

INTERIM REPORT 2011

✧ AVENUE LIQUIDITY FUND

CONTENTS

FUND & SERVICE DIRECTORY

MANAGER'S REPORT

Market Review & Outlook 1

Avenue Liquidity Fund: Profile, History & Review 2

Additional Information 8

TRUSTEE'S REPORT 9

UNAUDITED FINANCIAL STATEMENTS FOR
Avenue Liquidity Fund 10

Statement By Manager For Avenue Liquidity Fund 25

FUND DIRECTORY

MANAGER

Libra Invest Berhad (361207-D)
(formerly known as Avenue Invest Berhad)
(A member of the ECM Libra Group)
2nd Floor, West Wing
Bangunan ECM Libra
8 Jalan Damansara Endah
50490 Kuala Lumpur
General Line : 03-2089 1888
Investor Care: 03-2089 2800
Fax: 03-2096 1020 & 03-2096 1028
website: www.oneinvest.com.my
e-mail: invest@ecmlibra.com

TRUSTEE

HSBC (Malaysia) Trustees Berhad (001281-T)
Suite 901, 9th Floor,
Wisma Hamzah-Kwong Hing,
No 1, Lebu Ampang,
50100 Kuala Lumpur
Tel: 03-2074 3200; Fax: 03-2078 0145

AUDITOR

Ernst & Young (AF 0039)
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: 03-7495 8000; Fax: 03-2095 5332

TAX ADVISER

PricewaterhouseCoopers Taxation Services
Sdn Bhd (464731-M)
Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Tel: 03-2173 1188; Fax: 03-2173 1288

SERVICE DIRECTORY

HEAD OFFICE

2nd Floor, West Wing
Bangunan ECM Libra
8 Jalan Damansara Endah
50490 Kuala Lumpur
General Line: 03-2089 1888 Fax: 03-2096 1020 & 03-2096 1028

PENANG

2nd Floor
No 111, Macalister Road
10400 Penang
Tel: 04-227 6185; Fax: 04-227 6213

PERAK – IPOH

2nd Floor
No 63, Persiaran Greenhill
30450 Ipoh, Perak
Tel: 05-255 5388; Fax: 05-243 8616

KELANTAN – KOTA BAHRU

Lot 2 – 7, Tingkat 2
Bangunan MARA, Jalan Dato Pati
15000 Kota Bahru, Kelantan
Tel: 09-744 4991; Fax: 09-744 5991

SELANGOR – KLANG

No. 35, 1st Floor Jalan Tiara 3
Bandar Baru Klang
41150 Klang, Selangor
Tel: 03-3345 3882; Fax: 03-3345 3881

MELAKA

1st Floor, 71 (A&B) and 73 (A&B)
Jalan Merdeka
Taman Melaka Raya
75000 Melaka
Tel: 06-286 8289; Fax: 06-286 8200

NEGERI SEMBILAN – SEREMBAN

43 (Bawah)
Jalan Tunku Hassan
70000 Seremban, Negeri Sembilan
Tel: 06-767 7277; Fax: 06-763 3368

JOHOR – JOHOR BAHRU

No 105, Jalan Meranti Merah
Taman Melodies
80250 Johor Bahru, Johor
Tel: 07-332 2148; Fax: 07-335 0426

SARAWAK – KUCHING

1st Floor, Lot 2713 No 343
Central Park Commercial Centre
Jalan Tun Ahmad Zaidi Aduce
93250 Kuching, Sarawak
Tel: 082-235 035; Fax: 082-238 035

SABAH – KOTA KINABALU

Level 8, Wisma Great Eastern
No 68, Jalan Gaya
88000 Kota Kinabalu, Sabah
Tel: 088-253 030; Fax: 088-263 030

1
INTERIM REPORT 2011
Manager's Report
For The Period Ended 31 March 2011

AVENUE LIQUIDITY FUND

MARKET REVIEW: MONEY MARKET

The Malaysian market underwent a relatively benign period for the most part of the period under review. Bank Negara Malaysia at its Monetary Policy Committee (MPC) meeting in March kept the Overnight Policy Rate (OPR) unchanged at 2.75% for the 4th consecutive time. However, the Statutory Reserve Requirement (SRR) was raised by 1.0% to 2.0% effective 1 April 2011 to address excess liquidity in the financial system.

Inflation rate, measured by the Consumer Price Index (CPI), accelerated to 3.0% in March (September: 1.8%, December: 2.2%), the highest level in 23 months, driven by a faster rise in food items and transportation costs. Bank Negara highlighted that domestic demand factors could result in possible upward pressure on prices and indicated that the degree of monetary accommodation may be reviewed given the sustained growth in the economy and risks to inflation.

