

Company No.

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**HONG LEONG MSIG TAKAFUL BERHAD**  
(formerly known as Hong Leong Tokio Marine Takaful Berhad)  
(Incorporated in Malaysia)

**INVESTMENT-LINKED FUNDS**  
**FUND PERFORMANCE REPORT**  
for the financial year ended 30 June 2011

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**HONG LEONG MSIG TAKAFUL BERHAD**  
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**HONG LEONG MSIG TAKAFUL BERHAD**  
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**APPOINTED REPRESENTATIVE'S MESSAGE**

Assalamualaikum Wrt. Wbt. and warm wishes

Dear Valued Certificate holders,

We are pleased to share with you Hong Leong MSIG Takaful Berhad (formerly known as Hong Leong Tokio Marine Takaful Berhad) fund performance report for the financial year ended 30 June 2011. We hope you find this informative and helpful in many different ways to assist you in your investment decisions to suit your financial goals.

This 2011 saw the local bourse enjoying a strong rally supported by the domestic economic growth on the government's Economic Transformation Programme and inflows of foreign capital to the local markets. The rally came about despite negative global events and fears of recession in the US and European countries, natural disasters in Japan and political unrest in the Middle Eastern region.

The implementation of the Government Transformation Plan and Economic Transformation Programme which aims to move the country to high income nation by year 2020 further improved investor sentiments. For the financial year ended June 2011, the FBM KLCI closed higher, gaining 20.2% from the previous year, while the FBMEmas Shariah Index rose 20.01% to close at 10,517.5 points

On the global front, volatility is expected but the local market should hold up well against its regional peers due to participation of local GLC fund, perceived defensiveness and higher than average dividend yields.

Moving forward with the speedier implementation of projects under the Economic Transformation Programme, involving private-public partnership, we expect the market to be on a path of sustained growth. Any weakness in the market will present opportunity to accumulate fundamentally robust stocks.

Thank you once again for your continued support and trust. It is our pleasure and privilege to serve you.

Abdul Khalid bin Salleh  
Appointed Representative

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## FUND OBJECTIVES

HLMT i-Balanced Fund aims to achieve regular income as well as medium to long-term capital growth through a diversified investment portfolio containing equity and fixed income securities.

HLMT i-Income Fund aims to preserve capital while achieving regular income stream through an investment portfolio containing predominantly fixed income securities and a small proportion in equity securities.

HLMT Alpha Crescent Investment Plan (ACIP), a closed-end investment fund, aims to provide investors with capital appreciation and principal protection at the end of 3 years. The returns at maturity are benchmarked against the performance of the Alpha Crescent Index.

HLMT Global Infrastructure and Income Plan (GIIP), a Singapore Dollar denominated closed-end investment fund, aims to provide investors with capital appreciation and principal protection at the end of 4 years. The plan pays a contracted annual income distribution of 3% per annum in Singapore Dollars for the first three years and an additional potential return (if any and in Singapore Dollars) at maturity which is referenced upon the least performing of 3 energy, industrial metals and utilities indices.

HLMT Global Recovery Income Plan (GRIP), an Australian Dollar denominated closed-end investment fund, aims to provide investors with annual income while protecting principal investment, if held till the end of 4 years. The plan pays in Australian Dollars a contracted annual income distribution with a cumulative total of 15% (3.50% in year 1, 4.75% in year 2 and 6.75% in year 3, subject to the ability of the certificate issuer to repay the annual distribution income) for the first three years and an additional variable profit in year 4 which is referenced upon the performance of a basket of assets consisting of equity (US and Hong Kong) and commodity (crude oil and precious metals) based underlying.

My Steady 10-Plan, a closed-ended 10 Years Fixed Income Shariah-compliant fund, pays a contracted gross income distribution with an indicative rate of 44.20% and is principal protected upon maturity at the end of 10 years. The underlying reference assets are depending on the Islamic rate.

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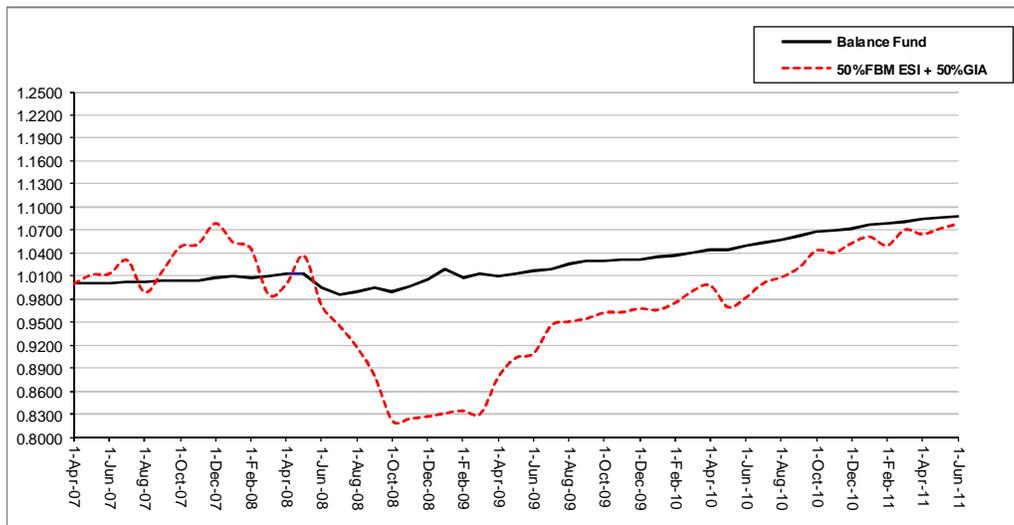
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**INVESTMENT REVIEW**

**HLMT i-BALANCED FUND**

For the financial period under review, the Fund managed to achieve a return of 3.78% financial YTD. In comparison with the benchmark since inception, the Fund managed to outperform by 1.02%. This was due to the conservative investment approach taken considering the fund size is still relatively small. As at end of the financial year, 46.56% of the Fund was invested in Low Risk Assets, 36.05% in Islamic PDS and 4.17% in Syariah compliant equities.

