Principal Mutual Fund

Investment Manager: Principal Pnb Asset Management Company Private Limited

5th Floor, Apeejay House, 3 Dinshaw Vaccha Road, Churchgate, Mumbai 400 020.

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REVENUE ACCOUNT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2005 (UNAUDITED - ABRIDGED)

(Rupees in Lacs)

		Principal Equity Fund		Principal Tax Savings Fund		Principal Deposit Fund: Plan 54 EA/EB		Principal Deposit Fund: FMP (371 Days Fixed Maturity Plan Nov 2004)	Principal Deposit Fund: FMP (371 Days Fixed Maturity Plan Mar 2005)	Principal Child Benefit Fund		Principal Index Fund		Principal Cash Management Fund - Liquid Option	
		30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/05	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04
1	Income														
1.1	Dividend	115.53	70.94	106.36	112.96	–	–	–	–	6.79	2.98	8.57	129.82	–	–
1.2	Interest	9.54	22.40	19.03	9.44	2.06	7.43	213.47	531.57	9.88	5.41	0.54	4.61	6,623.68	5,392.53
1.3	Profit on sale/redemption of investments (other than inter scheme transfer/sale)	684.16	337.65	1,291.53	767.92	0.00	0.05	0.00	–	77.42	43.51	75.16	401.06	856.57	383.62
1.4	Profit on inter-scheme transfer/sale of investments	–	–	–	–	–	–	–	–	–	–	–	–	140.12	0.57
1.5	Other Income	6.17	15.73	–	–	–	–	–	–	–	–	–	–	(1.17)	0.13
	Total	815.40	446.72	1,416.92	890.32	2.06	7.48	213.47	531.57	94.09	51.90	84.27	535.49	7,619.20	5,776.85
2	Expenses & Losses														
2.1	Management, trusteeship, audit, administrative and Other operating expenses	102.51	71.59	125.30	86.79	5.52	5.43	9.95	16.89	14.31	5.91	8.63	111.52	655.66	784.74
2.2	Provision for doubtful outstanding income	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2.3	Provision for doubtful investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2.4	Loss on sale/redemption of investments (other than inter-scheme transfer/sale)	133.19	78.49	214.63	7.99	–	0.28	9.41	–	5.86	13.40	12.63	2,018.16	118.20	79.40
2.5	Loss on inter-scheme transfer/sale of investments	–	–	–	–	–	–	–	–	–	–	–	–	10.13	–
2.6	Deferred Revenue expenditure written-off	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2.7	Excess of expenditure over limit recovered from AMC	–	–	(1.40)	–	–	–	(2.85)	–	(2.86)	(1.29)	(5.19)	(46.43)	(16.74)	(92.81)
		235.70	150.08	338.53	94.78	5.52	5.71	16.51	16.89	17.31	18.02	16.07	2,083.25	767.24	771.33
	Surplus / (Deficit)	579.71	296.64	1,078.40	795.54	(3.46)	1.77	196.96	514.68	76.78	33.88	68.20	(1,547.76)	6,851.95	5,005.52
	Total	815.40	446.72	1,416.92	890.32	2.06	7.48	213.47	531.57	94.09	51.90	84.27	535.49	7,619.20	5,776.85
3.1	Opening Reserves	3,309.88	3,684.36	8,206.96	5,580.91	1,764.63	1,751.20	161.45	22.11	448.74	198.00	769.07	1,023.74	9,820.17	8,114.07
3.2	Appreciation / (Depreciation) for the period	1,482.37	(584.27)	1,485.42	(36.23)	10.65	4.20	7.88	(2.70)	92.90	(19.30)	73.62	268.57	36.21	(70.59)
3.3	Net Surplus / (Deficit) for the period	579.71	296.64	1,078.40	795.54	(3.46)	1.77	196.96	514.68	76.78	33.88	68.20	(1,547.76)	6,851.95	5,005.52
		5,371.95	3,396.73	10,770.78	6,340.22	1,771.83	1,757.17	366.29	534.09	618.43	212.58	910.88	(255.45)	16,708.33	13,049.00
4.1	Income Distribution	0.10	–	–	–	–	–	–	–	–	–	–	–	3,171.07	2,286.03
4.2	Assured Return distributed	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4.3	Distribution Tax Paid	–	–	–	–	–	–	–	–	–	–	–	–	704.28	365.94
5	Retained Surplus / (Deficit) carried to Balance sheet	5,371.85	3,396.73	10,770.78	6,340.22	1,771.83	1,757.17	366.29	534.09	618.43	212.58	910.88	(255.45)	12,832.98	10,397.03

