unit trust funds	35,800	51,800
Permitted expenses not used not available for future years	<u>(6,300)</u>	<u>(6,500)</u>
Tax expense for the financial period	<u><u>-</u></u>	<u><u>-</u></u>

13. DISTRIBUTION EQUALISATION

Distribution equalisation represents the average amount of undistributed net income included in the creation or release price of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are released back to Trustee.

14. INCOME DISTRIBUTION

Distribution to unitholders is from the following sources:

	1-4-2006 to 30-6-2006 RM	1-1-2006 to 31-3-2006 RM
Undistributed net income brought forward - realised	-	7,615,338
Interest income	-	3,133,930
Accretion of discount	-	22,064
Net realised loss on sale of investments	-	(179,193)
Amortisation of premium	-	(1,838,059)
	<hr/>	<hr/>
	-	8,754,080
Less: Expenses	-	(424,042)
	<hr/>	<hr/>
Total amount of distribution	-	8,330,038
	<hr/> <hr/>	<hr/> <hr/>

The income distribution for the financial period 1 January 2006 to 31 March 2006 has been proposed before taking into account net unrealised gain of RM2,086,968 and net unrealised loss brought forward of RM5,525,367, which are carried forward to the next financial year.

	1-4-2006 to 30-6-2006		1-1-2006 to 31-3-2006	
	Date of distribution	RM	Date of distribution	RM
GROSS AND NET				
Final distribution*				
- Nil (1.55 sen in last quarter ended 31 March 2006)	-	-	24 January 2006	8,330,038
		<hr/>		<hr/>
		-		8,330,038
		<hr/> <hr/>		<hr/> <hr/>

* Final distribution for the financial period 13 July 2005 (date of commencement) to 31 December 2005.

The Fund has declared a further gross and net distribution of 1.55 sen per unit amounting to RM8,330,038 on 4 July 2006.

15. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following amounts:

	30-6-2006	31-3-2006
	RM	RM
Short-term deposits with licensed banks under repurchase agreements (Note 4)	6,951,147	4,437,989
Cash at bank	<u>572</u>	<u>354,631</u>
	<u>6,951,719</u>	<u>4,792,620</u>

16. **MANAGEMENT EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO**

The Fund's management expense ratio ("MER") is as follows:

	1-4-2006 to	1-1-2006 to
	30-6-2006	31-3-2006
	%	%
Manager's fee	0.16	0.16
Trustee's fee	0.07	0.07
License fee	0.02	0.02
Trust expenses	<u>0.01</u>	<u>0.05</u>
	<u>0.26</u>	<u>0.30</u>

The portfolio turnover ratio, calculated by dividing the average of total acquisitions and total disposals of investment securities by the average net asset value of the Fund calculated on a daily basis, is 0.04 times for the financial period 1 April 2006 to 30 June 2006 (0.06 times for the financial period 1 January 2006 to 31 March 2006).

17. **TRANSACTIONS WITH FINANCIAL INSTITUTIONS**

Details of transactions with financial institutions for the financial period 1 April 2006 to 30 June 2006 are as follows:

Financial institutions	Transaction value
	RM %
Citibank Berhad	<u>42,534,243 100.00</u>

The above transaction values are in respect of Ringgit Malaysia denominated Government and quasi-Government debt securities. Transactions in these fixed income securities do not involve any commission or brokerage.

18. **RISK MANAGEMENT**

The Fund is exposed to a variety of risks that included interest rate risk, credit risk, liquidity risk, single issuer risk, regulatory risk, management risk and stock risk.

Risk management is carried out by closely monitoring, measuring and mitigating the above said risk, careful selection of stocks for investment coupled with stringent compliance to investment restrictions as stipulated by the Securities Commission Act, Securities Commission's Guidelines on Unit Trust Funds and the Deed as backbone of risk management of the Fund.

Interest Rate Risk

Interest rate risk will affect the value of the Fund's investments, given the interest rate movements, which are influenced by regional and local economic developments as well as political developments.

Interest rate moves in the opposite direction of bond prices. When interest rates rise, bond prices will fall and vice versa. When interest rate trend is anticipated to rise, the Fund Manager will reduce the exposure to fixed income securities.

Domestic interest rates on deposits and placements with licensed financial institutions are determined based on prevailing market rates. The Fund has a policy to ensure that the rates obtained are competitive.

Credit Risk

Credit risk applies to debt instruments such as term deposits, bonds and debentures. The issuer of such instruments may not be able to fulfill the required interest payments or repay the principal invested. These risks may cause the Fund's investments to fluctuate.

The Fund Manager manages the risk by setting internal counterparty limits and undertaking internal credit evaluation to minimise such risk.

Liquidity Risk

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellation of units by unitholders. Liquid assets comprise cash deposits with licensed institutions and other instruments, which are capable of being converted into cash between 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

Single Issuer Risk

Internal policy restricts the Fund from investing in securities issued by any issuer of not more than a certain percentage of its net asset value. Under such restriction, the risk exposure to the securities of any issuer is managed based on internal/external ratings.

Regulatory Risk

Any changes in national policies and regulations may have an effect on the capital market.

Management Risk

Poor management of a fund may cause considerable losses to the Fund that in turn will affect the capital invested by a unitholder.

Stock Risk

Risk that is specific to a stock and is not correlated with the specific risks of other stocks.

19. **FAIR VALUE OF FINANCIAL INSTRUMENTS**

All assets and liabilities of the Fund are carried at fair values. The accounting policies on recognition and measurement of the fair value for the Fund's investments are disclosed in their respective accounting policies.

The fair value for the amount due to the Manager and Trustee, cash at bank, sundry receivables, and sundry payables and accruals approximate their respective carrying amounts as at the balance sheet date due to the relatively short-term maturity of these financial instruments.