

ABF Malaysia Bond Index Fund

**Manager's Report and Financial Statements (Unaudited)
For the Period from 1 April 2010 to 30 June 2010**

(In Ringgit Malaysia)

MANAGER

AmInvestment Services Berhad
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BOARD OF DIRECTORS

Kok Tuck Cheong
Datin Maznah Mahbob
Harinder Pal Singh
Professor Dr Annuar Md. Nassir
Dato' Dr Mahani Zainal Abidin
Lee Siang Korn @ Lee Siang Chin

INVESTMENT COMMITTEE

Professor Dr Annuar Md. Nassir
Dato' Dr Mahani Zainal Abidin
Lee Siang Korn @ Lee Siang Chin
Harinder Pal Singh

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 financial periods as at 30 June 2010 and 31 March 2010 and three financial years as at 31 December are as follows:

	As at 30-6-2010 %	As at 31-3-2010 %	FY 2009 %	FY 2008 %	FY 2007 %
Malaysian Government securities	86.1	83.0	83.4	88.3	91.9
Quasi-Government bonds	10.6	11.6	11.4	10.7	4.9
Cash and others	3.3	5.4	5.2	1.0	3.2
	<u>100.0</u>	<u>100.0</u>	<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 financial periods ended 30 June 2010, 31 March 2010 and three financial years ended 31 December are as follows:

	3 months ended 30-6-2010	3 months ended 31-3-2010	FY 2009	FY 2008	FY 2007
Net asset value (RM)	513,485,190	515,288,251	516,936,480	536,418,866	505,604,876
Units in circulation (units)	481,921,800	481,921,800	481,921,800	481,921,800	481,921,800
Net asset value per unit (RM)*	1.0655	1.0692	1.0727	1.1131	1.0491
Highest net asset per unit (RM)*	1.0823	1.0738	1.1197	1.1134	1.0946
Lowest net asset per unit (RM)*	1.0619	1.0559	1.0510	1.0215	1.0487
Closing quoted price (RM/unit)*	1.0800	1.0700	1.0700	1.0980	1.0580
Highest quoted price (RM/unit)*	1.0830	1.0700	1.1170	1.0980	1.0960
Lowest quoted price (RM/unit)*	1.0770	1.0620	1.0550	1.0570	1.0510
Total return (%) ¹	6.28	5.89	-0.14	7.71	2.69
- Capital growth (%)	4.28	4.04	-3.99	6.16	-1.96
- Income distribution (%)	2.00	1.85	3.85	1.55	4.65
Gross distribution per unit (sen)	2.00	1.85	3.85	1.55	4.65
Net distribution per unit (sen)	2.00	1.85	3.85	1.55	4.65
Distribution Yield (%) ²	1.85	1.73	3.60	1.41	4.40
Management expense ratio (% p.a) ³	0.20	0.20	0.20	0.23	0.27
Portfolio turnover ratio (times) ⁴	0.17	-	0.21	0.33	0.39

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

- Note: (1) Total return is the annualised return of the Fund for the respective financial periods/years, computed based on net asset value per unit and net of all fees, annualised over one year.
- (2) Distribution yield is calculated based on the total distribution for the period divided by the closing quoted price
- (3) 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.
- (4) 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 increased by 0.17 times (>100%) as compared to nil times for the quarter ended 31 March 2010 mainly due to increase in investing activities.

Average Total Return (as at 30 June 2010)

	ABFMY1 ^(a) %	iBoxx® Index ^(b) %
One year	5.1	5.1
Three years	3.6	3.9
Since launch of Fund (13 July 2005)	3.7	4.0

Annual Total Return

Financial Years/Periods End (31 December)	ABFMY1 ^(a) %	iBoxx® Index ^(b) %
2009	-0.1	0.5
2008	7.7	7.9
2007	2.7	3.1
2006	4.6	4.9
2005 ^(c)	1.5	2.0

(a) Independently verified by Perkasa Normandy Advisers Sdn Bhd

(b) iBoxx® ABF Malaysia Index (“iBoxx® Index”) (Source: www.indexco.com)

(c) Total annualised return for the financial period 13 July 2005 (date of commencement) to 31 December 2005

The Fund’s performance above is calculated based on net asset value per unit. Average total return of 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 and that unit prices and investment returns may go down, as well as up.

Manager's Report
For the period from 1 April 2010 to 30 June 2010

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 2010 to 30 June 2010.

Investment Objectives

ABF Malaysia Bond Index Fund is a fixed income exchange traded fund ("ETF") which is a listed bond fund that is passively managed against the given benchmark, which is iBoxx® ABF Malaysia Bond Index ("the Benchmark Index" or "iBoxx® Index"). The returns of the Fund will be expected to correspond closely to the performance of the Benchmark Index.

iBoxx® ABF Malaysia Bond Index is a basket index that expresses relative changes in value compared to the beginning of the respective period. The Benchmark Index is based on consolidated bid quotes and rebalanced monthly on the last calendar day of each month. The Benchmark Index is a combination of Government, sovereign and sub-sovereign debt securities subject to per-determined credit rating requirements.

Details of the index component as at **30 June 2010** are as follows:

Code	Issuer	Coupon	Final Maturity	Notional Amount
GG080012	Malaysia Investment Issue	4.363	30 June 2011	3,500,000,000
GI060008	Malaysia Investment Issue	4.635	14 July 2011	3,000,000,000
MN01001V	Malaysian Government	3.833	28 September 2011	17,718,000,000
UG080081	Cagamas Berhad	4.630	10 October 2011	540,000,000
PM03061S	Syarikat Prasarana Negara Berhad	3.800	30 November 2011	2,187,261,374
MJ060005	Malaysian Government	3.718	15 June 2012	12,563,197,000
VG090738	Cagamas Berhad	3.900	19 June 2012	505,000,000

(Forward)