MARKET OUTLOOK: MONEY MARKET

Inflation is projected to rise to between 2.5–3.5% in 2011, up from +1.7% in 2010. Meanwhile, the Central Bank is expected to resume raising interest rates by a total of 0.5% for the year, from the second quarter of 2011 onwards. Money market deposit rates are expected to rise in tandem with any OPR increases.

AVERAGE CURRENT RATE

Interbank Money Market (Overnight)

<u>Date</u>	<u>Rate</u>
31 March 2011	2.74%

INTERIM REPORT 2011
 Manager's Report
 For The Period Ended 31 March 2011

AVENUE LIQUIDITY FUND

FUND PROFILE

Inception Date	18 February 2009 (<i>The Fund has no predetermined fixed period or termination date</i>)
Initial Offer Price	RM0.5000 per unit during the Initial Offer Period (IOP) of 21 days ended 11 March 2009
Pricing Policy	Investment and Liquidation at Net Asset Value per unit
Fund Category/ Type	<p>Money Market (<i>Classification according to the requirements of the Guidelines on Unit Trust Funds, which provides for broad classification of Funds.</i>)</p> <p>Open-ended unit trust fund investing primarily in Ringgit-denominated short-term deposits with licensed financial institutions.</p>
Benchmark	<p>Maybank's Overnight Repo Rates</p> <p><i>Unitholders may contact the Management Company or visit the Management Company's website at www.oneinvest.com.my to obtain the most up-to-date information on the benchmark Repo rate for Liquidity Fund.</i></p>
Investment Objective	The Fund seeks to preserve capital and maintain a high degree of liquidity while providing steady income with minimal risk by investing primarily in short-term deposits.
Investment Policy	Invest primarily in very short term, highly liquid, near cash and money market instruments.
Investment Strategy	The Fund will invest up to 100% of its NAV in Ringgit-denominated short term deposits with licensed financial institutions. To mitigate financial institution risks, the Fund will diversify its deposit placements with different financial institutions regulated by Bank Negara Malaysia. All Ringgit deposits with financial institutions regulated by Bank Negara Malaysia will be fully guaranteed by the Government through Perbadanan Insurans Deposit Malaysia (PIDM) until December 2010. (<i>source: www.bnm.gov.my</i>)
Distribution Policy	It is the intention of the Management Company to declare distribution of income quarterly for the Liquidity Fund, provided there is a sufficient realised gain. The amount of income to be distributed will vary from period to period, depending on the interest rates, market conditions, the performance and objective of the Fund. Income distributions may be made out of realised capital gains, and other net income received by the Fund. It is also the Management Company's policy to automatically reinvest declared income distribution into additional units in the Fund at the end of the distribution day (at ex-distribution price) with no sales charge. Unitholders wanting to realise capital gains on units held may, of course, liquidate all or part of their units on any Business Day.

INTERIM REPORT 2011
 Manager's Report
 For The Period Ended 31 March 2011

AVENUE LIQUIDITY FUND

FUND PROFILE

**Soft
Commissions &
Rebates
Received From
Brokers**

Soft commissions received from brokers are retained by the Management Company, only if, the goods and services provided are of demonstrable benefit to the unitholders of the Fund. Rebates (if any) will be credited to the account of the Fund. During the period under review, the Management Company received data and quotation services, and investment related publications which are incidental to the investment management of the Fund.

**Profile of
Unitholdings**

**Excluding units
held by the
Management
Company*

Size of Holding (Units)	<i>As at 31 March 2011</i>			
	Unitholder		Unit Holding	
	No	%	Million	%
5,000 and below	1	20.00	0.01	1.03
5,001 to 10,000	-	-	-	-
10,001 to 50,000	1	20.00	0.02	4.63
50,001 to 500,000	3	60.00	0.42	94.34
500,001 and above	-	-	-	-
*Total (Decimal Rounding)	5	100.00	0.45	100.00

INTERIM REPORT 2011
 Manager's Report
 For The Period Ended 31 March 2011

AVENUE LIQUIDITY FUND

FUND PERFORMANCE

2011 2010 2009

NAV & PRICING for the period ended 31 Mar
 Please refer to **Note 1** for further information.

Total Net Asset Value (RM million)	0.22	2.03	1.79
Units in circulation (million units)	0.45	4.04	3.57
NAV per unit (RM)	0.5038	0.5033	0.5006

HIGHEST & LOWEST NAV for the period ended 31 Mar
 Please refer to **Note 1** for further information.

Highest NAV per unit (RM)	0.5057	0.5051	0.5051
Lowest NAV per unit (RM)	0.5037	0.5031	0.5000

PORTFOLIO COMPOSITION % of NAV for the period ended 31 Mar

Liquid assets including Short-term Deposits	100.0%	100.0%	100.0%
--	--------	--------	--------

EXPENSE/ TURNOVER for the period ended 31 Mar

Management expense ratio (MER) (%)	0.39	0.14	0.02
Portfolio turnover ratio (PTR) (times)	-	-	-

Please refer to page 15 for further explanation on the MER.