As at 30 June 2011  
Price Movement, Calculation indexed



**Performance table of the Fund**

	2011	2010	2009	2008
Total NAV	4,122,989	4,139,174	3,352,145	3,316,776
Number of units	3,667,155	3,860,240	3,228,700	3,298,269
NAV per unit	1.1243	1.0723	1.0382	1.0056
Highest NAV per unit during financial year	1.1243	1.0723	1.0382	1.0157
Low est NAV per unit during financial year	1.0488	1.0145	0.9846	0.9959
Total annual return of the fund (%)	3.78%	3.21%	3.24%	0.49%
Average annual return - Fund				
- 1 year	3.78%	3.21%	3.24%	0.49%
- 3 year	3.01%	1.69%	n/a	n/a
Average annual return - Benchmark (50%FBM ESI+50%GIA)				
- 1 year	9.82%	2.99%	2.04%	-0.41%
- 3 year	3.53%	1.60%	n/a	n/a

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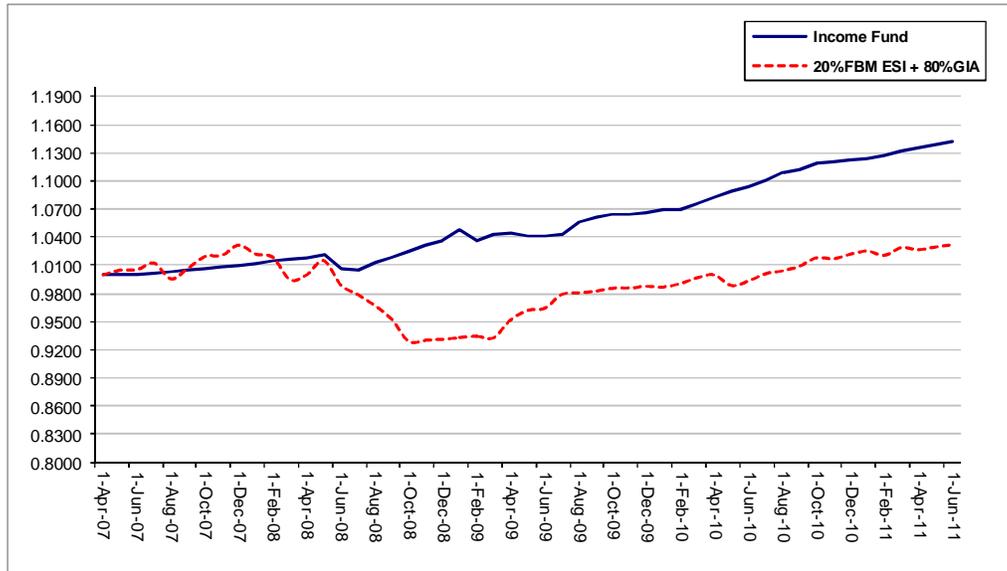
**INVESTMENT REVIEW**

**HLMT i-INCOME FUND**

For the financial period under review, the Fund managed to achieve a return of 4.27%, outstripping the benchmark return of 3.90%. This was due to the conservative investment approach taken considering the fund size is still relatively small. As at end of the financial year, 18.87% of the Fund was invested in low risk assets and 70.93% in Islamic PDS.

As at 30 June 2011

Price Movement, Calculation indexed



**Performance table of the Fund**

	2011	2010	2009	2008
Total NAV	2,727,771	2,626,926	2,577,515	2,486,032
Number of units	2,308,030	2,338,238	2,434,186	2,447,236
NAV per unit	1.1819	1.1235	1.0589	1.0159
Highest NAV per unit during financial year	1.1819	1.1235	1.0589	1.0213
Low est NAV per unit during financial year	1.0949	1.0394	1.0030	1.0000
Total annual return of the fund (%)	4.27%	5.22%	4.24%	1.50%
Average annual return - Fund				
- 1 year	4.27%	5.22%	4.24%	4.50%
- 3 year	4.26%	3.04%	n/a	n/a
Average annual return - Benchmark (20%FBM ESI+80%GIA)				
- 1 year	3.90%	4.77%	3.31%	0.72%
- 3 year	1.43%	3.07%	n/a	n/a

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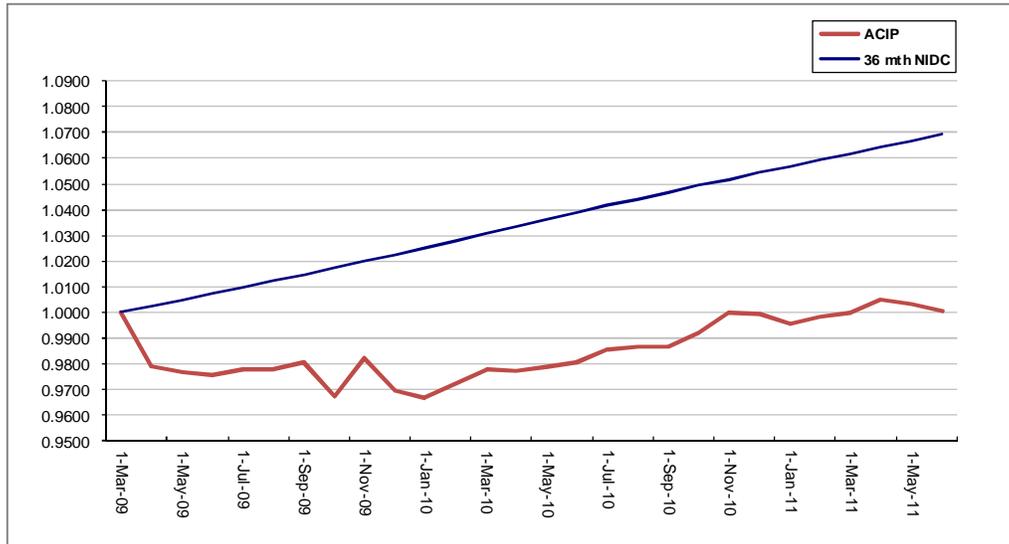
**INVESTMENT REVIEW**

**HLMT ALPHA CRESCENT INVESTMENT PLAN (ACIP)**

ACIP is a 3 year capital protected investment linked takaful where the returns at maturity is benchmarked against the performance of the Alpha Crescent Index which is calculated based on a “buy low, sell high” strategy. Since the launch of the fund, the fund returned 2.1% against the benchmark of 36 months NIDC rates of 2.9%. This is in line with the objective of providing absolute returns while minimizing risk to investors.

As at 30 June 2011

Price Movement, Calculation indexed



**Performance table of the Fund**

	2011	2010	2009 4 months
Total NAV	23,418,571	23,154,435	23,356,741
Number of units	23,266,510	23,557,510	23,857,298
NAV per unit	1.0065	0.9829	0.979
Highest NAV per unit during financial year	1.0065	0.9828	1.000
Lowest NAV per unit during financial year	0.9805	0.9626	0.942
Total return of the fund (%)	2.1%	0.4%	-2.1%
Average annual return - Fund			
- 1 year	2.1%	0.4%	n/a
- 3 year	n/a	n/a	n/a
Average annual return - Benchmark (36 month NIDC)			
- 1 year	2.9%	0.3%	n/a
- 3 year	n/a	n/a	n/a