Code	Issuer	Coupon	Final Maturity	Notional Amount
MH090001	Malaysian Government	2.509	27 August 2012	12,000,000,000
GI070029	Malaysia Investment Issue	3.581	14 September 2012	3,500,000,000
MN03003V	Malaysian Government	3.702	25 February 2013	16,575,000,000
GH090053	Malaysian Government	3.278	15 March 2013	4,000,000,000
GI080001	Malaysia Investment Issue	3.604	29 March 2013	2,000,000,000
UG100018	Bank Pembangunan Malaysia Berhad	3.660	12 April 2013	500,000,000
VG100059	Bank Pembangunan Malaysia Berhad	3.640	12 April 2013	500,000,000
VG100104	Cagamas Berhad	3.650	7 May 2013	600,000,000
MJ070005	Malaysian Government	3.700	15 May 2013	3,000,000,000
MH090005	Malaysian Government	3.210	31 May 2013	3,000,000,000
GH100001	Malaysia Investment Issue	3.288	15 July 2013	3,000,000,000
MJ080001	Malaysian Government	3.461	31 July 2013	7,000,000,000
GJ080019	Malaysia Investment Issue	4.273	14 February 2014	3,500,000,000
VI090137	Danga Capital Berhad	4.220	24 April 2014	1,100,000,000
MN04002W	Malaysian Government	5.094	30 April 2014	24,000,000,000
PK070017	Silterra Capital Berhad	3.900	6 June 2014	1,800,000,000
GI090042	Malaysia Investment Issue	3.909	31 July 2014	4,500,000,000
UI090123	Cagamas Berhad	4.350	23 December 2014	500,000,000
GJ090030	Malaysia Investment Issue	3.902	30 December 2014	5,500,000,000
MJ090004	Malaysian Government	3.741	27 February 2015	13,500,000,000
GN050001	Malaysia Investment Issue	4.419	16 March 2015	2,000,000,000
UI100019	Bank Pembangunan Malaysia Berhad	4.150	10 April 2015	1,500,000,000
VI100060	Danga Capital Berhad	4.350	13 April 2015	2,000,000,000
VI100070	Cagamas Berhad	4.350	27 April 2015	500,000,000
MJ100001	Malaysian Government	3.835	12 August 2015	7,000,000,000
MO05002S	Malaysian Government	4.720	30 September 2015	6,975,000,000
GJ100009	Malaysia Investment Issue	3.860	30 September 2015	3,500,000,000
PS00196F	Bank Pembangunan & Infrastruktur Malaysia Berhad	7.000	30 October 2015	500,000,000
VI090138	Danga Capital Berhad	4.490	22 April 2016	500,000,000
MO060001	Malaysian Government	4.262	15 September 2016	8,500,000,000
GN060019	Malaysia Investment Issue	3.820	15 November 2016	3,000,000,000
PR03062E	Syarikat Prasarana Negara Berhad	4.270	30 November 2016	1,913,853,702

(Forward)

Code	Issuer	Coupon	Final Maturity	Notional Amount
DN060825	Khazanah Nasional Berhad	0.000	8 December 2016	2,000,000,000
UN070014	Asia Development Bank	4.000	8 February 2017	500,000,000
MN070002	Malaysian Government	3.814	15 February 2017	9,500,000,000
GN070008	Malaysia Investment Issue	3.941	15 June 2017	3,000,000,000
ML100002	Malaysian Government	4.012	15 September 2017	3,500,000,000
MS03002H	Malaysian Government	4.240	7 February 2018	15,100,000,000
DN080403	Syarikat Prasarana Negara Berhad	4.400	30 May 2018	1,200,000,000
GN080031	Malaysia Investment Issue	4.295	31 October 2018	7,500,000,000
DN090051	Khazanah Nasional Berhad	0.000	20 March 2019	1,000,000,000
MS04003H	Malaysian Government	5.734	30 July 2019	6,500,000,000
GO090001	Malaysia Investment Issue	3.910	13 August 2019	3,500,000,000
DN090197	Khazanah Nasional Berhad	0.000	27 August 2019	1,500,000,000
MO090002	Malaysian Government	4.378	29 November 2019	14,500,000,000
GO090061	Malaysia Investment Issue	4.492	30 April 2020	3,500,000,000
DS081080	Khazanah Nasional Berhad	0.000	14 August 2023	2,000,000,000
DS090052	Khazanah Nasional Berhad	0.000	20 March 2024	1,500,000,000
VS090824	Syarikat Prasarana Negara Berhad	4.850	27 September 2024	500,000,000
MY050003	Malaysian Government	4.837	15 July 2025	3,000,000,000
PZ00197S	Bank Pembangunan & Infrastruktur Malaysia Berhad	7.500	30 October 2025	500,000,000
MX060002	Malaysian Government	4.709	15 September 2026	3,000,000,000
MX070003	Malaysian Government	3.502	31 May 2027	6,000,000,000
MX080003	Malaysian Government	5.248	15 September 2028	4,000,000,000
VX090825	Syarikat Prasarana Negara Berhad	5.070	28 September 2029	1,500,000,000
MX100003	Malaysian Government	4.498	15 April 2030	2,000,000,000

Source: International Index Company Limited (“IIC”)

The Fund has a passive strategy whereby the Manager aims, by way of representative sampling, to achieve a return on the Fund’s Assets that closely tracks the returns 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 2010	As at 31 March 2010	Changes (%)
iBoxx ABF Malaysia Index	127.09	125.16	1.54
Net asset value (RM)	513,485,190	515,288,251	-0.35
Units in circulation (units)	481,921,800	481,921,800	-
Net asset value per unit (RM)	1.0655	1.0692	-0.35
Total returns (%)	6.28 ^(a)	5.89 ^(b)	0.39
Benchmark returns (%)	6.33 ^(a)	5.56 ^(b)	0.77
Closing price quoted at Bursa Malaysia (RM)	1.080	1.070	0.93

(a) Total annualised return for the financial period 1 April 2010 to 30 June 2010.

(b) Total annualised return for the financial period 1 January 2010 to 31 March 2010.