RETURN (%) as at 31 Mar
 Please refer to **Note 2** for further information.

	31/03/2010 to 31/03/2011	31/03/2009 to 31/03/2010	Since Inception from 18/02/2009 to 31/03/2009
• 12-MONTH TOTAL RETURN			
Total return	1.62	1.66	0.14
Capital Return	0.10	0.52	0.14
Income Return	1.52	1.14	-

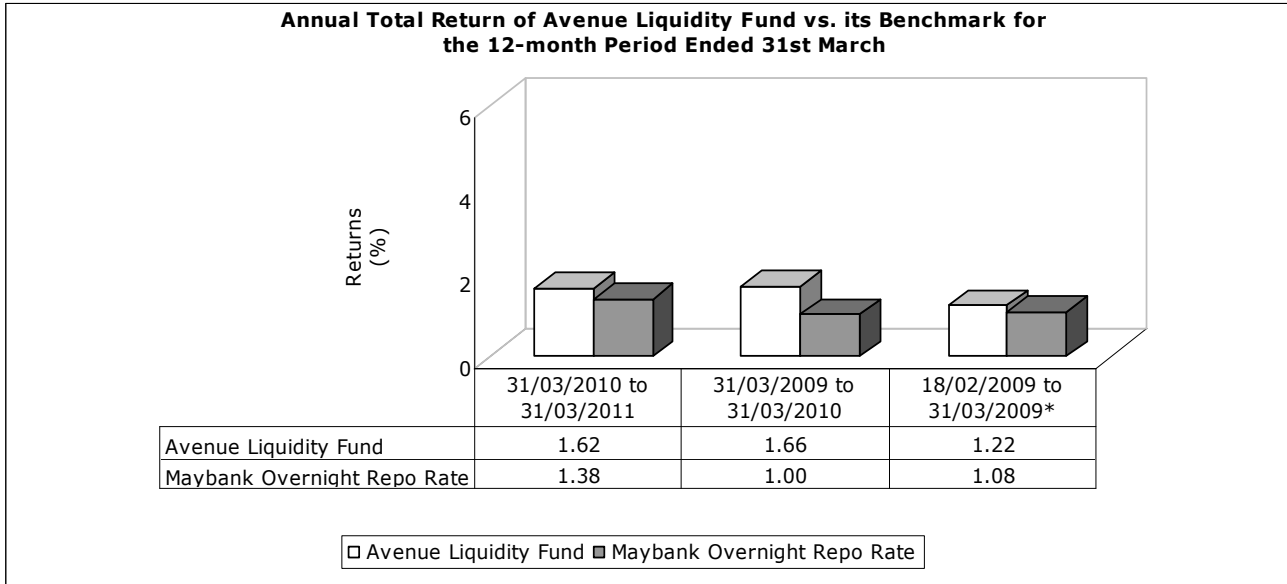
	31/03/2010 to 31/03/2011	Since Inception from 18/02/2009 to 31/03/2011
• AVERAGE TOTAL RETURN		
Avenue Liquidity Fund (Inception date: 18 Feb 2009)	1.62	3.45

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

INTERIM REPORT 2011
 Manager's Report
 For The Period Ended 31 March 2011

AVENUE LIQUIDITY FUND

FUND PERFORMANCE



*Since inception from 18/02/2009 to 31/03/2009.

INCOME DISTRIBUTION

For the period ended 31 Mar
 Please refer to **Note 3** for further information.

	2011	2010	2009
Distribution date	29 Mar	26 Mar 29 Dec	29 Dec
Gross distribution (sen per unit)	0.19	0.19 0.19	0.19
Net distribution (sen per unit)	0.19	0.19 0.19	0.19
NAV before distribution (sen per unit)	50.57 (28 Mar)	50.51 (25 Mar) 50.56 (28 Dec)	50.50 (28 Dec)
NAV after distribution (sen per unit)	50.38 (29 Mar)	50.32 (26 Mar) 50.37 (29 Dec)	50.31 (29 Dec)

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

INTERIM REPORT 2011
 Manager's Report
 For The Period Ended 31 March 2011

AVENUE LIQUIDITY FUND

UNIT SPLIT EXERCISE

For the period ended 31 Mar

Please refer to **Note 3** for further information.

	2011	2010	2009
Exercise date	-	-	-
Split Ratio	-	-	-
NAV before unit split (sen per unit)	-	-	-
NAV after unit split (sen per unit)	-	-	-

FUND REVIEW

FUND REVIEW

For the period under review, the Fund was up 0.60% compared to its benchmark of 0.78%. Returns for Avenue Liquidity Fund were derived from its investment in short-term Ringgit deposits placed with licensed financial institutions. In line with the Fund's objective, the Fund has provided consistent income with minimal risk while preserving capital and maintaining a high degree of liquidity. It aims to continue to provide conservative returns while maintaining fluidity of Funds to meet its investors' short term investment needs.