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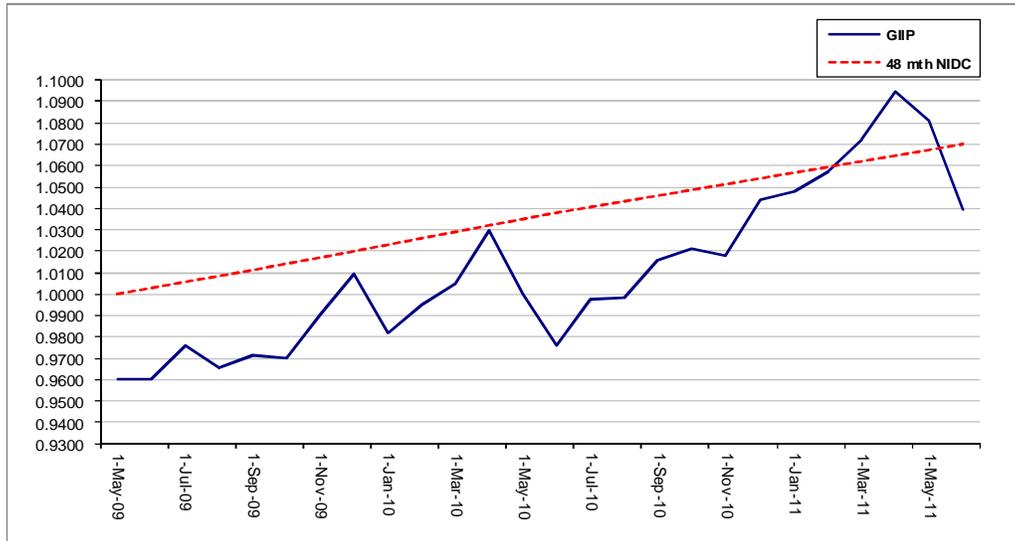
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**INVESTMENT REVIEW**

**HLMT GLOBAL INFRASTRUCTURE AND INCOME PLAN (GIIP)**

GIIP is a 4 year Singapore Dollar denominated capital protected investment linked takaful plan which pays a contracted annual income distribution, and an additional potential return at maturity referenced to the least performing of 3 energy, industrial metals and utility indices. The fund has paid its second annual coupon of 2.76% to certificate holders in June 2011.

As at 30 June 2011  
 Price Movement, Calculation indexed



Performance table of the Fund

	2011	2010	2009 2 months
Total NAV	23,084,348	21,243,858	21,528,052
Number of units	9,110,000	9,110,000	21,846,700
NAV per unit	2.5340	2.3319	0.9850
Highest NAV per unit during financial year	2.5340	2.3319	0.9600
Low est NAV per unit during financial year	2.3891	2.1719	0.9600
Total return of the fund (%)	6.6%	-4.0%	2.6%
Average annual return - Fund			
- 1 year	6.6%	136.7%	n/a
- 3 year	n/a	n/a	n/a
Average annual return - Benchmark (48 month NIDC)			
- 1 year	3.09%	-0.03%	n/a
- 3 year	n/a	n/a	n/a

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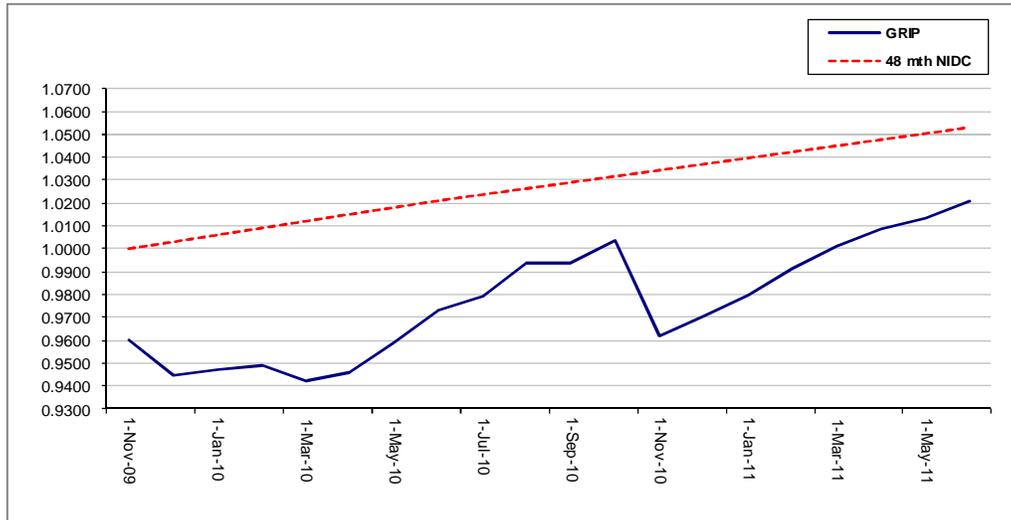
**INVESTMENT REVIEW**

**HLMT GLOBAL RECOVERY INCOME PLAN (GRIP)**

GRIP is a 4 year Australian Dollar denominated capital protected investment linked takaful plan which pays a contracted annual income distribution for the first three years, and an additional potential return in year 4 referenced to a basket of reference assets consisting of equity and commodity based underlying. The fund has paid coupon of 4.5% to certificate holders in December 2010.

As at 30 June 2011

Price Movement, Calculation indexed



**Performance table of the Fund**

	2011	2010 8 months
Total NAV	23,548,132	20,899,487
Number of units	7,196,479	7,790,000
NAV per unit	3.2722	2.6829
Highest NAV per unit during financial year	3.3125	2.6829
Low est NAV per unit during financial year	3.0924	2.8133
Total return of the fund (%)		
Average annual return - Fund		
- 1 year	4.9%	n/a
- 3 year	n/a	n/a
Average annual return - Benchmark (48 month NIDC)		
- 1 year	3.14%	n/a
- 3 year	n/a	n/a

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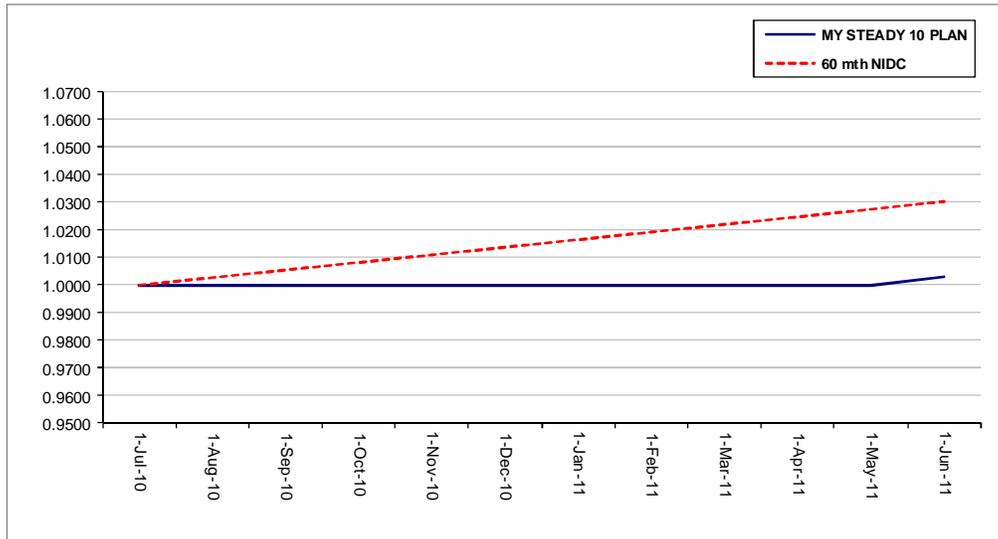
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**INVESTMENT REVIEW**

**MY STEADY 10 PLAN**

My Steady 10-Plan, a closed-ended 10 Years Fixed Income Shariah-compliant fund, pays a contracted gross income distribution with an indicative rate of 44.20% and its principal protected upon maturity at the end of 10 years. The underlying reference assets are depending on the Islamic rate.