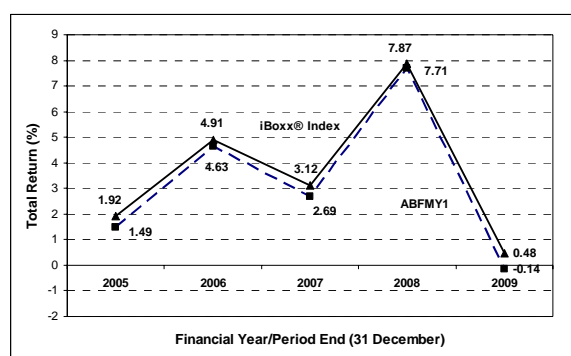
Note: Benchmark – iBoxx ABF Malaysia Index (source: www.indexco.com)

The Fund has achieved its investment objective which is to track the performance of the benchmark. The Fund returned an annualized return of 6.28% versus the benchmark annualized return of 6.33%.

Comparison between the annual performances of ABFMY1 and iBoxx® Index for each of the financial periods/period ended 31 December are as follows:

Financial periods/Period End (31 December)	ABFMY1 (%)	iBoxx® Index (%)	Changes (%)
2009	-0.14	0.48	-0.62
2008	7.71	7.87	-0.16
2007	2.69	3.12	-0.43
2006	4.63	4.91	-0.28
2005*	1.49	1.92	-0.43

* Total annualised return for the financial period 13 July 2005 (date of commencement) to 31 December 2005.



For the financial period ended 30 June 2010, the Fund registered a total return of 6.28%. The return of the Fund was 4.28% capital growth and 2.00% income growth. The Funds returns increased by 0.39%, underperforming the Benchmark, iBoxx® ABF Malaysia Bond Index of 6.33%, by -0.05%.

As of 30 June 2010, total Net Asset Value (NAV) of the Fund stood at RM 513,485,190, a decrease by 0.35% as compared to RM 515,288,251 on 31 March 2010. NAV per unit of the Fund was RM 1.0655 per unit as compared to 1.0692 per unit as at 31 March 2010 for the same period under review while the units in circulation for the Fund remain unchanged at 481,921,800 units. As 30 June 2010, closing price for the Fund was quoted at RM 1.080 compared to RM1.070 from the previous reporting as at 31 March 2010.

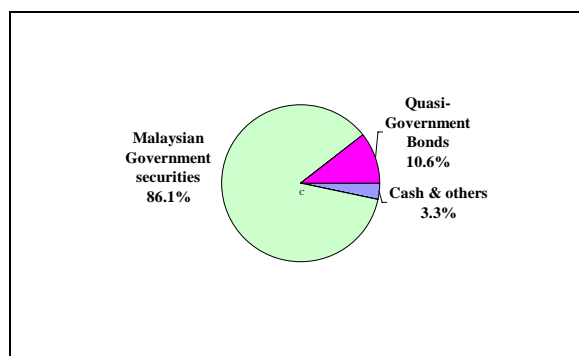
There were no significant changes in the state of affairs of the Fund, no unit split and no circumstances that materially affected the interest of the unitholders.

The Fund's income distribution (if any) is paid semi – annually.

During the financial period under review, the Fund has declared the following income distribution:

2.00 sen per unit interim income distribution	Changes in the unit price prior and subsequent to the interim income distribution	Before income distribution on 16 June 2010 (RM)	After income distribution on 16 June 2010 (RM)
	Net asset value per unit	1.0819	1.0619

Sectoral Composition as at 30 June 2010



	30 June 2010 (%)	31 March 2010 (%)	Changes (%)
Malaysian Government securities	86.1	83.0	3.1
Quasi-Government bonds	10.6	11.6	-1.0
Cash and others	3.3	5.4	-2.1
Total	100.0	100.0	

Significant changes to asset allocation as at 1 April to 30 June 2010

For the period under review, investment in MGS was increased by 3.1% to 86.1% from 83.0% previously. Investment in quasi-government bonds changed with a reduction of 1.0% to 10.6%. As a result of the changes above, cash holding reduced by 2.1% to 3.3% currently.

Break down of unitholding by size

Size of holding	As at 30 June 2010		As at 31 March 2010	
	No. of units held (‘000)	Number of unitholders	No. of units held (‘000)	Number of unitholders
Less than 100	-	-	-	-
100 – 1,000	6.5	12	6.5	15
1,001 -10,000	23.4	4	17.0	4
10,001 – 100,000	157.0	3	140.0	3
101,000 to less than 5% of issue units	2,763.6	3	2,623.6	2
5% and above of issue units	481,758.3	1	479,134.7	1

Note: 5% of units in issue = 24,096,090 units (31 March 2010 = 24,096,090 units)

Market Review

The Malaysian Government Securities (MGS) yield curve shifted down for the month of April 2010 as strong buying interest from foreign investors that bet on Ringgit currency pushed down yields across the tenure. The yield curve mostly bull steepened. Across tenures the 3 yr, 5 yr and 10 yr MGS ended the month lower compared to the previous month at 2.99% (March: 3.257%), 3.62% (March: 3.75%) and 4.06% (March: 4.160%) respectively.

In May 2010, the Malaysian Government Securities (MGS) yield curve closed mixed as market players readjusted their holdings after the strong price run-up since beginning of the year. The yield curve bear flattened. Across tenures the 3 yr, 5 yr and 10 yr MGS ended the month mixed compared to the previous month at 3.21% (April: 2.99%), 3.59% (April: 3.62%) and 4.06% (April: 4.06%) respectively. There was no MGS/GII auction in the month of May.

The Malaysian Government Securities (MGS) yield curve shifted down for the month of June 2010 as investors focused on the strength of the Ringgit and inflation risks remained benign, supported by the release of data on consumer prices and BNM Governor Dr Zeti's statement that inflation in Malaysia is not a concern. Across tenures the 3 yr, 5 yr and 10 yr MGS ended the month lower compared to the previous month at 3.13% (May: 3.21%), 3.51% (May: 3.59%) and 3.94% (May: 4.03%) respectively.

Market Outlook

The outcome of the July MPC meeting serves to generate a typical bearish flattening trend—something that happens when short term interest rates are hiked resulting in short term securities rising rapidly relative to long term securities – strong buying momentum was noted in the mid to long end tenures. This basically means a continuation of the flattening trend seen in the first week of July where we saw narrowing of spreads between short and long ended securities— as investors chose more long term bonds over short term bonds. With rate hike expectations dwindling, it only serves to boost the 5 yr and 10 yr segment of the MGS market which already saw strong buying momentum in the first week of July driven by risk aversion – much of the buying then came on the back of a flight to safety.