NAV PER UNIT

NAV per unit as at 30 Sept 2010	RM0.5046
NAV per unit as at 28 Dec 2010 (before distribution)	RM0.5056
NAV per unit as at 29 Dec 2010 (after distribution)	RM0.5037
NAV per unit as at 28 Mar 2010 (before distribution)	RM0.5057
NAV per unit as at 29 Mar 2010 (after distribution)	RM0.5038
NAV per unit as at 31 Mar 2011	RM0.5038

ASSET ALLOCATION as at 31 March 2011



1	Liquid assets including short-term deposits	100.0%
---	---	--------

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

INTERIM REPORT 2011
Manager's Report
For The Period Ended 31 March 2011

AVENUE LIQUIDITY FUND

NOTES

Note 1: *Selling of units by the Management Company (i.e. when you purchase units and invest in the Fund) and redemption of units by the Management Company (i.e. when you redeem your units and liquidate your investments) will be carried out at NAV per unit (the actual value of a unit). The entry/exit fee (if any) would be computed separately based on your net investment/liquidation amount.*

Note 2: *Fund performance figures are calculated based on NAV to NAV and assume reinvestment of distributions (if any) at NAV. The performance figure for the benchmark Maybank's Overnight Repo Rate is calculated assuming placement for the period from 30/09/2010 to 31/03/2011. For calculations for periods less than 12 months, the interests earned over the period are accrued accordingly.*

- *Data source for Total Returns, Average Total Returns, Annual Total Returns, and Fund Performance against its Benchmark: Lipper*
- *Data source for Overnight Repo Rate: Maybank*

Note 3: *Distribution of 0.19 sen per unit were declared on 29 December 2010 and 29 March 2011 was automatically reinvested into additional units on the same day at NAV after distribution with no entry fee.*

- *There was no unit split exercise for the period ended 31 March 2011.*

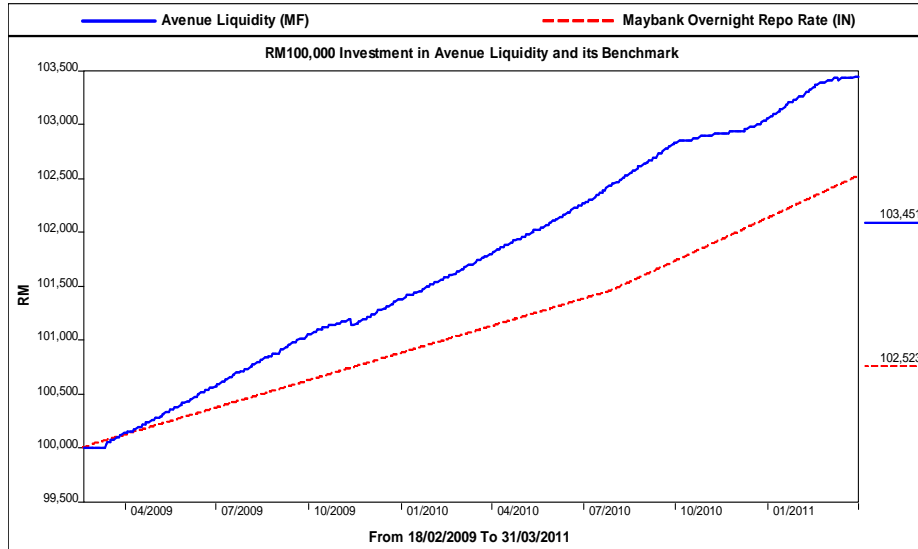
INTERIM REPORT 2011
ADDITIONAL INFORMATION / DISCLOSURE

**RETURN ON AN INITIAL INVESTMENT OF RM100,000
IN AVENUE LIQUIDITY FUND**

As ease of reference, the Fund total return for the period ended 31 March 2011 is in Ringgit terms.

The following chart illustrate comparative growth figures for an initial investment of RM100,000 in Avenue Liquidity Fund, with its respective benchmark, for the period specified below.

From 18 February 2009 to 31 March 2011



A RM100,000.00 investment in Avenue Liquidity and its benchmark (*Maybank overnight repo rate*) from 18 February 2009 to 31 March 2011 (before tax) would be worth **RM103,451.00** and **RM102,523.00** respectively.

Source: Lipper

Fund performance figures are calculated based on NAV to NAV and assume reinvestment of distributions (if any) at NAV. There are fees, charges and risks (interest rate, credit/default, liquidity, inflation, financial institution and others) involved and investors are advised to consider the fees, charges and risks. Past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate.

Please refer to page 7 for further clarification on data source and assumptions used in calculating return figures for the Fund and its benchmark.