		Principal Floating Rate Fund: Flexible Maturity Plan		Principal Floating Rate Fund: Short Maturity Plan		Principal Income Fund		Principal Income Fund: Short-Term Plan		Principal Government Securities Fund: Investment Plan		Principal Government Securities Fund: Provident Fund Plan		Principal Government Securities Fund: Savings Plan	
		30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04
1	Income														
1.1	Dividend	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1.2	Interest	889.72	25.74	2,162.50	79.21	287.11	1,141.29	1,192.92	467.16	54.75	62.07	385.31	183.97	0.97	1.02
1.3	Profit on sale/redemption of investments (other than inter scheme transfer/sale)	168.11	2.27	279.53	4.08	98.05	398.59	239.74	132.96	38.09	31.28	249.95	47.30	–	0.25
1.4	Profit on inter-scheme transfer/sale of investments	–	–	23.94	–	8.32	2.65	12.91	3.13	–	–	–	–	–	–
1.5	Other Income	2.77	(0.04)	(2.79)	–	–	–	0.74	(0.89)	–	–	–	–	–	–
	Total	1,060.59	27.97	2,463.18	83.29	393.47	1,542.53	1,446.31	602.36	92.84	93.35	635.26	231.27	0.97	1.27
2	Expenses & Losses														
2.1	Management, trusteeship, audit, administrative and Other operating expenses	112.07	8.19	232.84	11.56	56.17	321.86	160.77	75.99	10.12	11.96	63.05	37.31	0.22	0.35
2.2	Provision for doubtful outstanding income	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2.3	Provision for doubtful investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2.4	Loss on sale/redemption of investments (other than inter-scheme transfer/sale)	11.34	–	16.18	–	71.99	1,120.98	58.23	92.22	25.63	104.62	234.51	300.63	–	0.03
2.5	Loss on inter-scheme transfer/sale of investments	7.42	–	–	–	47.55	35.29	14.18	10.97	0.00	–	0.04	–	–	–
2.6	Deferred Revenue expenditure written-off	–	–	–	–	–	–	–	(3.64)	–	–	–	–	–	–
2.7	Excess of expenditure over limit recovered from AMC	(0.38)	(5.69)	(0.83)	(5.10)	–	(52.72)	–	–	–	(0.08)	(0.31)	(5.51)	–	(0.09)
		130.45	2.50	248.20	6.46	175.71	1,425.41	233.18	175.54	35.76	116.50	297.29	332.43	0.22	0.29
	Surplus / (Deficit)	930.14	25.47	2,214.99	76.83	217.77	117.12	1,213.14	426.82	57.09	(23.15)	337.97	(101.16)	0.75	0.98
	Total	1,060.59	27.97	2,463.18	83.29	393.47	1,542.53	1,446.31	602.36	92.84	93.35	635.26	231.27	0.97	1.27
3.1	Opening Reserves	135.81	–	488.31	–	1,943.99	9,094.05	619.49	753.18	179.93	492.80	(8.64)	(21.61)	5.45	9.20
3.2	Appreciation / (Depreciation) for the period	22.39	(1.69)	18.47	(4.14)	58.67	(467.66)	(35.40)	(59.74)	(4.72)	(22.80)	(26.98)	(54.03)	–	(0.30)
3.3	Net Surplus / (Deficit) for the period	930.14	25.47	2,214.99	76.83	217.77	117.12	1,213.14	426.82	57.09	(23.15)	337.97	(101.16)	0.75	0.98
		1,088.34	23.78	2,721.77	72.69	2,220.43	8,743.51	1,797.23	1,120.26	232.29	446.85	302.36	(176.80)	6.20	9.88
4.1	Income Distribution	454.83	1.56	1,013.69	11.23	23.74	140.35	466.67	210.27	2.95	17.81	31.92	–	0.03	0.06
4.2	Assured Return distributed	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4.3	Distribution Tax Paid	98.60	0.32	222.22	2.24	4.11	24.03	101.71	33.35	0.62	2.99	7.15	–	0.00	0.01
5	Retained Surplus / (Deficit) carried to Balance sheet	534.92	21.90	1,485.86	59.22	2,192.58	8,579.13	1,228.85	876.64	228.72	426.05	263.30	(176.80)	6.17	9.81