That being said, we continue to remain cautious ahead of the supply of government bonds scheduled to be auctioned in July (5yr G11 and 7yr MGS) and August (10yr MGS and 5yr MGS) – signaling heavy issuance for this month which may make investors to take profit while looking to buy at cheaper levels.

Investment Strategy

The investment strategy of the fund is of a passive one, whereby the Manager aims, by way of representative sampling, to achieve a return on the Fund Assets that closely tracks the returns of the Benchmark Index. As such, the Fund will continue to invest selectively within its scope (i.e. RM denominated sovereigns, quasi-sovereigns and supranational debt securities) in more liquid issues in order to achieve a return that tracks the Benchmark Index i.e. the iBoxx ABF Malaysia Index while minimising transaction costs.

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

30 July 2010

ABF Malaysia Bond Index Fund

STATEMENT OF ASSETS AND LIABILITIES (unaudited) AS AT 30 JUNE 2010

	Note	30-6-2010 RM	30-6-2009 RM
ASSETS			
Unquoted investments	4	523,214,793	515,512,891
Cash at banks	13	<u>195,602</u>	<u>597</u>
Total Assets		<u>523,410,395</u>	<u>515,513,488</u>
LIABILITIES			
Sundry payables and accrued expenses		180,237	145,848
Amount due to index provider	5	34,265	79,540
Amount due to Manager	6	42,510	45,206
Amount due to Trustee	7	29,757	31,644
Distribution payable		<u>9,638,436</u>	<u>-</u>
Total Liabilities excluding Net Asset Value Attributable to Unitholders		<u>9,925,205</u>	<u>302,238</u>
NET ASSET VALUE AS AT 30 JUNE	8	<u>513,485,190</u>	<u>515,211,250</u>
UNITS IN CIRCULATION	8(a)	<u>481,921,800</u>	<u>481,921,800</u>
NET ASSET VALUE PER UNIT -EX DISTRIBUTION	9	<u>106.55 sen</u>	<u>106.91 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 FROM 1 APRIL 2010 TO 30 JUNE 2010

	Note	1-4-2010 to 30-6-2010 RM	1-4-2009 to 30-6-2009 RM
INVESTMENT INCOME			
Interest income		5,116,242	5,130,911
Net unrealised gain/(loss) on changes in value of investment		2,257,834	(8,918,191)
Net realised gain on sales of investment		949,395	691,750
		<u>8,323,471</u>	<u>(3,095,530)</u>
Add: Accretion of discount		81,318	95,457
Less: Amortisation of premium		<u>(311,047)</u>	<u>(273,016)</u>
Gross Income/(Loss)		<u>8,093,742</u>	<u>(3,273,089)</u>
EXPENDITURE			
Manager's fee	6	129,246	128,894
Trustee's fee	7	90,472	90,225
License fee	5	21,248	21,212
Audit fee		1,993	1,246
Tax agent's fee		1,479	1,246
Administrative expenses		13,929	9,652
Total Expenditure		<u>258,367</u>	<u>252,475</u>
NET INCOME/(LOSS) BEFORE INCOME TAX		7,835,375	(3,525,564)
LESS: INCOME TAX EXPENSE	10	<u>-</u>	<u>-</u>
NET INCOME/(LOSS) AFTER INCOME TAX		<u>7,835,375</u>	<u>(3,525,564)</u>
INCOME DISTRIBUTION	12	<u>9,638,436</u>	<u>-</u>
Net income/(loss) after income tax comprises the following:			
Realised income		5,577,541	5,392,627
Unrealised profit/(loss)		2,257,834	(8,918,191)
		<u>7,835,375</u>	<u>(3,525,564)</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 FROM 1 APRIL 2010 TO 30 JUNE 2010

	Note	1-4-2010 to 30-6-2010 RM	1-4-2009 to 30-6-2009 RM
Net asset value at beginning of period		515,288,251	518,736,814
Net income/(loss) for the period		7,835,375	(3,525,564)
Net income distribution	12	<u>(9,638,436)</u>	<u>-</u>
Net asset value at end of period		<u>513,485,190</u>	<u>515,211,250</u>

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

ABF Malaysia Bond Index Fund

CASH FLOW STATEMENT (unaudited) FOR THE PERIOD FROM 1 APRIL 2010 TO 30 JUNE 2010

	Note	1-4-2010 to 30-6-2010 RM	1-4-2009 to 30-6-2009 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of investments		80,893,000	70,842,000
Interest received		4,007,177	3,867,189
Tax agent's fee paid		-	(5,218)
Payment for other administrative expenses		(767)	(3,070)
License fee paid		(19,494)	-
Trustee's fee paid		(94,152)	(90,220)
Manager's fee paid		(134,503)	(128,886)
Purchase of investments		<u>(95,295,000)</u>	<u>(58,361,000)</u>
Net Cash (Used In)/Generated From Operating And Investing Activities		<u>(10,643,739)</u>	<u>16,120,795</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		<u>27,985,006</u>	<u>9,285,329</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13	<u>17,341,267</u>	<u>25,406,124</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 as amended by Deeds Supplemental thereto (“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 Deed, 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 historical cost convention modified by the revaluation of investments in accordance with applicable Financial Reporting Standards and the Securities Commission’s Guidelines on Exchange Traded Funds in Malaysia.