TRUSTEE'S REPORT**To the Unitholders of
Avenue Liquidity Fund**

We have acted as Trustee of Avenue Liquidity Fund ("the Fund") for the six months financial period ended 31 March 2011. To the best of our knowledge, Libra Invest Berhad (formerly known as Avenue Invest Berhad), the Management Company, has operated and managed the Fund in accordance with the following:

- a) The limitations imposed on the investment powers of the management company and the Trustee under the Deed, the Supplemental Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b) The valuation or pricing is carried out in accordance with the Deed, the Supplemental Deeds and any regulatory requirements; and
- c) The creation and cancellation of units are carried out in accordance with the Deed, the Supplemental Deeds and any regulatory requirements.

A gross distribution of 0.19 sen per unit was declared to the unit holders on 29 December 2010 and 29 March 2011 respectively for the six months financial period ended 31 March 2011. We are of the view that the distribution is consistent with the objective of the Fund.

For **HSBC (Malaysia) Trustee Berhad**

Tan Bee Nie
Head, Trustee Operations
Kuala Lumpur, Malaysia
16 May 2011

Avenue Liquidity Fund

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011**

	Note	2011 RM	2010 RM
ASSETS			
Deposits with financial institutions	3	220,000	2,030,337
Other receivables	4	15	1,193
Cash at bank		7,835	863
TOTAL ASSETS		227,850	2,032,393
LIABILITIES			
Accruals	5	3,629	406
TOTAL LIABILITIES		3,629	406
EQUITY			
Unitholders' capital		173,159	1,989,179
Retained earnings		51,062	42,808
TOTAL EQUITY	6	224,221	2,031,987
TOTAL EQUITY AND LIABILITIES		227,850	2,032,393
UNITS IN CIRCULATION	6(a)	445,063	4,037,323
Net Asset Value ("NAV") Per Unit	7	0.5038	0.5033

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

Avenue Liquidity Fund

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

	Note	2011 RM	2010 RM
INVESTMENT INCOME			
Interest income		<u>23,758</u>	<u>28,463</u>
		<u>23,758</u>	<u>28,463</u>
EXPENSES			
Manager's fee	8	1,381	2,188
Trustee's fee	9	736	1,167
Auditors' remuneration		1,570	385
Tax agent's fee		1,700	-
Other expenses		<u>1,844</u>	<u>410</u>
		<u>7,231</u>	<u>4,150</u>
Net income before tax		16,527	24,313
Income tax expenses	10	<u>-</u>	<u>-</u>
Net income after tax		<u>16,527</u>	<u>24,313</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>16,527</u>	<u>24,313</u>
Net income after tax is made up of the following:			
Net realised income		16,527	24,313
Net unrealised gain		<u>-</u>	<u>-</u>
		<u>16,527</u>	<u>24,313</u>
Distribution for the period:			
Net distribution amount	11	<u>8,571</u>	<u>16,088</u>
Net distribution per unit (sen)		<u>0.38</u>	<u>0.38</u>
Gross distribution per unit (sen)		<u>0.38</u>	<u>0.38</u>

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

Avenue Liquidity Fund

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

	Unitholders' capital Note 6(a) RM	Retained earnings Note 6(b) RM	Total equity RM
At 1 October 2009	5,151,790	34,583	5,186,373
Total comprehensive income for the year	-	39,982	39,982
Creation of units	2,072,895	-	2,072,895
Cancellation of units	(5,220,135)	-	(5,220,135)
Distribution (Note 11)	-	(31,459)	(31,459)
Balance at 30 September 2010	<u>2,004,550</u>	<u>43,106</u>	<u>2,047,656</u>
Total comprehensive income for the period	-	16,527	16,527
Creation of units	8,571	-	8,571
Cancellation of units	(1,839,962)	-	(1,839,962)
Distribution (Note 11)	-	(8,571)	(8,571)
Balance at 31 March 2011	<u>173,159</u>	<u>51,062</u>	<u>224,221</u>

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

Avenue Liquidity Fund

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

	2011	2010
	RM	RM
Cash flows from operating and investing activities		
Interest received	24,543	44,967
Distribution paid	(8,571)	(16,088)
Manager's fee paid	(1,529)	(2,440)
Trustee's fee paid	(815)	(1,300)
Payment for other fees and expenses	(6,445)	(3,795)
Net cash generated from operating and investing activities	7,183	21,344
Cash flows from financing activities		
Cash received from units created	8,571	3,057,377
Cash paid on units cancelled	(1,839,962)	(5,220,136)
Net cash used in financing activities	(1,831,391)	(2,162,759)
Net decrease in cash and cash equivalents	(1,824,208)	(2,141,415)
Cash and cash equivalents at the beginning of the period	2,052,043	4,172,615
Cash and cash equivalents at the end of the period	227,835	2,031,200
Cash and cash equivalents comprise:		
Cash at bank	7,835	863
Deposits with financial institutions	220,000	2,030,337
	227,835	2,031,200

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

Avenue Liquidity Fund

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Avenue Liquidity Fund (“the Fund”) was established pursuant to the Deed dated 23 December 2008 between Libra Invest Berhad (formerly known as Avenue Invest Berhad) as the Manager, HSBC (Malaysia) Trustees Berhad as the Trustee and the registered Unitholders of the Fund.