As at 30 June 2011  
 Price Movement, Calculation indexed



**Performance table of the Fund**

	2011 11 months
Total NAV	3,520,910
Number of units	3,509,668
NAV per unit	1.0032
Highest NAV per unit during financial year	1.0032
Low est NAV per unit during financial year	1.0000
Total return of the fund (%)	
Average annual return - Fund	
- 11 months	0.3%
Average annual return - Benchmark (48 month NIDC)	
- 11 months	2.78%

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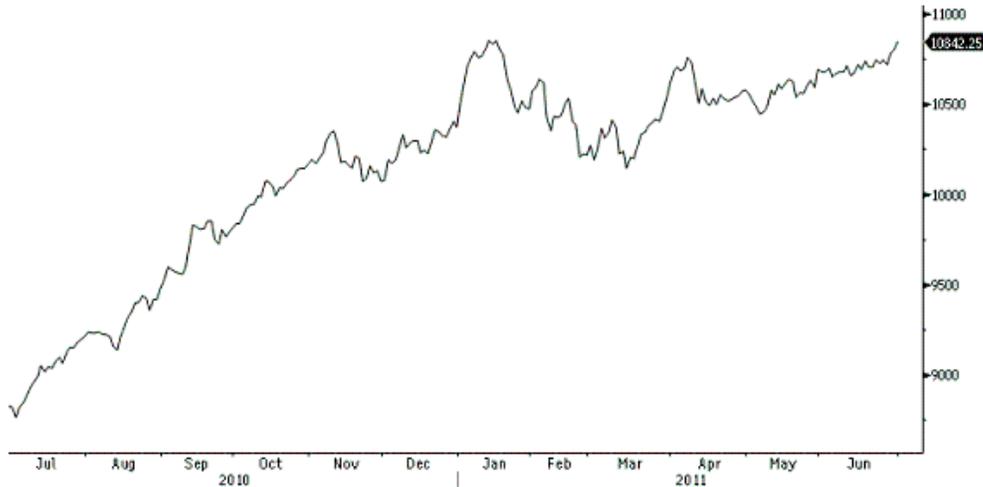
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**INVESTMENT REVIEW**

**Equities Market**

FBM Kuala Lumpur Composite Index (1 July 2010 – 30 June 2011)



Source: Bloomberg

For the financial year under review, the FBM KL Composite Index (KLCI) benchmark chalked up a return of 20.2%. The local market generally benefited from positive news flow and bullish regional markets. The strong performance in the benchmark index was mainly boosted by the banking sector on higher loan growth and healthy balance sheet. Mid-cap stocks particularly in the oil & gas sector, outperformed on the back of higher crude oil prices and strong replenishment of order books. The successful listing of Petronas' subsidiaries namely MMHE and Petronas Chemicals further helped to boost investor sentiment.

After a lackluster first half, the local bourse began to surge in the second half of 2010 on strong influx of short-term capital into emerging markets coupled with improving domestic economic fundamentals as well as an appreciating currency. The foreign inflows were mainly driven by the second round of quantitative easing in the US. As a result, central banks around the region were seen raising interest rates to stem inflationary impact. Towards year-end, the market succumbed to profit taking due to concerns over credit tightening measures in China, euro-debt worries and also heightening political tension in the Korean peninsula. But the correction mode was not for long when the US and China both released improving economic data and with Ireland agreeing to seek a bailout from the EU and IMF.

After starting calendar year 2011 on a positive note, the KLCI along with other emerging markets succumbed to profit taking activities given that stocks in emerging markets rallied substantially in second half of 2010, unabated concerns over tightening measures in China and worries of more policy tightening. The downtrend was further aggravated by political unrest in the Middle Eastern countries and the massive earthquake, tsunami and nuclear crisis, which resulted in supply chain disruptions subsequently.

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**INVESTMENT REVIEW**

**Equities Market (Continued)**

Investors' sentiment continued to be jittery ahead of the Sarawak state election and negative news surrounding the global front where the outlook for US sovereign debt was downgraded to negative by Standard & Poor as well as fear on the Eurozone's stability on account of a potential risk of debt restructuring for Greece. But these improved subsequently when the ruling coalition secured its two-thirds majority in Sarawak and over in Eurozone, Greece's PM secured a vote of confidence and EU lenders approved the next disbursement of bailout funds.

Overall, the local market held up well against its regional peers due to strong participation of the GLC funds in the local market, its perceived defensiveness and higher than average dividend yields. During the financial year ending 30 Jun 11, Bank Negara raised the Overnight Policy Rate twice by 25 basis points each to 3.00% and SRR twice by 100 basis points each to 4.00% to control rising inflationary pressure.

For the financial period ended June 2011, the FBM KLCI closed higher at 1,579.07 points, gaining 20.2% from a year ago while the FBMEmas Index rose 22.3% to close at 10,842.3 points.

**Fixed Income Market**

The Malaysian bond market was volatile throughout the financial year under review. The market started the financial year expecting bond yields to rise in tandem with the policy rate hikes. Instead, bond yields were chased down by foreign buying interest despite the policy rate hike. The sustained demand for MGS was due to the outlook for the Ringgit mainly attributed to firm domestic economic fundamentals as well as anticipation that China will revalue the CNY upwards whereby the Ringgit was expected to follow suit. As a result, foreign ownership in MGS rose to RM73 billion in December June 2010 as compared to RM45 billion holdings in early 2010. Meantime, the lack of new supply also contributed to the sustained interest in government bonds throughout 2010. Total government issuance for 2010 was only RM58.1billion versus RM88.5 billion in 2009.

In the first half of the financial year, BNM only hiked over night policy rate (OPR) by 25 bps to 2.75% in July 2010 and paused for the rest of 2010 while assessing global economic numbers and the European sovereign debt issue. Bond yields initially took a dive in the first quarter of the financial year but later soared in late October as the market expected a surge in Government borrowings in year 2011, pursuant to the announcement of 2011 Malaysian Budget.

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## INVESTMENT REVIEW

### Fixed Income Market (Continued)

The bearish sentiment continued in the second half of the financial year with inflationary concerns resurfacing. Though BNM only raised the Statutory Reserve Rate (SRR) in January 2011, MGS yields shot up in anticipation of policy rate hikes in the March or May MPC meeting. In May, Bank Negara hiked the OPR by 25 bps to 3.00% and Bank's SRR ratio from 2.00% to 3.00%. Despite the hike in OPR, MGS yield began to slide downward again due to the weak recovery in the US and global economy, Ringgit play, and more importantly ample liquidity in the system with lack of investment opportunities for local fixed income. As at June 2011, the foreign ownership in MGS increased further to RM91 billion.

As for Corporate Bonds, the pace of primary market offerings intensified towards the end of 2010 and the beginning of 2011 as issuers rushed to lock in cheap funding when BNM decided to maintain OPR at 2.75%. Most of the offerings were from government related-issuers while the rest were domestic banking institutions as they continued to bulk up their capital base. Although MGS market was volatile, the primary issues were well received due to yield pick up.