The Fund has not adopted the following FRSs, amendments to FRSs, IC Interpretations, TR and SOP which have effective date as follows:

		Effective for financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations (revised)	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements (revised in 2009)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010

(Forward)

**Effective for
financial periods
beginning on or after**

Amendments to FRS 1	Limited Exemption from comparative FRS 7 Disclosures for First-time Adoptees	1 January 2011
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010 and 1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010 and 1 July 2010
Amendments to FRS 7	Financial Instruments: Disclosures	1 January 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 8	Operating Segments	1 January 2010
Amendments to FRS 107	Statements of Cash Flows	1 January 2010
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendments to FRS 110	Events After the Reporting Period	1 January 2010
Amendments to FRS 116	Property, Plant and Equipment	1 January 2010
Amendments to FRS 117	Leases	1 January 2010
Amendments to FRS 118	Revenue	1 January 2010
Amendments to FRS 119	Employee Benefits	1 January 2010
Amendments to FRS 120	Accounting for Government Grants and Disclosures of Government Assistance	1 January 2010
Amendments to FRS 123	Borrowing Costs	1 January 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010 and 1 July 2010
Amendments to FRS 128	Investments in Associates	1 January 2010
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendments to FRS 131	Interests in Joint Ventures	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010

(Forward)

**Effective for
financial periods
beginning on or after**

Amendments to FRS 132	Classification of Rights Issues	1 March 2010
Amendments to FRS 134	Interim Financial Reporting	1 January 2010
Amendments to FRS 136	Impairment of Assets	1 January 2010
Amendments to FRS 138	Intangible Assets	1 January 2010 and 1 July 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010 and 1 July 2010
Amendments to FRS 140	Investment Property	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010 and 1 July 2010
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions	1 January 2010
SOP i-1	Financial Reporting from an Islamic Perspective	1 January 2010

Other than FRS 7, FRS 101 (revised in 2009) and FRS 139, the other FRSs, amendments to FRSs, IC Interpretations, TR and SOP are either not applicable or are expected not to have any significant impact on the financial statements of the Fund upon their initial application.

The Fund is exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 7 and FRS 139.

The adoption of FRS 101 (revised in 2009) will have the following impacts to the financial statements of the Fund upon its initial application:

- Entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity;
- When entity restated its comparative figures in financial statements or retrospectively applies a new accounting policy, a statement of financial position must be presented as at the beginning of the earliest comparative period in a complete set of financial statements;
- Entities must disclose amount reclassified to profit or loss that were previously recognized in other comprehensive income and the income tax relating to each component of other comprehensive income, either in the statement of comprehensive income or in the notes;
- New terminologies will replace ‘balance sheet’ with ‘statement of financial position’, and ‘cash flow statement’ with ‘statement of cash flows’.

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, 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 2010, there were no significant temporary differences.

Functional and Presentation Currency

Functional currency is the currency of the primary economic environment in which the Fund operates that most faithfully represents the economic effects of the underlying transactions. This is Ringgit Malaysia which reflects the currency of the economy in which the Fund competes for funds and issues and redeems units. The Fund has also adopted Ringgit Malaysia as its presentation currency.

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 that 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 goods or services received.

Financial Assets and Liabilities

Financial assets and financial liabilities carried on the statement of assets 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

	30-6-2010	30-6-2009
	RM	RM
At carrying value:		
Short-term deposit with licensed bank under short-term money market deposit	17,145,665	25,405,527
Quasi-Government bonds	55,519,235	53,298,779
Malaysian Government securities	450,549,893	436,808,585
	<u>523,214,793</u>	<u>515,512,891</u>
At nominal value:		
Short-term deposit with licensed bank under short-term money market deposit	17,144,500	25,404,100
Quasi-Government bonds	55,000,000	55,000,000
Malaysian Government securities	435,000,000	425,000,000
	<u>435,000,000</u>	<u>425,000,000</u>

Details of investments as at 30 June 2010 are as follows:

Maturity date	Issuer/ Stock number	Nominal value RM	Carrying value RM	Purchase cost RM	Carrying value as a percentage of net asset value %
Short-term deposit with licensed bank under short-term money market deposit					
01.07.2010	OCBC Bank (M) Berhad	<u>17,144,500</u>	<u>17,145,665</u>	<u>17,144,500</u>	<u>3.34</u>
Quasi-Government bonds					
12.03.2013	The Export-Import Bank of Korea	10,000,000	10,136,077	10,028,474	1.97
06.06.2014	Sil Terra Capital Berhad	15,000,000	15,092,466	15,233,014	2.94
30.11.2016	Syarikat Prasarana Negara Berhad	5,000,000	5,100,632	4,911,737	0.99

(Forward)

Maturity date	Issuer/ Stock number	Nominal value RM	Carrying value RM	Purchase cost RM	Carrying value as a percentage of net asset value %
12.03.2018	The Export-Import Bank of Korea	10,000,000	9,945,849	10,026,890	1.94
30.05.2018	Syarikat Prasarana Negara Berhad	10,000,000	10,117,268	9,968,253	1.97
27.09.2024	Syarikat Prasarana Negara Berhad	5,000,000	5,126,943	5,021,163	1.00
		<u>55,000,000</u>	<u>55,519,235</u>	<u>55,189,531</u>	<u>10.81</u>

Malaysia Government securities

28.09.2011	MN01001V	30,000,000	30,665,725	30,347,639	5.97
15.06.2012	MJ060005	20,000,000	20,278,507	20,262,608	3.95
27.08.2012	MH090001	20,000,000	19,907,740	19,980,715	3.88
25.02.2013	MN03003V	50,000,000	51,314,271	50,014,630	9.99
15.03.2013	GH090053	5,000,000	5,049,601	5,035,441	0.98
15.05.2013	MJ070005	5,000,000	5,090,622	5,182,945	0.99
31.05.2013	MH090005	5,000,000	5,020,594	5,099,990	0.98
31.07.2013	MJ080001	20,000,000	20,425,867	20,117,068	3.98
30.04.2014	MN04002W	45,000,000	48,072,447	48,671,913	9.36
30.12.2014	GJ090030	10,000,000	10,111,066	10,044,814	1.97
27.02.2015	MJ090004	25,000,000	25,480,362	25,230,766	4.96
16.03.2015	GN050001	10,000,000	10,443,487	10,329,639	2.03
12.08.2015	MJ100001	5,000,000	5,143,628	5,099,495	1.00
30.09.2015	GJ100009	5,000,000	5,094,014	5,053,511	0.99
30.09.2015	MO05002S	15,000,000	15,927,424	15,988,833	3.10
15.09.2016	MO060001	20,000,000	20,792,161	20,434,895	4.05
15.02.2017	MN070002	20,000,000	20,265,931	20,504,800	3.95
15.06.2017	GN070008	5,000,000	5,021,114	5,151,990	0.98
07.02.2018	MS03002H	15,000,000	15,585,738	14,626,011	3.04