		Principal Growth Fund		Principal Balanced Fund		Principal Monthly Income Plan$$: MIP		Principal Monthly Income Plan$$: MIP Plus		Principal Trust Benefit Fund		Principal Dividend Yield Fund
		30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05
1	Income											
1.1	Dividend	502.92	206.24	58.90	55.60	20.03	59.94	14.45	31.71	–	–	474.14
1.2	Interest	66.82	33.75	68.33	37.77	344.17	1,286.13	135.53	418.51	10.89	61.16	70.86
1.3	Profit on sale/redemption of investments (other than inter scheme transfer/sale)	6,884.13	1,462.72	335.30	554.12	462.20	879.09	240.12	243.97	2.47	10.07	3,025.91
1.4	Profit on inter-scheme transfer/sale of investments	–	–	–	–	–	–	2.86	0.05	0.13	–	–
1.5	Other Income	3.27	0.65	–	0.85	0.10	–	0.04	1.16	–	–	–
	Total	7,457.14	1,703.36	462.53	648.34	826.50	2,225.16	393.01	695.40	13.49	71.23	3,570.91
2	Expenses & Losses											
2.1	Management, trusteeship, audit, administrative and Other operating expenses	763.97	451.42	157.27	110.74	145.14	492.07	53.53	163.76	2.49	11.94	519.87
2.2	Provision for doubtful outstanding income	–	–	–	–	–	–	–	–	–	–	–
2.3	Provision for doubtful investments	–	–	–	–	–	–	–	–	–	–	–
2.4	Loss on sale/redemption of investments (other than inter-scheme transfer/sale)	1,463.06	519.47	5.28	141.10	124.81	783.25	64.55	491.64	9.26	40.84	437.97
2.5	Loss on inter-scheme transfer/sale of investments	–	0.61	–	–	7.50	–	–	0.31	6.51	–	–
2.6	Deferred Revenue expenditure written-off	–	26.13	11.36	8.63	–	–	–	–	–	–	155.34
2.7	Excess of expenditure over limit recovered from AMC	(285.82)	(285.00)	(77.62)	(54.48)	(11.08)	(38.66)	(1.43)	–	–	–	(227.01)
		1,941.21	712.63	96.29	205.99	266.37	1,236.66	116.65	655.71	18.25	52.78	886.17
	Surplus / (Deficit)	5,515.92	990.73	366.24	442.35	560.13	988.50	276.36	39.69	(4.76)	18.45	2,684.73
	Total	7,457.14	1,703.36	462.53	648.34	826.50	2,225.16	393.01	695.40	13.49	71.23	3,570.91
3.1	Opening Reserves	10,864.76	3,739.55	783.77	(236.67)	2,162.99	3,738.08	335.12	187.35	94.77	217.17	4,479.55
3.2	Appreciation / (Depreciation) for the period	4,964.52	1,576.33	1,052.49	(125.89)	146.01	(960.59)	100.88	(6.64)	24.62	(32.87)	2,514.40
3.3	Net Surplus / (Deficit) for the period	5,515.92	990.73	366.24	442.35	560.13	988.50	276.36	39.69	(4.76)	18.45	2,684.73
		21,345.21	6,306.61	2,202.50	79.79	2,869.13	3,765.99	712.35	220.40	114.62	202.75	9,678.69
4.1	Income Distribution	0.09	–	–	–	118.28	790.32	56.46	90.51	6.03	10.04	975.77
4.2	Assured Return distributed	–	–	–	–	–	–	–	–	–	–	–
4.3	Distribution Tax Paid	–	–	–	–	19.92	114.26	8.83	12.87	1.35	1.83	–
5	Retained Surplus / (Deficit) carried to Balance sheet	21,345.12	6,306.61	2,202.50	79.79	2,730.93	2,861.41	647.06	117.02	107.24	190.88	8,702.91