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**INVESTMENT OUTLOOK**

Global investors are becoming more wary of a double dip recession as recent data releases globally are pointing towards slowing growth momentum as seen from recent manufacturing and services activities, sliding consumer confidence and fading impact from policy stimulus implemented by central banks since late 2008. Over in the US, policymakers displayed political discord on raising the government's debt limit, which could trigger debt default and force the government to cut its spending. In the Eurozone region, the debt crisis has worsened and claimed more victims. A Greek default is perceived to be a matter of time with both Portugal and Ireland following suit. For China, fears are of a hard landing given its recent slowing economic growth and falling home prices in major cities.

We think that the soft patch in the economy is likely to be temporary. In the US, there is strong likelihood that the debt ceiling will eventually be raised and the end of QE2 is unlikely to derail the economic growth as liquidity will still be ample given the Fed's accommodative monetary stance. Over to the Eurozone, while Greece, Ireland and Portugal could potentially fall into a recession again, the region's economic recovery is likely to be led by both Germany and France which have been seeing sustained economic growth. Emerging markets will continue growing at a more sustained pace with China having sufficient flexibility to loosen its policy in the months ahead to avoid any hard landing for its economy.

On the domestic front, growth is likely to be sustained with the speedier implementation of projects under the Economic Transformation Programme, which involves a private-public partnership, coupled with resilient consumer spending on the back of high savings and rising consumerism. Higher demand from Japan's reconstruction of the disaster affected areas will also help lift the country's exports and growth going forward.

Current market volatility will continue to persist in the near term, and market conditions should improve as investors become less jittery when the headwinds dissipate. Any weakness in the market presents an opportunity to accumulate fundamentally robust stocks. Key sectors, which could benefit from the robust domestic economic activities, would include oil & gas, construction and property. The gaming sector would be a proxy to the domestic consumption play.

On fixed income, the inflationary concerns driven by higher food and energy prices may pressure interest rates to move higher. However, with the unresolved European Sovereign Debt Crisis and growing concerns on the gloomy economic outlook for the US, interest rates are expected to remain accommodative. As such, we are of the view that BNM may hold the OPR status quo for at least the next 6 months to monitor the impact of these events on the country's economic performance. Moreover, whatever the stance taken by BNM with regards to the OPR, the current yield curve has already started to flatten, as there is ample liquidity in the system besides the low supply of primary bonds in the market, which has suppressed credit spreads.

The bond market will be very challenging moving forward as the world economy may go into another dip. Thus, the bond yield may continue to move lower. As such, the funds will focus more on good quality primary issuance for yield pick up.

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**STATEMENT OF ASSETS AND LIABILITIES**  
AS AT 30 JUNE 2011

	Note	HLMT i-Balanced	HLMT i-Income	HLMT Alpha Crescent Investment Plan	HLMT Global Infrastructure & Income Plan	HLMT Global Recovery Income Plan	My Steady 10 Plan
<b>ASSETS</b>							
Investments:							
Equity securities quoted in Malaysia	3	171,808	-	-	-	-	-
Unquoted Islamic debt securities	3	2,507,965	2,449,394	-	-	-	-
Structured investments	3	-	-	24,274,014	23,302,984	25,770,426	3,614,000
Deposits with financial institutions		898,000	265,000	1,151,900	-	-	-
<b>Total investments</b>		<b>3,577,773</b>	<b>2,714,394</b>	<b>25,425,914</b>	<b>23,302,984</b>	<b>25,770,426</b>	<b>3,614,000</b>
Other assets:							
Deferred tax assets		-	-	-	-	-	-
Amount due from the Manager		154,124	7,133	-	-	-	-
Investment receivables		39,244	38,121	92	-	-	-
Other receivables		301,053	83,246	-	924	3,506	27,542
Cash and cash equivalents		50,795	93,008	2,742	9,786	19,608	-
<b>Total other assets</b>		<b>545,216</b>	<b>221,508</b>	<b>2,834</b>	<b>10,710</b>	<b>23,114</b>	<b>27,542</b>
<b>TOTAL ASSETS</b>		<b>4,122,989</b>	<b>2,935,902</b>	<b>25,428,748</b>	<b>23,313,694</b>	<b>25,793,540</b>	<b>3,641,542</b>

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### STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2011 (Continued)

	Note	HLMT i-Balanced	HLMT i-Income	HLMT Alpha Crescent Investment Plan	HLMT Global Infrastructure & Income Plan	HLMT Global Recovery Income Plan	My Steady 10 Plan
<b>LIABILITIES</b>							
Amount due to the Manager		-	-	-	-	-	-
Deferred tax liabilities		-	-	9,681	176,833	157,933	-
Other payables		-	208,131	2,000,496	52,513	2,087,475	120,632
<b>TOTAL LIABILITIES</b>		<b>-</b>	<b>208,131</b>	<b>2,010,177</b>	<b>229,346</b>	<b>2,245,408</b>	<b>120,632</b>
<b>NET ASSET VALUE BEFORE NET ASSETS ATTRIBUTABLE TO CERTIFICATE HOLDERS</b>		<b>4,122,989</b>	<b>2,727,771</b>	<b>23,418,571</b>	<b>23,084,348</b>	<b>23,548,132</b>	<b>3,520,910</b>
<b>REPRESENTED BY</b>							
Value of unit		4,071,988	2,338,537	23,228,116	21,095,327	21,728,543	3,473,928
Undistributed income carried forward	4	51,001	389,234	190,455	1,989,021	1,819,589	46,982
		<b>4,122,989</b>	<b>2,727,771</b>	<b>23,418,571</b>	<b>23,084,348</b>	<b>23,548,132</b>	<b>3,520,910</b>
<b>Net asset value attributable to certificate holders per unit</b>		<b>1.1243</b>	<b>1.1819</b>	<b>1.0007</b>	<b>2.5340</b>	<b>3.2722</b>	<b>1.0032</b>

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

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## HONG LEONG MSIG TAKAFUL BERHAD

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### STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2010

	HLMT i-Balanced	HLMT i-Income	HLMT Alpha Crescent Investment Plan	HLMT Global Infrastructure & Income Plan	HLMT Global Recovery Income Plan
<b>ASSETS</b>					
Investments:					
Equity securities quoted in Malaysia	122,895	-	-	-	-
Unquoted Islamic debt securities	2,473,495	2,429,735	-	-	-
Structured investments	-	-	23,699,323	20,768,410	21,029,998
Deposits with financial institutions	897,000	265,000	1,119,400	-	-
<b>Total investments</b>	<b>3,493,390</b>	<b>2,694,735</b>	<b>24,818,723</b>	<b>20,768,410</b>	<b>21,029,998</b>
Other assets:					
Deferred tax assets	-	-	42,541	-	221,302
Amount due from the Manager	-	-	2,084	9,786	16,531
Investment receivables	29,673	10,700	1,921	-	-
Other receivables	620,094	83,245	-	465,662	3,505
Cash and cash equivalent	-	-	-	-	-
<b>Total other assets</b>	<b>649,767</b>	<b>93,945</b>	<b>46,546</b>	<b>475,448</b>	<b>241,338</b>
<b>TOTAL ASSETS</b>	<b>4,143,157</b>	<b>2,788,680</b>	<b>24,865,269</b>	<b>21,243,858</b>	<b>21,271,336</b>