(Forward)

Maturity date	Issuer/ Stock number	Nominal value RM	Carrying value RM	Purchase cost RM	Carrying value as a percentage of net asset value %
31.10.2018	GN080031	20,000,000	20,490,313	20,985,934	3.99
30.07.2019	MS04003H	15,000,000	17,344,519	16,981,719	3.38
29.11.2019	MO090002	20,000,000	20,734,163	20,731,236	4.04
30.04.2020	GO090061	10,000,000	10,343,094	10,232,273	2.01
15.07.2025	MY050003	10,000,000	10,789,143	10,366,331	2.10
15.09.2026	MX060002	10,000,000	10,518,199	10,305,114	2.05
31.05.2027	MX070003	5,000,000	4,464,831	4,517,448	0.87
15.09.2028	MX080003	10,000,000	11,099,017	10,673,676	2.16
15.04.2030	MX100003	5,000,000	5,076,315	5,015,362	0.99
		<u>435,000,000</u>	<u>450,549,893</u>	<u>446,986,796</u>	<u>87.74</u>
Total investments		<u>507,144,500</u>	<u>523,214,793</u>	<u>519,320,827</u>	<u>101.89</u>

The weighted average interest rate and average remaining maturities of short-term deposit with licensed bank under short-term money market deposit are as follows:

	Weighted average interest rate		Remaining maturities	
	30-6-2010 %	30-6-2009 %	30-6-2010 Day	30-6-2009 Day
Short-term deposits with licensed bank under short-term money market deposit	<u>2.48</u>	<u>2.05</u>	<u>1</u>	<u>1</u>

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

	Effective yield*	
	30-6-2010 %	30-6-2009 %
Quasi-Government bonds	4.16	4.95
Malaysian Government securities	<u>3.49</u>	<u>3.54</u>

* As provided by IIC

Analyses of the remaining maturity of investments as at 30 June 2010 are as follows:

	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
At nominal value:			
Quasi-Government bonds	-	25,000,000	30,000,000
Malaysian Government securities	<u>50,000,000</u>	<u>195,000,000</u>	<u>190,000,000</u>

5. **AMOUNT DUE TO INDEX PROVIDER**

Included in the 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:

	% p.a.
Fund Size	
Up to 30 June 2008	
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	0.01
For amount above 275% of Initial Funding	No charge
subject to a minimum annual fee of USD26,542	
From 1 July 2008 onwards	
For amount equal to or less than Initial Funding	0.0175
For amount above Initial Funding, but equal to or less than 275% of Initial Funding	0.01
For amount above 275% of Initial Funding	No charge
subject to a minimum annual fee of USD26,542	

* Initial Funding for the Fund was USD115,400,000

6. AMOUNT DUE TO MANAGER

Amount due to Manager represents manager's fee payable.

Manager's fee was charged at a rate of 0.10% per annum of the net asset value of the Fund, calculated on a daily basis, for the financial period from 1 April 2010 to 30 June 2010 (0.10% for the financial period from 1 April 2009 to 30 June 2009).

7. AMOUNT DUE TO TRUSTEE

Amount due to Trustee represents trustee's fee payable.

Trustee's fee was charged at a rate of 0.07% per annum of the net asset value of the Fund, calculated on a daily basis, for the financial period from 1 April 2010 to 30 June 2010 (0.07% for the financial period from 1 April 2009 to 30 June 2009).

8. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDER

Net asset value attributable to unitholders is represented by:

	Note	30-6-2010 RM	30-6-2009 RM
Unitholders' contribution	(a)	505,257,375	505,257,375
Accumulated gain	(b)	<u>8,227,815</u>	<u>9,953,875</u>
		<u>513,485,190</u>	<u>515,211,250</u>

(a) UNITHOLDERS' CONTRIBUTION/UNITS IN CIRCULATION

	1-4-2010 to 30-6-2010		1-4-2009 to 30-6-2009	
	Number of units	RM	Number of units	RM
At beginning and end of period	<u>481,921,800</u>	<u>505,257,375</u>	<u>481,921,800</u>	<u>505,257,375</u>

As provided in the prevailing Prospectus, the 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 2010 and 30 June 2009. Holdings by parties related to the Manager as at 30 June 2010 was 2,283,559 units valued at RM2,466,244 (43,226,693 units valued RM46,295,788 as at 30 June 2009).

(a) **ACCUMULATED GAIN**

	Note	1-4-2010 to 30-6-2010 RM	1-4-2009 to 30-6-2009 RM
At beginning of period		10,030,876	13,479,439
Net income/(loss) for the period		7,835,375	(3,525,564)
Income distribution for the period	12	<u>(9,638,436)</u>	<u>-</u>
At end of period		<u>8,227,815</u>	<u>9,953,875</u>

9. **NET ASSET VALUE PER UNIT (EX DISTRIBUTION)**

The net asset value per unit (ex distribution) is calculated by dividing the net assets of RM513,485,190 by 481,921,800 units in issue as at 30 June 2010 (RM515,211,250 by 481,921,800 units in issue as at 30 June 2009).

10. **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 expenses applicable to net income/(loss) 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:

	1-4-2010 to 30-6-2010 RM	1-4-2009 to 30-6-2009 RM
Net income/(loss) before income tax	<u>7,835,375</u>	<u>(3,525,564)</u>
Taxation at Malaysian statutory rate of 25%	1,958,900	(881,400)
Tax effect of:		
(Income not subject to tax)/Loss not deductible for tax purposes	(2,023,500)	818,300
Permitted expenses not deductible for tax purposes	30,500	30,100
Restriction on tax deductible expenses for unit trust funds	30,700	29,700
Permitted expenses not used and not available for future years	<u>3,400</u>	<u>3,300</u>
Tax expense for the financial period	<u>-</u>	<u>-</u>

11. 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 the Trustee.