The principal activity of the Fund is to invest in investments as defined under The Seventh Schedule of the Deed. The Fund commenced operations on 18 February 2009 and will continue its operations until terminated in accordance with Part 12 of the Deed. The objective of Avenue Liquidity Fund is to seek capital preservation and maintain a high degree of liquidity while providing steady income with minimal risk by investing primarily in short term deposits.

The Manager of the Fund is Libra Invest Berhad (formerly known as Avenue Invest Berhad), a company incorporated in Malaysia. Its holding company is ECM Libra Financial Group Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Manager are managing private and public funds; and distributing a range of unit trust funds to institutional and retail investors.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 16 May 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Fund have been prepared in accordance with Financial Reporting Standards (“FRS”) and the Securities Commission’s Guidelines on Unit Trust Funds in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below and are presented in Ringgit Malaysia (“RM”).

2.2 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and revised FRSs and IC Interpretations which are effective for financial year beginning on or after 1 January 2010. Except as discussed below, these new and revised FRSs and IC Interpretations do not give rise to any significant effects on the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in Accounting Policies (contd.)

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The Fund has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the financial statements for the period ended 31 March 2011.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114, Segment Reporting, requires disclosure of information about the Fund's operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance, and replaces the requirement of the Fund to determine primary (business) and secondary (geographical) reporting segments.

FRS101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Fund has elected to present this statement as one single statement.

Amendments to FRS 132 Financial Instruments: Presentation and FRS 101 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132 and FRS 101 became effective for annual periods beginning on or after 1 January 2010. The amendment to FRS 132 requires entities to classify puttable financial instruments as equity if the instruments have certain particular features and meet specific conditions. The amendments to FRS 101 require disclosure of certain information relating to puttable instruments classified as equity.

The Unitholders' capital has the features and meets the conditions for classification as equity instruments. Consequently, upon adoption of the Amendments to FRS 132, Unitholders' capital amounting to RM224,221 (31 March 2010: RM2,031,987) is reclassified from financial liabilities to equity. Distributions made by the fund are recognised as dividends in equity in the period in which they are declared.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in Accounting Policies (contd.)

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

Prior to 1 January 2010, the Fund's investments in quoted equity instruments and fixed income securities were carried at the last done market price as at the reporting date, while its investments in collective investments schemes were valued based on their NAV per unit at the close of the reporting date. The fair value adjustments on the investments were recognised in profit or loss.

Upon adoption of FRS 139, these investments are classified on 1 January 2010, as either financial instruments at FVTPL or AFS financial instruments and are stated at their respective fair values. The determination of these investments as financial instruments at FVTPL did not materially affect the financial statements of the Fund.

2.3 Standards Issue But Not Yet Effective

The Fund has not adopted the following standards and interpretations which have been issued but no yet effective:

FRSs, Amendments to FRSs and Interpretations	Effective for financial periods beginning on or after
Limited Exemption from Comparative FRS 7 Disclosures for First Time Adopters (Amendments to FRS 1)	1 January 2011
Improving Disclosures about Financial Instruments (Amendments to FRS 7)	1 January 2011
Additional Exemptions for First-time Adopters (Amendments to FRS 1)	1 January 2011
Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)	1 January 2011
IC Interpretation 4 Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	1 January 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
FRS 124: Related Party Disclosures	1 January 2012
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012
Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012

The adoptions of the above FRSs and Interpretations upon their effective dates are not expected to have any significant impact on the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies

(a) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Fund become a party to the contractual provisions of the financial instrument.

When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Fund determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and loans and receivables.

(i) Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading include equity securities, fixed income securities and collective investment schemes acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets at fair value through profit or loss'. Interest earned and dividend revenue elements of such instruments are recorded separately in 'Interest income' and 'Gross dividend income', respectively. Exchange differences on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gains or net losses on changes in fair value of financial assets at FVTPL.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Fund includes short term receivables in this classification.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (contd.)

(b) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Fund become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

The Fund's financial liabilities which include trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and deposits with financial institutions which have an insignificant risk of changes in value.

(d) Revenue Recognition

Interest income from short term deposits is recognised on an accrual basis.

(e) Income Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

No deferred tax is recognised as there are no material temporary differences.