		Principal PNB Debt Fund		Principal Resurgent India Equity Fund		Principal Money Value Bond Fund		Principal Personal Tax Saver Fund		Principal Global Opportunities Fund		Principal Focussed Advantage Fund	Principal Junior Cap Fund
		30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/05
1	Income												
1.1	Dividend	–	–	124.22	4.49	–	–	7.42	6.09	21.26	65.69	254.30	96.60
1.2	Interest	0.51	221.16	41.53	1.14	1.00	156.88	1.23	1.40	3.83	3.69	87.94	397.85
1.3	Profit on sale/redemption of investments (other than inter scheme transfer/sale)	4.93	71.80	1,369.37	212.10	7.65	84.60	139.06	179.21	304.44	243.61	2,475.52	517.85
1.4	Profit on inter-scheme transfer/sale of investments	–	–	–	–	–	–	–	–	–	–	–	2.97
1.5	Other Income	–	0.27	–	0.03	–	–	–	–	1.58	(6.16)	–	–
	Total	5.44	293.23	1,535.13	217.76	8.65	241.48	147.71	186.70	331.10	306.83	2,817.76	1,015.27
2	Expenses & Losses												
2.1	Management, trusteeship, audit, administrative and Other operating expenses	2.79	70.40	330.79	7.29	9.85	47.76	22.11	5.74	23.42	174.27	284.66	269.32
2.2	Provision for doubtful outstanding income	–	–	–	–	–	–	–	–	–	–	–	–
2.3	Provision for doubtful investments	–	–	–	–	–	–	–	–	–	–	–	–
2.4	Loss on sale/redemption of investments (other than inter-scheme transfer/sale)	–	298.22	374.62	6.97	–	121.08	13.54	2.19	44.29	238.45	1,474.12	45.86
2.5	Loss on inter-scheme transfer/sale of investments	–	–	–	–	–	18.60	–	–	–	–	–	–
2.6	Deferred Revenue expenditure written-off	–	–	–	–	–	–	–	–	37.67	35.40	63.68	142.50
2.7	Excess of expenditure over limit recovered from AMC	(1.00)	–	(186.26)	(2.30)	(4.42)	–	(14.25)	–	(11.90)	(74.63)	(19.88)	–
		1.79	368.62	519.15	11.96	5.43	187.44	21.40	7.93	93.47	373.49	1,802.59	457.68
	Surplus / (Deficit)	3.65	(75.39)	1,015.98	205.80	3.22	54.04	126.31	178.77	237.63	(66.66)	1,015.18	557.59
	Total	5.44	293.23	1,535.13	217.76	8.65	241.48	147.71	186.70	331.10	306.83	2,817.76	1,015.27
3.1	Opening Reserves	3,789.81	(283.77)	1,218.23	–	(1,135.39)	–	1,328.82	1,220.25	508.30	(31.56)	(945.70)	–
3.2	Appreciation / (Depreciation) for the period	6.32	(77.57)	2,105.32	(202.95)	36.09	(86.17)	7.77	(158.12)	(58.25)$	357.10$	2,818.83	2,117.75
3.3	Net Surplus / (Deficit) for the period	3.65	(75.39)	1,015.98	205.80	3.22	54.04	126.31	178.77	237.63	(66.66)	1,015.18	557.59
		3,799.78	(436.73)	4,339.52	2.85	(1,096.07)	(32.13)	1,462.90	1,240.90	687.67	258.88	2,888.31	2,675.34
4.1	Income Distribution	–	–	2,742.12	–	–	–	–	–	–	–	–	–
4.2	Assured Return distributed	–	–	–	–	–	–	–	–	–	–	–	–
4.3	Distribution Tax Paid	–	–	–	–	–	–	–	–	–	–	–	–
5	Retained Surplus / (Deficit) carried to Balance sheet	3,799.78	(436.73)	1,597.40	2.85	(1,096.07)	(32.13)	1,462.90	1,240.90	687.67	258.88	2,888.31	2,675.34

$ Include depreciation in foreign currency due to exchange rate fluctuation. $$ (An open-ended fund. Monthly Income is not assured and is subject to the availability of distributable surplus.)