12. INCOME DISTRIBUTION

Distribution to unitholders is from the following sources:

	1-4-2010 to 30-6-2010 RM	1-4-2009 to 30-6-2009 RM
Undistributed income brought forward	5,331,934	-
Interest income	4,081,838	-
Net realised gain on sale of investments	730,518	-
Accretion of discount	63,560	-
Amortisation of premium	<u>(311,047)</u>	<u>-</u>
	9,896,803	-
Less: Expenses	<u>(258,367)</u>	<u>-</u>
Total amount of distribution	<u>9,638,436</u>	<u>-</u>

Included in the income distribution for the financial period from 1 April 2010 to 30 June 2010 was an amount distributed from previous year's realised income of RM5,331,934.

The above distribution has been proposed before taking into account net unrealised profit of RM2,257,834 for this financial quarter ended 30 June 2010 and net unrealised loss brought forward of RM2,846,362 which are carried forward to the next financial period.

	1-4-2010 to 30-6-2010		1-4-2009 to 30-6-2009	
	Date of		Date of	
	distribution	RM	distribution	RM
GROSS AND NET				
Interim distribution				
– 2.00 (Nil in 2009)				
sen per unit	16 June 2010	<u>9,638,436</u>	-	<u>-</u>

13. CASH AND CASH EQUIVALENTS

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

	30-6-2010	30-6-2009
	RM	RM
Short-term deposit with licensed bank under short-term money market deposit (Note 4)	17,145,665	25,405,527
Cash at banks	<u>195,602</u>	<u>597</u>
	<u>17,341,267</u>	<u>25,406,124</u>

14. MANAGEMENT EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO

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

	1-4-2010 to	1-4-2009 to
	30-6-2010	30-6-2009
	% p.a.	% p.a.
Manager's fee	0.10	0.10
Trustee's fee	0.07	0.07
License fee	0.02	0.02
Administrative expenses	<u>0.01</u>	<u>0.01</u>
Total MER	<u>0.20</u>	<u>0.20</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, 0.17 times for the financial period from 1 April 2010 to 30 June 2010 (0.13 times for the financial period from 1 April 2009 to 30 June 2009).

15. SEGMENTAL REPORTING

In accordance with the objective of the Fund, substantially all of the Fund's investments are made in the form of fixed income securities in Malaysia. The Manager is of the opinion that the risk and rewards from these investments are not individually or segmentally distinct and hence the Fund does not have a separate identifiable business or geographical segments.

16. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with financial institutions for the financial period from 1 April 2010 to 30 June 2010 are as follows:

Financial institutions	Transaction value	
	RM	%
CIMB Bank Berhad	106,307,007	59.84
Citibank Berhad	66,220,291	37.27
Maybank Berhad	5,126,419	2.89
Total	<u>177,653,717</u>	<u>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.

17. RISK MANAGEMENT POLICIES

The Fund is exposed to a variety of risks that included market risk, 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 risks, careful selection of stocks for investment coupled with stringent compliance to investment restrictions as stipulated by the Capital Market and Services Act 2007, Securities Commission's Guidelines on Exchange Traded Funds and the Deed as the backbone of risk management of the Fund.

Market Risk

Market risk relates to investments in quoted/unquoted securities where movements of share/bond unit prices can rise or fall for a number of reasons including industry trends, economic factors, changes in the investee's operations, management and financial performance as well as market perceptions on a particular investee.

Market risk is managed through portfolio diversification and asset allocation whereby the securities exposure is monitored/reduced in the event of anticipated market weaknesses.

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 in value.

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 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 single issuer is diversified and 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 may affect the net asset value of the Fund.

Stock Risk

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

18. 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 Manager and Trustee, cash at banks, 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

Additional Information

AmInvestment Services Bhd

Registered Office

22nd Floor, Bangunan Ambank Group
55, Jalan Raja Chulan,
50200 Kuala Lumpur

Head Office

9th Floor, Bangunan AmBank Group
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50200 Kuala Lumpur

Tel:03-2036 2888
Fax: 03-20315210

Secretary

Koid Phaik Gunn
MAICSA 7007433

Toh Li Ang
MAICSA 7024717

22nd Floor, Bangunan Ambank Group
55, Jalan Raja Chulan,
50200 Kuala Lumpur

HSBC (Malaysia) Trustee Berhad

Business/Registered Office/Head Office

Suite 901, 9th Floor, Wisma Hamzah-
Kwong Hing
No.1, Leboh Ampang,
50100 Kuala Lumpur

Tel: 03-2074 3200
Fax: 03-2078 0145

Board Meeting

The Board of Directors, of which one-third are independent members, exercise ultimate control over the operations of the Company. For the financial period under review, 1 board meeting was held.

Details of the Directors of the management company are set out as below:

Mr. Harinder Pal Singh, a Malaysian, age 48 is the Director of Operations and Principal Officer of AmInvestment Services Berhad. He was appointed to the Board on 22 September 2008 as Non-Independent Non-Executive Director of AmInvestment Services Berhad. As a board member, he attended 1 board meeting in the financial period. He is also a member of Investment Committee of AmInvestment Services Berhad. As an Investment Committee member, he has attended 2 meetings in the financial period. He is a graduate from University Malaysia with a Bachelors Degree in Accounting joined the AmBank Group in 1995. He started his career with AmSecurities Sdn Bhd as Director of Operation before joining AmMerchant Bank Berhad in Corporate Services Department and later the AmInvestment Services Berhad where he served in various positions. He was subsequently appointed as Principal Officer of AmInvestment Services Berhad on 8 December 2006.

Kok Tuck Cheong, a Malaysian, age 59 is the Managing Director and Chief Executive Officer of AmInvestment Bank Bhd. He has been with the AmBank Group since 1981. Mr. Kok was appointed to the Board of AmInvestment Services Berhad on 9 November 2001 as Non-Independent Non-Executive Director. For the financial period under review, he did not attend the board meeting. He is a graduate of the University of Southampton with a Bachelor of Science (Honours) in Commerce and Accounting and subsequently obtained his Master of Science in Financial Managerial Control. He started his career with AmMerchant Bank Berhad in the Treasury Department before joining the Banking and Corporate Finance Department and later the Investment Department where he served in various positions. He was appointed as General Manager, Banking in January 1989 and later served as Senior General Manager until his appointment as Executive Director in September 2000. He was subsequently appointed as the Managing Director and Chief Executive Officer of AmMerchant Bank Berhad on 2005.