(f) Cash Flow Statement

The Fund adopts the direct method in the preparation of cash flow statement. Cash and cash equivalents include cash and bank balances and highly liquid investments (excludes equity investments) with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (contd.)

(g) Functional and Presentation Currency

The financial statements of Avenue Liquidity Fund are measured using the currency of the primary economic environment in which it operates (“the functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is also its functional currency.

(h) Significant Accounting Estimates And Judgements

The preparation of financial statements in accordance with FRS requires the use of certain accounting estimates and exercise of judgements. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS

Short-term deposits represent deposits with AM Islamic Bank Berhad and Hong Leong Islamic Bank Berhad. The effective average interest rate for short-term deposits as at 31 March 2011 is 2.58% (2.13% in 2010) per annum. The average maturity of these deposits as at 31 March 2011 is 1 day (4 days in 2010).

4. OTHER RECEIVABLES

	2011	2010
	RM	RM
Interest receivable	15	1,193

5. ACCRUALS

	2011	2010
	RM	RM
Accruals:		
Manager’s fee	104	265
Trustee’s fee	55	141
Audit fee	1,570	-
Tax agent’s fee	1,900	-
	3,629	406

6. TOTAL EQUITY

	Note	2011	2010
		RM	RM
Unitholders’ capital	(a)	173,159	1,989,179
Realised reserves	(b)	51,062	42,808
Total equity		224,221	2,031,987

6. TOTAL EQUITY (CONTD.)

(a) Unitholders' Capital

	2011	2011	2010	2010
	Units	RM	Units	RM
As at beginning of the period	4,067,817	2,004,550	10,310,060	5,151,790
Creation of units	17,016	8,571	4,082,830	2,057,525
Cancellation of units	(3,639,770)	(1,839,962)	(10,355,567)	(5,220,136)
As at end of the period	<u>445,063</u>	<u>173,159</u>	<u>4,037,323</u>	<u>1,989,179</u>

In accordance with Part 6.1.2 of the Deed and Securities Commission's approval letter dated 22 January 2009, the maximum number of units that can be issued out for circulation is 600,000,000 (600,000,000 in 2010). As at 31 March 2011, the number of units not yet issued is 599,554,937 (595,962,677 in 2010).

Included in the units created during the year are 17,017 (31,978 in 2010) units from reinvestment of distribution on 29 December 2010 and 29 March 2011 (29 December 2009 and 26 March 2010).

(b) Realised Reserves

	2011	2010
	RM	RM
Balance as at beginning of the period	43,106	34,583
Net income after tax	16,527	24,313
Distribution for the period	(8,571)	(16,088)
Balance as at end of the period	<u>51,062</u>	<u>42,808</u>

7. NAV PER UNIT

The net asset value per unit is calculated by dividing the net assets of RM224,221 as at 31 March 2011 (RM2,031,987 in 2010) by 445,063 units in issue as at 31 March 2011 (4,037,323 in 2010).

8. MANAGER'S FEE

Part 13.1.2 of the Deed provides that the Manager is entitled to a management fee computed daily on the net asset value of the Fund at a rate not exceeding 0.50% per annum. The management fee provided for the financial statements amounted to 0.15% (0.15% in 2010) per annum for the period.

9. TRUSTEE'S FEE

Part 13.2.2 of the Deed provides that the Trustee is entitled to a fee not exceeding 0.08% of net asset value of the Fund. The Trustee's fee calculated on a daily basis for the period is 0.08% (0.08% in 2010) per annum of the net asset value of the Fund.

10. INCOME TAX EXPENSES

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable income for the financial period.

There is no tax charge as interest income derived by the Fund is exempted pursuant to Paragraph 35 and 35A, Schedule 6 of the Income Tax Act 1967. Gains arising from realisation of investments are not treated as income pursuant to Paragraph 61(1)(b) of the Income Tax Act, 1967.

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

	2011	2010
	RM	RM
Net income before tax	16,527	24,313
Tax at Malaysian statutory rate of 25%	4,132	6,078
Effect of interest on deposits and other income not subject to tax	(5,866)	(7,051)
Effect of expenses not deductible for tax purposes	1,734	973
Tax expense for the period	-	-

11. DISTRIBUTION

Distribution to unitholders is from the following sources:

	2011	2010
	RM	RM
Interest income	15,802	20,238
Less : Expenses	(7,231)	(4,150)
Net distribution amount	8,571	16,088
Gross distribution per unit (sen)	0.38	0.38
Net distribution per unit (sen)	0.38	0.38

The above distribution has been made on 29 December 2010 and 29 March 2011 (29 December 2009 and 26 March 2010).

12. MANAGEMENT EXPENSE RATIO & PORTFOLIO TURNOVER RATIO

Management Expense Ratio (“MER”)

Management expense ratio for the Fund is 0.39% (0.14% in 2010) for the period ended 31 March 2011. The MER for the current period has increased compared to the previous period due to an increase in the expenses and the decrease of the average net asset value.