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**HONG LEONG MSIG TAKAFUL BERHAD**  
(formerly known as Hong Leong Tokio Marine Takaful Berhad)  
(Incorporated in Malaysia)

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

	Note	HLMT i-Balanced	HLMT i-Income	HLMT Alpha Crescent Investment Plan	HLMT Global Infrastructure & Income Plan	HLMT Global Recovery Income Plan
<b>LIABILITIES</b>						
Amount due to the Manager		3,983	2,037	-	-	-
Deferred tax liabilities		-	-	-	-	-
Other payables		-	159,717	1,710,834	-	371,849
		<u>3,983</u>	<u>161,754</u>	<u>1,710,834</u>	<u>-</u>	<u>371,849</u>
<b>TOTAL LIABILITIES</b>		<b>3,983</b>	<b>161,754</b>	<b>1,710,834</b>	<b>-</b>	<b>371,849</b>
		<u>3,983</u>	<u>161,754</u>	<u>1,710,834</u>	<u>-</u>	<u>371,849</u>
<b>NET ASSET VALUE BEFORE NET ASSETS ATTRIBUTABLE TO CERTIFICATE HOLDERS</b>		<b>4,139,174</b>	<b>2,626,926</b>	<b>23,154,435</b>	<b>21,243,858</b>	<b>20,899,487</b>
		<u>4,139,174</u>	<u>2,626,926</u>	<u>23,154,435</u>	<u>21,243,858</u>	<u>20,899,487</u>
<b>REPRESENTED BY</b>						
Value of unit		4,122,438	2,362,260	23,517,778	21,572,720	23,431,990
Undistributed income/(Accumulated loss) carried forward	4	16,736	264,666	(363,343)	(328,862)	(2,532,503)
		<u>4,139,174</u>	<u>2,626,926</u>	<u>23,154,435</u>	<u>21,243,858</u>	<u>20,899,487</u>
		<u>4,139,174</u>	<u>2,626,926</u>	<u>23,154,435</u>	<u>21,243,858</u>	<u>20,899,487</u>
<b>Net asset value attributable to certificate holders per unit</b>		<b>1.0723</b>	<b>1.1235</b>	<b>2.3319</b>	<b>2.6829</b>	<b>0.9850</b>
		<u>1.0723</u>	<u>1.1235</u>	<u>2.3319</u>	<u>2.6829</u>	<u>0.9850</u>

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

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## HONG LEONG MSIG TAKAFUL BERHAD

(formerly known as Hong Leong Tokio Marine Takaful Berhad)

(Incorporated in Malaysia)

### STATEMENT OF INCOME AND EXPENDITURE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	HLMT i-Balanced	HLMT i-Income	HLMT Alpha Crescent Investment Plan	HLMT Global Infrastructure & Income Plan	HLMT Global Recovery Income Plan	My Steady 10 Plan
Investment income:						
Investment profits	131,419	128,851	31,329	673,630	1,098,213	-
Unrealised capital gain on investments	83,381	19,661	574,691	2,534,574	4,740,429	46,982
<b>Total income</b>	<b>214,800</b>	<b>148,512</b>	<b>606,020</b>	<b>3,208,204</b>	<b>5,838,642</b>	<b>46,982</b>
Other operating expenses:						
Net realised loss on sale of investments	-	-	-	-	-	-
Investment management fees	(159,055)	(9,093)	-	-	-	-
Share of investment profits with the Manager	(21,480)	(14,851)	-	-	-	-
<b>Total outgo</b>	<b>(180,535)</b>	<b>(23,944)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of outgo over income before taxation	34,265	124,568	606,020	3,208,204	5,838,642	46,982
Taxation	-	-	(52,222)	(230,575)	(466,846)	-
Excess of outgo over income after taxation	34,265	124,568	553,798	2,977,629	5,371,796	46,982
Undistributed income/(Accumulated loss) brought forward	16,736	264,666	(363,343)	(328,862)	(2,532,503)	-
Distribution to participants	-	-	-	(659,746)	(1,019,704)	-
<b>(Accumulated loss)/Undistributed income carried forward</b>	<b>51,001</b>	<b>389,234</b>	<b>190,455</b>	<b>1,989,021</b>	<b>1,819,589</b>	<b>46,982</b>

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

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## HONG LEONG MSIG TAKAFUL BERHAD

(formerly known as Hong Leong Tokio Marine Takaful Berhad)

(Incorporated in Malaysia)

### STATEMENT OF INCOME AND EXPENDITURE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	HLMT i-Balanced	HLMT i-Income	HLMT Alpha Crescent Investment Plan	HLMT Global Infrastructure & Income Plan	HLMT Global Recovery Income Plan
Investment income:					
Investment profits	127,170	116,525	13,627	-	12,467
Unrealised capital gain on investments	69,260	39,851	78,087	-	-
<b>Total income</b>	<b>196,430</b>	<b>156,376</b>	<b>91,714</b>	<b>-</b>	<b>12,467</b>
Other operating expenses:					
Unrealised capital loss on investments	-	-	-	(324,157)	(2,766,272)
Net realised (loss)/gain on sale of investments	(27,200)	12,465	-	(4,705)	-
Investment management fees	(231,343)	(15,525)	-	-	-
Share of investment profits with the Manager	(16,923)	(16,884)	-	-	-
<b>Total outgo</b>	<b>(275,466)</b>	<b>(19,944)</b>	<b>-</b>	<b>(328,862)</b>	<b>(2,766,272)</b>
Excess of outgo over income before taxation	(79,036)	136,432	91,714	(328,862)	(2,753,805)
Taxation	-	-	-	-	221,302
Excess of outgo over income after taxation	(79,036)	136,432	91,714	(328,862)	(2,532,503)
Undistributed income/(accumulated loss) brought forward	95,772	128,234	(455,057)	-	-
Undistributed income/(accumulated loss) carried forward	16,736	264,666	(363,343)	(328,862)	(2,532,503)

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

Company No.