Datin Maznah Mahbob, a Malaysian, age 51 is the Chief Executive Officer of the Funds Management Division of AmInvestment Bank Group and is also the Chief Executive Officer/Executive Director of AmInvestment Management Sdn Bhd. She was appointed to the Board of AmInvestment Services Berhad on 29 December 2005 as Non-Independent Non-Executive Director. As a board member, she attended 1 board meeting in the financial period. Currently she is responsible for business strategy and management of the Funds Management Division. She has been in the funds management industry since 1987. Prior to this, she was in the Corporate Finance Department of AmInvestment Bank for 3 years. She is a graduate of the Institute of Chartered Secretaries and Administrators (UK) and holds the Capital Markets Services Representative License.

Prof. Dr. Annuar Md .Nassir, a Malaysian, aged 52 is a Professor and Dean with the Faculty of Economics and Management of Universiti Putra Malaysia. He was appointed to the Board of AmInvestment Services Berhad on 4 September 1993. On 31 March 2003 he retired as Director and was reappointed to the position on 8 April 2003 as an Independent Non-Executive Director. As a board member, he attended 1 board meeting in the financial period. He is also a member of Investment Committee of AmInvestment Services Berhad. As an Investment Committee member, he has attended 2 meetings in the financial period. He holds a Doctor of Philosophy from University Putra Malaysia. He has been with the University since 1985.

Dato' Dr. Mahani Zainal Abidin, a Malaysian, aged 56 is a Director-General, Institute of Strategic and International Studies, Malaysia. She was appointed to the Board of AmInvestment Services Berhad on 14 July 2004 as an Independent Non-Executive Director. As a board member, she has attended 1 board meeting in the financial period. She is also a member of Investment Committee of AmInvestment Services Berhad. As an Investment Committee member, she has attended 1 meeting in the financial period She holds a Doctor of Philosophy in Development Economics from University of London in 1992. She was Professor in the Department of Applied Economics at the Faculty of Economics and Administration, University of Malaya. She started her career in 1999, as Deputy Rector with International Institute of Public Policy and Management of University Malaya. She was then appointed as a member of the Working Group for the National Economic Action Council, a body established by the Malaysian Government to formulate measures to initiate recovery from the economic and financial crisis. In 2001, Y Bhg Dato' was appointed as the Head, Special Consultancy Team on Globalisation of the National Economic Action Council. She also serves as Deputy Chairman of the National Accreditation Board from May 2003 until October 2007. In 2005, she was appointed as the Deputy Director-General, Department of Higher Education, Ministry of Higher Education Malaysia.

Lee Siang Korn @ Lee Siang Chin, a Malaysia, age 62 is a Fellow of the Institute of Chartered Accountants in England and Wales, and also a member of the Malaysian Association of Certified Public Accountants. Mr. Lee was appointed to the Board of AmInvestment Services Berhad on 20 December 2006 as an Independent Non-Executive Director. As a board member, he attended 1 board meeting in the financial period. He is also a member of Investment Committee of AIS. As an Investment Committee member, he has attended 1 meeting in the financial period He embarked on a career in corporate finance, which spanned over a decade. In 1983, he joined AmInvestment Bank Berhad as General Manager, Corporate Finance and later became the Managing Director of AmSecurities Sdn Bhd. Mr Lee left AmSecurities in 1999. He is also a Director of UniAsia Life Assurance Berhad.

None of the above Directors have any family relationship with other Directors, convicted for offences within the past 10 years and have any conflict of interest in the Fund.

Investment Committee Members

Prof. Dr. Annuar Md. Nassir (Independent)(profile as mentioned above)

Dato' Dr. Mahani Zainal Abidin (Independent)(profile as mentioned above)

Mr. Lee Siang Korn @ Lee Siang Chin (Independent)(profile as mentioned above)

Mr. Harinder Pal Singh (profile as mentioned above)

Material Litigation

For the financial period under review, Manager of the Fund is not engaged in any material litigation and arbitration, including those pending or threatened, and any facts likely to give any proceedings, which might materially affect the business/financial position of the Manager and of its delegates.

Unit holders

List of the unit holders having the largest number of units:

<i>NAME</i>	Number of Units Held	Units Held (in %)
HSBC BANK MALAYSIA BERHAD	479,134,741	99.42
AMINVESTMENT BANK BERHAD	2,283,559	0.47
CIMB INVESTMENT BANK BERHAD	200,000	0.04
CITIBANK BERHAD	140,000	0.03
PUBLIC INVESTMENT BANK BERHAD	100,000	0.02
MAYBANK INVESTMENT BANK BERHAD	20,000	0.0042
OSK INVESTMENT BANK BERHAD	20,000	0.0042
CIMB INVESTMENT BANK BERHAD	10,000	0.0021
ALLIANCE INVESTMENT BANK BERHAD	3,000	0.00062
HWANGDBS INVESTMENT BANK BERHAD	2,000	0.00062
HWANGDBS INVESTMENT BANK BERHAD	2,000	0.00042
RHB INVESTMENT BANK BERHAD	1,000	0.00021
ECM LIBRA INVESTMENT BANK BERHAD	1,000	0.00021
MAYBANK INVESTMENT BANK BERHAD	1,000	0.00021
PUBLIC INVESTMENT BANK BERHAD	1,000	0.00021
KENANGA INVESTMENT BANK BERHAD	500	0.00010
INTER-PACIFIC SECURITIES SDN BHD	500	0.00010
JUPITER SECURITIES SDN BHD	396	0.00008
MAYBANK INVESTMENT BANK BERHAD	300	0.00006
HWANGDBS INVESTMENT BANK BERHAD	300	0.00006
MAYBANK INVESTMENT BANK BERHAD	200	0.000042
ECM LIBRA INVESTMENT BANK BERHAD	100	0.000021
PUBLIC INVESTMENT BANK BERHAD	100	0.000021
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	50	0.000010
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	50	0.000010
OSK INVESTMENT BANK BERHAD	4	0.0000008