**12. MANAGEMENT EXPENSE RATIO & PORTFOLIO TURNOVER RATIO
(CONTD.)**

The management expense ratio includes manager's fee, trustee's fee, auditor's remuneration, tax agent's fee and other expenses which are calculated as follows:

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

A	=	Manager's fee	D	=	Tax agent's fee
B	=	Trustee's fee	E	=	Other expenses
C	=	Auditor's remuneration	F	=	Average net asset value of fund

The average net asset value of the Fund for the period is RM1,845,606 (RM2,925,820 in 2010).

13. UNITS HELD BY THE MANAGER AND RELATED PARTIES

There were Nil unit (Nil unit in 2010) held by the Manager and Nil unit (Nil unit in 2010) held by related parties as at the date of balance sheet.

14. RISK MANAGEMENT POLICIES

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund seeks to preserve capital and maintain a high degree of liquidity while providing steady income with minimal risk by investing primarily in short-term deposits. In order to meet its stated investment objectives, the Fund utilises risk management for both defensive and proactive purposes. Rigorous analysis of sources of risk in the portfolio is carried out and the following policies are implemented to provide effective ways to reduce future risks and enhance future returns within the Fund's mandate. The key risks faced by the Fund are market risk, interest rate risk and liquidity risk, primarily on its investments.

(i) Market risk

This is a class of risk that inherently exists in an economy and cannot be avoided by any business or company. It is usually due to changes in the economic outlook and affects broad market confidence. Market risk is managed through portfolio diversification and asset allocation whereby the securities exposure is monitored/ reduced in the event of anticipated market weakness. Therefore, the performance of the Fund might go up or down in accordance with the prevailing market risk.

14. RISK MANAGEMENT POLICIES (CONTD.)

(ii) Interest rate risk

Interest rate risks are uncertainties resulting from the effects of fluctuations in the prevailing level of market interest rates on its investments and financial position. Interest rate on short term deposits and deposits are determined based on prevailing market rates. The Fund seek to obtain rates that are competitive.

Interest rate risk sensitivity

The following table demonstrates the sensitivity of the Fund's profit/(loss) for the period to a possible change in interest rates, with all other variables held constant.

The sensitivity is the effect of the assumed changes in interest rates on:

- The net interest income for one period, based on the floating rate financial assets held at the end of the reporting period; and
- Changes in fair value of investments for the period based on revaluing fixed rate financial assets at the end of the reporting period.

	Changes in basis points*	Sensitivity of interest income and profit/(loss) RM	Sensitivity of changes in fair value of investments RM	Net combined sensitivity changes RM
2011	+25/ -25	275/ (275)	(0)/ 0	275/ (275)

* The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(iii) Liquidity risk

Liquidity risk is defined as the risk the Fund will encounter difficulty in meeting obligations associated with financial liabilities. To minimise liquidity risk, the Fund maintains a prudent and sufficient level of liquid assets to meet anticipated payments and redemption of units by Unitholders.

The following table summarises the Fund's remaining contractual maturity for its financial liabilities:

	Up to 1 month RM	1 - 3 months RM	3 - 12 months RM	1 - 5 years RM	Over 5 years RM	Total RM
2011						
Financial liabilities						
Accruals	159	3,470	-	-	-	3,629
Total liabilities	159	3,470	-	-	-	3,629

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fund's financial assets at FVTPL are carried at fair value. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction.

For deposits and placements with financial institutions with maturities of less than twelve months, the carrying value is a reasonable estimate of fair value. The carrying amount of other financial assets and financial liabilities approximate their fair values because of the short term to maturity of these instruments.

16. INTERIM ACCOUNTS

The interim accounts for the six months ended 31 March 2011 is unaudited.

Avenue Liquidity Fund

STATEMENT BY MANAGER

To the Unitholders of Avenue Liquidity Fund

We, Hoo See Kheng and Datuk Kamarudin Md Ali, two of the Directors of the Manager, Libra Invest Berhad (formerly known as Avenue Invest Berhad), do hereby state that in the opinion of the Manager, the financial statements set out on pages 10 to 24 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the statement of financial position of the fund as at 31 March 2011 and the related statement of comprehensive income, the statement of changes in equity and the statement of cash flows of the Fund together with the notes thereto for the period ended on that date in accordance with the Financial Reporting Standards in Malaysia and the Securities Commission's Guidelines on Unit Trust Funds in Malaysia.

For and on behalf of the Manager,

LIBRA INVEST BERHAD

(formerly known as Avenue Invest Berhad)

HOO SEE KHENG
CEO/ CHIEF INVESTMENT OFFICER

DATUK KAMARUDIN MD ALI
INDEPENDENT NON EXECUTIVE
DIRECTOR

16 May 2011