Note: 1. Other Income in Principal Equity Fund pertains to recovery towards fully provided Non Performing Assets.

BALANCE SHEET AS AT SEPTEMBER 30, 2005 (UNAUDITED - ABRIDGED)

(Rupees in Lacs)

		Principal Equity Fund		Principal Tax Savings Fund		Principal Deposit Fund: Plan 54 EA/EB		Principal Deposit Fund: FMP (371 Days Fixed Maturity Plan Nov 2004)	Principal Deposit Fund: FMP (371 Days Fixed Maturity Plan Mar 2005)	Principal Child Benefit Fund		Principal Index Fund		Principal Cash Management Fund - Liquid Option	
		30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/05	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04
	LIABILITIES														
1.	Unit Capital	2,692.82 D 1,553.54 G	1,397.16 D 1,822.99 G	2,257.18 G	2407.21 G	296.61 G	296.61 G	140 D 6,677.65 G	14.75 D 16,556.92 G	222.51 CB 51.90 FG	115.68 CB 45.89 FG	39.72 D 209.29 G	658.10 D 772.35 G	2,154.23 WD 14,704.19 G 172.40 MD 2,273.98 DD 937.48 IWD 10,907.84 IG – 13,922.60 IDD 97,782.13 PDD 12,156.62 PWD 24,410.27 PMD 99,506.80 PIG	7,367.26 WD 13,406.73 G 395.48 MD 4,223.58 DD 5,852.55 IWD 39,482.28 IG 4,238.54 IMD 18,470.11 IDD 64,878.23 PDD 20,603.41 PWD 6,603.10 PMD 33,724.12 PIG
2.	Reserves & Surplus														
2.1	Unit Premium Reserve	(71.62)	(1,102.27)	(1,697.60)	(1,322.32)	(1,575.22)	(1,575.22)	–	–	109.75	49.51	(699.22)	509.35	(639.76)	(3,653.94)
2.2	Other Reserves	5,371.85	3,396.73	10,770.78	6,340.22	1,771.83	1,757.17	366.29	534.09	618.43	212.58	910.88	(255.45)	12,832.98	10,397.03
3.	Loans & Borrowings														
3.1	From Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2	From Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Current Liabilities & Provisions														
4.1	Provision for Doubtful Income / Deposits	–	397.55	–	0.55	–	–	–	–	–	–	–	–	–	–
4.2	Proposed Income Distibution	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4.3	Other Current Liabilities & Provisions	1,423.41	44.50	1,013.98	414.19	4.02	3.14	0.84	10.24	4.33	92.73	19.53	38.17	290.98	79.52
	Total	10,970.00	5,956.66	12,344.35	7,839.85	497.23	481.70	7,184.78	17,116.00	1,006.91	516.39	480.20	1,722.52	291,412.74	226,068.00
	ASSETS														
1.	Investments														
1.1	Equity Shares	9,037.63	4,429.49	10,430.71	6,650.65	–	–	–	–	590.37	227.42	449.74	1,686.66	–	–
1.2	Privately Placed Debentures / Bonds	–	–	–	–	–	–	1,099.37	1,796.58	76.81	–	–	–	73,691.04	65,181.77
1.3	Debentures / Bonds Listed / Awaiting Listing on Recognised Stock Exchange	–	–	–	2.50	–	–	1,075.18	7,169.92	–	11.54	–	–	37,247.30	8,539.84
1.4	Central & State Government Securities	–	696.67	–	–	–	–	–	–	–	149.30	–	–	–	13,309.89
1.5	Others	527.57	399.93	1,265.43	749.87	496.17	403.99	4,154.25	7,629.57	262.82	–	255.38	–	115,454.86	20,643.74
	Total	9,565.20	5,526.09	11,696.14	7,403.02	496.17	403.99	6,328.80	16,596.07	930.00	388.26	705.12	1,686.66	226,393.20	107,675.24
2.	Deposits														
2.1	With Scheduled Banks	–	–	–	–	–	–	500.00	–	–	–	–	–	39,460.00	107,380.00
2.2	With Others	–	2.00	–	30.00	–	77.00	–	–	–	110.00	–	–	40.00	510.00
3.	Other Current Assets														
3.1	Cash and Bank Balance	995.60	5.54	69.91	81.00	1.02	0.67	0.46	0.07	13.79	7.80	4.25	54.07	1,226.53	8,684.08
3.2	Outstanding Income and Current Assets	409.19	423.03	578.30	325.83	0.04	0.04	355.52	519.86	63.12	10.33	(229.16)	(18.21)	24,293.01	1,818.68
4.	Fixed Assets (At Depreciated Value)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.	Deferred Revenue Expenditure (to the extent not written off)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	10,970.00	5,956.66	12,344.35	7,839.85	497.23	481.70	7,184.78	17,116.00	1,006.91	516.39	480.20	1,722.52	291,412.74	226,068.00