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## HONG LEONG MSIG TAKAFUL BERHAD

(formerly known as Hong Leong Tokio Marine Takaful Berhad)

(Incorporated in Malaysia)

### STATEMENT OF CHANGES IN NET ASSET VALUE ATTRIBUTABLE TO CERTIFICATE HOLDERS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	HLMT i-Balanced	HLMT i-Income	HLMT Alpha Crescent Investment Plan	HLMT Global Infrastructure & Income Plan	HLMT Global Recovery Income Plan	My Steady 10 Plan
Net asset value attributable to certificate holders at the beginning of the financial year/period	4,139,174	2,626,926	23,154,435	21,243,858	20,899,487	-
Amount received from certificate holders for the creation of units	732,113	69,064	-	-	-	3,493,368
Amount paid to certificate holders for cancellation of units	(782,563)	(92,787)	(289,662)	(477,393)	(1,703,447)	(19,440)
	<u>4,088,724</u>	<u>2,603,203</u>	<u>22,864,773</u>	<u>20,766,465</u>	<u>19,196,040</u>	<u>3,473,928</u>
Net realised (loss)/gain, net of tax	(49,116)	104,907	25,082	645,821	1,010,607	-
Net unrealised gain, net of tax	83,381	19,661	528,716	2,331,808	4,361,195	46,982
Distributions to certificate holders	-	-	-	(659,746)	(1,019,704)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(659,746)</u>	<u>(1,019,704)</u>	<u>-</u>
Net asset value attributable to certificate holders at end of financial year/period	<u><u>4,122,989</u></u>	<u><u>2,727,771</u></u>	<u><u>23,418,571</u></u>	<u><u>23,084,348</u></u>	<u><u>23,548,132</u></u>	<u><u>3,520,910</u></u>

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

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## HONG LEONG MSIG TAKAFUL BERHAD

(formerly known as Hong Leong Tokio Marine Takafu Berhad)

(Incorporated in Malaysia)

### STATEMENT OF CHANGES IN NET ASSET VALUE ATTRIBUTABLE TO CERTIFICATE HOLDERS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	HLMT i-Balanced	HLMT i-Income	HLMT Alpha Crescent Investment Plan	HLMT Global Infrastructure & Income Plan	HLMT Global Recovery Income Plan
Net asset value attributable to certificate holders at the beginning of the year/period	3,352,145	2,577,515	23,356,741	21,528,052	-
Amount received from certificate holders for the creation of units	1,034,586	41,617	81,180	47,314	23,583,711
Amount paid to certificate holders for cancellation of units	(168,521)	(128,638)	(375,200)	(2,646)	(151,721)
	<u>4,218,210</u>	<u>2,490,494</u>	<u>23,062,721</u>	<u>21,572,720</u>	<u>23,431,990</u>
Net realised (loss)/gain, net of tax	(148,296)	96,582	13,627	(4,705)	12,467
Net unrealised gain/(loss), net of tax	69,260	39,850	78,087	(324,157)	(2,544,970)
	<u>4,139,174</u>	<u>2,626,926</u>	<u>23,154,435</u>	<u>21,243,858</u>	<u>20,899,487</u>

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

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**HONG LEONG MSIG TAKAFUL BERHAD**  
(formerly known as Hong Leong Tokio Marine Takaful Berhad)  
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**NOTES TO THE FINANCIAL INFORMATION**

**1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION**

The principal activities of HLMT i-Balanced Fund, HLMT i-Income Fund, HLMT Alpha Crescent Investment Plan (“ACIP”), HLMT Global Infrastructure & Income Plan (“GIIP”), HLMT Global Recovery Income Plan (“GRIP”) and My Steady 10 Plan (hereinafter referred to collectively as “the Funds”) are to invest in authorised investments.

The Manager of the Funds is Hong Leong MSIG Takaful Berhad (formerly known as Hong Leong Tokio Marine Takaful Berhad), a company incorporated in Malaysia, whose principal activity is to manage family takaful including investment-linked business and all classes of general takaful businesses.

The financial information were authorised for issued by the Board of Directors of the manager in accordance with a Board resolution on 29 September 2011.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial information of the Funds have been prepared in accordance with the accounting policies described in Note 2 to the financial information and the Guidelines on the Investment-Linked Insurance/Takaful Business issued by Bank Negara Malaysia (“BNM”).

The financial information have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

**(i) Standards, amendments and improvements to published standards that are effective and applicable for the Funds**

- FRS 7 “Financial Instruments: Disclosures” and the related Amendments
- FRS 101 (revised) “Presentation of Financial Statements”
- FRS 139 “Financial Instruments: Recognition and Measurement” and the related Amendments
- Improvements to FRSs (2009)

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**HONG LEONG MSIG TAKAFUL BERHAD**  
(formerly known as Hong Leong Tokio Marine Takaful Berhad)  
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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Fair value through profit and loss financial assets

The Funds designate their investment portfolio into fair value through profit and loss ("FVTPL") financial assets at inception to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis.

Financial assets classified as FVTPL are initially recorded at fair value. Subsequent to initial recognition, the financial assets are remeasured at fair values with fair value adjustments and realised gains and losses recognised in statement of income and expenditure.

(c) Fair value of financial assets

The fair values of Malaysian Government Securities, Government Investment Issues and unquoted corporate securities are based on indicative fair market prices/index by reference to the quotations provided by banks and brokers.

The fair values of quoted securities are based on current market prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

Structured investments are investments where part of the fund is invested in the fixed income instruments issued by financial institutions while the remaining fund are invested in instruments which linked to the performance of one or more prices, rates, indices, securities and other financial instruments. Structured investments are carried at fair values, determined by reference to quotations provided by the issuing financial institutions.

Cash at bank and deposits with licensed financial institutions are stated at approximately their carrying amount as at the date of statement of assets and liabilities.

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**HONG LEONG MSIG TAKAFUL BERHAD**  
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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currencies

(i) Functional and presentation currency

The financial information are presented in Ringgit Malaysia (RM), which is the Funds' functional and presentation currency.

(ii) Foreign currency transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and expenditure.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash balances and deposits held at call with Islamic financial institutions with original maturities of three month or less.

(f) Income recognition

Dividend income is recognised when the right to receive the dividend has been established.

Investment profit is recognised on a time proportion basis taking into account the effective yield of the asset.

Gains or losses arising from the disposal of investments are credited or charged to the statement of income and expenditure.

(g) Investment management fees

Investment management fees are calculated in accordance with the provisions of the investment-linked certificate document.

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**HONG LEONG MSIG TAKAFUL BERHAD**  
(formerly known as Hong Leong Tokio Marine Takaful Berhad)  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Taxation

Taxation on the statement of income and expenditure comprises of current and deferred tax. Current tax is the expected amount of tax payable in respect of the taxable income for the financial year, using tax rates enacted or substantially enacted at the statement of assets and liabilities date, and any adjustment to tax payable in respect of previous financial years.

Deferred taxation is recognised in full using the liability method, on temporary differences at the statement of assets and liabilities date between the tax bases of assets and liabilities and their carrying amounts in the financial information. However, deferred tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

(i) Net creation of units

Net creation of units represents contribution paid by certificate holders as payment for new contract or subsequent payments to increase the amount of that contract. Net creation of units is recognised on a receipt basis.

(j) Net cancellation of units

Net cancellation of units represents cancellation of units arising from surrenders and withdrawals from certificate holders. Cancellation is recognised upon surrendering of the related takaful contract.

(k) Comparatives

There are no comparative figures for My Steady 10 Plan Fund as the fund's commencement date was within the current financial year. The figures for the statement of income and expenditure and statement of changes in net asset value and relevant notes are for the financial period from its date of commencement to 30 June 2011.