		Principal Floating Rate Fund: Flexible Maturity Plan		Principal Floating Rate Fund: Short Maturity Plan		Principal Income Fund		Principal Income Fund: Short-Term Plan		Principal Government Securities Fund: Investment Plan		Principal Government Securities Fund: Provident Fund Plan		Principal Government Securities Fund: Savings Plan	
		30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04
	LIABILITIES														
1.	Unit Capital	1,528.11RG 495.27 RMD 1,397.49 RWD 21,629.22 IG 5,713.92 IMD 30,916.07 IWD	570.25 RG 744.95 RMD 242.77 RWD 2,276.48 IG 2,428.34 IMD 600.99 IWD	2,932.04 RG 879.90 RMD 1,398.21 RWD 1,295.86 RDD 35,596.87 IG 1,385.91 IMD 13,305.96 IWD 33,305.51 IDD	1,587.19 RG 187.02 RMD 3,237.85 RWD 384.12 RDD 11,971.54 IG 1,400.05 IMD 1,882.77 IWD 3,376.03 IDD	559.49 QD 192.22 HD 12.82 AD 1,492.39 G 1,162.56 IQD 3,833.97 IG	1,614.65 QD 4,424.13 HD 40.11 AD 4,193.14 G 1,084.58 IQD 1,955.57 IG	2,759.53 MD 1,330.38 G 10,700.96 IMD 25,680.75 IWD 18,574.54 IG	1,130.98 MD 1,949.00 G 2,847.32 IMD 916.67 IWD 4,424.78 IG	49.37 QD 70.1 HD 0.98 AD 1,206.18 G	946.35 QD 74.07 HD 0.85 AD 929.58 G	144.14 AD 2,604.40 HD 1,558.27 ARB 6,409.32 G	28.60 AD 1,546.17 HD 3,854.01 ARB 2,864.57 G	1.71 D 136.60 G	3.53 D 33.72 G
2.	Reserves & Surplus														
2.1	Unit Premium Reserve	901.31	(2.23)	729.89	(13.82)	(699.62)	(5,900.23)	4,232.55	(95.11)	405.47	70.86	(11.46)	(13.56)	34.53	(1.23)
2.2	Other Reserves	534.92	21.90	1,485.86	59.22	2,192.58	8,579.13	1,228.85	876.64	228.72	426.05	263.30	(176.80)	6.17	9.81
3.	Loans & Borrowings														
3.1	From Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2	From Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Current Liabilities & Provisions														
4.1	Provision for Doubtful Income / Deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4.2	Proposed Income Distibution	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4.3	Other Current Liabilities & Provisions	57.79	7.17	1,616.13	8.11	35.87	950.01	75.33	2,018.29	202.67	5.06	1,157.43	4.43	0.09	–
	Total	63,174.09	6,890.62	93,932.16	24,080.08	8,782.27	16,941.09	64,582.89	14,068.57	2,163.49	2,452.82	12,125.39	8,107.42	179.10	45.85
	ASSETS														
1.	Investments														
1.1	Equity Shares	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1.2	Privately Placed Debentures / Bonds	22,651.61	2,872.48	31,596.40	9,728.35	573.54	1,270.40	24,490.55	5,218.50	–	–	–	–	–	–
1.3	Debentures / Bonds Listed / Awaiting Listing on Recognised Stock Exchange	22,237.42	2,044.97	22,595.68	4,066.15	3,030.63	5,996.75	26,187.14	1,068.21	–	–	–	–	–	–
1.4	Central & State Government Securities	–	–	–	–	4,069.48	7,718.94	946.35	2,593.03	1,332.46	1,929.00	8,751.85	6,669.38	–	–
1.5	Others	11,095.31	–	24,776.50	4,484.69	1,076.48	986.42	3,386.04	2,486.04	778.54	349.94	3,012.25	949.84	166.87	–
	Total	55,984.34	4,917.45	78,968.58	18,279.19	8,750.13	15,972.51	55,010.08	11,365.78	2,111.00	2,278.94	11,764.10	7,619.22	166.87	–
2.	Deposits														
2.1	With Scheduled Banks	6,500.00	1,600.00	11,000.00	5,400.00	–	–	4,500.00	500.00	–	–	–	–	–	–
2.2	With Others	–	416.00	–	43.00	–	690.00	–	362.00	–	21.00	–	24.00	–	45.00
3.	Other Current Assets														
3.1	Cash and Bank Balance	491.99	45.19	590.20	529.40	97.19	0.53	64.78	4.38	8.34	100.75	75.91	302.06	12.18	0.85
3.2	Outstanding Income and Current Assets	197.76	(88.02)	3,373.38	(171.51)	(65.05)	278.05	5,008.03	1,836.41	44.15	52.13	285.38	162.14	0.05	–
4.	Fixed Assets (At Depreciated Value)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.	Deferred Revenue Expenditure (to the extent not written off)	0.00	0.00	0.00	0.00	0.00	0.00	–	–	–	–	–	–	–	–
	Total	63,174.09	6,890.62	93,932.16	24,080.08	8,782.27	16,941.09	64,582.89	14,068.57	2,163.49	2,452.82	12,125.39	8,107.42	179.10	45.85

		Principal Growth Fund		Principal Balanced Fund		Principal Monthly Income Plan$$: MIP		Principal Monthly Income Plan$$: MIP Plus		Principal Trust Benefit Fund		Principal Dividend Yield Fund
		30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05
	LIABILITIES											
1.	Unit Capital	12,671.40 D 4,445.70 G	5,457.92 D 4,368.62 G	8,998.26 D 479.16 G	2,238.16 D 646.06 G	1,330.54 MD 1,716.12 QD 5,796.79 G	7,140.52 MD 8,011.25 QD 14,068.17 G	971.25 MD 489.92 QD 2,824.23 G	1,724.01 MD 3,984.56 QD 4,092.95 G	104.08 QD 41.94 HD 55.64 AD 377.59 G	292.94 QD 154.84 HD 81.67 AD 859.03 G	16,411.50 D 3,642.12 G
2.	Reserves & Surplus											
2.1	Unit Premium Reserve	822.66	1,414.62	4,576.90	510.04	(70.34)	2,076.15	(93.00)	21.07	(23.34)	(43.85)	(1,830.59)
2.2	Other Reserves	21,345.12	6,306.61	2,202.50	79.79	2,730.93	2,861.41	647.06	117.02	107.24	190.88	8,702.91
3.	Loans & Borrowings											
3.1	From Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2	From Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Current Liabilities & Provisions											
4.1	Provision for Doubtful Income / Deposits	–	172.65	–	–	–	–	–	–	–	–	–
4.2	Proposed Income Distibution	–	–	–	–	–	–	–	–	–	–	–
4.3	Other Current Liabilities & Provisions	2,087.22	3,402.08	68.78	463.62	225.58	360.49	66.87	225.88	16.02	8.07	1,488.90
	Total	41,372.10	21,122.50	16,325.62	3,937.67	11,729.63	34,518.01	4,906.35	10,165.50	679.17	1,543.58	28,414.84
	ASSETS											
1.	Investments											
1.1	Equity Shares	37,495.82	16,249.45	10,486.36	2,463.23	1,142.05	2,950.63	797.16	1,467.97	–	–	24,268.55
1.2	Privately Placed Debentures / Bonds	–	–	76.81	150.72	2,440.24	11,746.43	1,310.56	3,138.55	–	94.30	–
1.3	Debentures / Bonds Listed / Awaiting Listing on Recognised Stock Exchange	–	–	511.45	316.13	3,942.77	13,291.33	2,155.39	4,158.63	–	419.07	–
1.4	Central & State Government Securities	–	1,986.23	11.59	308.72	985.21	2,531.23	123.80	594.75	–	559.05	–
1.5	Others	2,074.59	1,699.82	5,000.65	499.92	1,096.68	3,003.11	341.82	549.91	648.77	–	1,717.97
	Total	39,570.41	19,935.50	16,086.86	3,738.72	9,606.95	33,522.73	4,728.73	9,909.81	648.77	1,072.42	25,986.52
2.	Deposits											
2.1	With Scheduled Banks	–	4.00	–	4.00	–	400.00	–	–	–	–	–
2.2	With Others	–	26.50	–	20.00	–	68.00	–	32.00	–	466.00	–
3.	Other Current Assets											
3.1	Cash and Bank Balance	40.20	365.31	135.24	(35.68)	26.47	57.36	36.50	(1.01)	19.58	(27.09)	137.69
3.2	Outstanding Income and Current Assets	1,761.49	757.35	102.02	186.49	2,096.21	469.92	141.12	224.70	10.82	32.25	1,036.03
4.	Fixed Assets (At Depreciated Value)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.	Deferred Revenue Expenditure (to the extent not written off)	–	33.84	1.49	24.14	–	–	–	–	–	–	1,254.60
	Total	41,372.10	21,122.50	16,325.62	3,937.67	11,729.63	34,518.01	4,906.35	10,165.50	679.17	1,543.58	28,414.84