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**HONG LEONG MSIG TAKAFUL BERHAD**  
(formerly known as Hong Leong Tokio Marine Takaful Berhad)  
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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

3. INVESTMENTS

	Quantity (unit)	Cost (RM)	Market Value As at 30.06.2011 (RM)	% of net asset value
<b>HLMT I-BALANCE FUND</b>				
<u>Unquoted islamic debt securities</u>				
Malaysian Government Securities & Cagamas:				
- Malaysia Investment Issues	1,000,000	1,039,795	1,021,685	24.78
- Cagamas MBS Berhad 29	1,000,000	922,700	982,180	23.82
	<u>2,000,000</u>	<u>1,962,495</u>	<u>2,003,865</u>	<u>48.60</u>
Islamic private debt securities:				
- Hong Leong Industries Berhad	500,000	500,950	504,100	12.23
	<u>500,000</u>	<u>500,950</u>	<u>504,100</u>	<u>12.23</u>
Total unquoted islamic debt securities	<u>2,500,000</u>	<u>2,463,445</u>	<u>2,507,965</u>	<u>60.83</u>
<u>Quoted equities securities:</u>				
Trading/Services:				
- Dialog Group Bhd	28,560	34,927	78,826	1.91
- Hubline Bhd	100,000	26,577	10,125	0.25
	<u>128,560</u>	<u>61,504</u>	<u>88,951</u>	<u>2.16</u>
Industrial products:				
- Hiap Teck Venture Bhd	20,000	34,927	18,700	0.45
	<u>20,000</u>	<u>34,927</u>	<u>18,700</u>	<u>0.45</u>
Properties:				
- YNH Property Bhd	32,567	77,375	64,157	1.56
	<u>32,567</u>	<u>77,375</u>	<u>64,157</u>	<u>1.56</u>
Total quoted equities securities	<u>181,127</u>	<u>173,806</u>	<u>171,808</u>	<u>4.17</u>
Grand total	<u><u>2,681,127</u></u>	<u><u>2,637,251</u></u>	<u><u>2,679,773</u></u>	<u><u>65.00</u></u>

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**HONG LEONG MSIG TAKAFUL BERHAD**  
(formerly known as Hong Leong Tokio Marine Takaful Berhad)  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

3. INVESTMENTS (Continued)

	Quantity (unit)	Cost (RM)	Market Value As at 30.06.2011 (RM)	% of net asset value
<b>HLMT I-INCOME FUND</b>				
<u>Unquoted islamic debt securities</u>				
Islamic private debt securities:				
- Hong leong Industries Berhad	500,000	500,950	504,100	18.48
- Binariang GSM Sdn Bhd 27	680,530	688,084	704,777	25.84
- Binariang GSM Sdn Bhd 28	300,000	307,500	317,322	11.63
- Malayan Banking Berhad 15	400,000	406,880	408,500	14.98
	<u>1,880,530</u>	<u>1,903,414</u>	<u>1,934,699</u>	<u>70.93</u>
Malaysian Government Securities:				
- Malaysia Investment Issues	500,000	540,000	514,695	18.87
Grand Total	<u>2,380,530</u>	<u>2,443,414</u>	<u>2,449,394</u>	<u>89.79</u>
 <b>HLMT ALPHA CRESENT FUND</b>				
<u>Structured Investment</u>				
- Hong Leong Bank Berhad	24,900,000	24,153,000	24,274,014	103.65
 <b>HLMT GLOBAL INFRASTRUCTURE AND INCOME PLAN</b>				
<u>Structured Investment</u>				
- Citigroup Global Markets Limited	22,409,689	21,575,366	23,302,984	100.95

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**HONG LEONG MSIG TAKAFUL BERHAD**  
(formerly known as Hong Leong Tokio Marine Takaful Berhad)  
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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

3. INVESTMENTS (Continued)

	Quantity (unit)	Cost (RM)	Market Value As at 30.06.2011 (RM)	% of net asset value
<b>HLMT GLOBAL INFRASTRUCTURE AND INCOME PLAN</b>				
<u>Structured Investment</u>				
- Citigroup Global Markets Limited	23,354,732	23,796,269	25,770,426	109.44
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>MY STEADY 10-PLAN</b>				
<u>Structured Investment</u>				
- Standard Chartered Saadiq	3,614,000	3,520,910	3,614,000	103.64
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

4. PERFORMANCE TABLE

The performance tables of the Funds are set out on pages 3 to 8 of the fund performance report.

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**HONG LEONG MSIG TAKAFUL BERHAD**  
(formerly known as Hong Leong Tokio Marine Takaful Berhad)  
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

**HONG LEONG MSIG TAKAFUL BERHAD**  
**INVESTMENT-LINKED FUNDS**

comprising HLMT i-Balanced Fund, HLMT i-Income Fund, HLMT Alpha Crescent Investment Fund, HLMT Global Infrastructure & Income Plan, HLMT Global Recovery Income Plan and My Steady 10 Plan (“Funds”)

We, Mustapha bin Hamat and Choong Yee How, being two of the Directors of Hong Leong MSIG Takaful Berhad (formerly known as Hong Leong Tokio Marine Takaful Berhad), state that, in the opinion of the Directors, the financial information set on pages 13 to 27 are prepared in accordance with the accounting policies prescribed in Note 2 to the financial information and the Guidelines on Investment-linked Insurance/Takaful Business issued by Bank Negara Malaysia.

On behalf of the Board,

**MUSTAPHA BIN HAMAT**  
Director

**CHOONG YEE HOW**  
Director

Kuala Lumpur

## REPORT OF THE AUDITORS

### INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS OF

HLMT i-Balanced Fund

HLMT i-Income Fund

HLMT Alpha Crescent Investment Fund

HLMT Global Infrastructure and Income Plan

HLMT Global Recovery Income Plan

My Steady 10 Plan

(thereinafter referred to collectively as "the Funds")

### REPORT ON THE FINANCIAL INFORMATION

We have audited the financial information of the Funds, which comprise the statements of assets and liabilities as at 30 June 2011, statements of income and expenditure, and changes in net asset value of the Funds for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 27.

#### Directors' Responsibility for the Financial Information

The Directors of the Manager are responsible for the preparation of financial information in accordance with the accounting policies prescribed in Note 2 to the financial information and the Guidelines on Investment-linked Insurance/Takaful Business issued by Bank Negara Malaysia ("BNM") and for such internal control as the Manager determine are necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial information based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial information are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Manager's preparation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

REPORT OF THE AUDITORS (CONTINUED)

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS OF  
HLMT i-Balanced Fund  
HLMT i-Income Fund  
HLMT Alpha Crescent Investment Fund  
HLMT Global Infrastructure and Income Plan  
HLMT Global Recovery Income Plan  
My Steady 10 Plan  
(hereinafter referred to collectively as "the Funds")

Opinion

In our opinion, the financial information of the Funds have been properly prepared in accordance with the accounting policies prescribed in Note 2 to the financial information and the Guidelines on Investment-linked Insurance/Takaful Business issued by BNM.

OTHER MATTERS

This report is made solely to the certificate holders of the Funds, as a body in accordance with Guidelines on Investment-linked Insurance/Takaful Business issued by BNM and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS  
(No. AF:1146)  
Chartered Accountants

Kuala Lumpur