		Principal PNB Debt Fund		Principal Resurgent India Equity Fund		Principal Money Value Bond Fund		Principal Personal Tax Saver Fund		Principal Global Opportunities Fund		Principal Focussed Advantage Fund	Principal Junior Cap Fund
		30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/04	30/09/05	30/09/05
	LIABILITIES												
1.	Unit Capital	0.04 D 152.04 G	3,790.92 D 317.89 G	5,410.64 D 72.75 G	121.26 D 46.72 G	291.07 D 525.07 G	1,373.57 D 1,099.24 G	84.15 G	54.20 G	915.16 D 448.76 G	6,981.55 D 2,226.01 G	7,708.73 D 3,596.08 G	21,029.05 D 6,908.89 G
2.	Reserves & Surplus												
2.1	Unit Premium Reserve	(3,655.17)	1,551.86	7,884.20	373.43	1,592.71	951.01	(369.32)	(812.98)	(427.02)	118.81	(855.39)	(724.38)
2.2	Other Reserves	3,799.78	(436.73)	1,597.40	2.85	(1,096.07)	(32.13)	1,462.90	1,240.90	687.67	258.88	2,888.31	2,675.34
3.	Loans & Borrowings												
3.1	From Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2	From Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Current Liabilities & Provisions												
4.1	Provision for Doubtful Income / Deposits	–	–	–	–	–	1.05	–	–	–	–	–	–
4.2	Proposed Income Distibution	–	–	–	–	–	–	–	–	–	–	–	–
4.3	Other Current Liabilities & Provisions	8.48	37.42	1,095.37	86.53	(2.99)	14.89	137.53	38.24	21.35	59.29	1,554.32	1,010.36
	Total	305.17	5,261.34	16,060.37	630.80	1,309.78	3,407.62	1,315.27	520.36	1,645.92	9,644.54	14,892.04	30,899.25
	ASSETS												
1.	Investments												
1.1	Equity Shares	–	–	13,706.45	512.33	–	–	1,044.68	410.86	1,146.39	9,131.46	12,877.57	27,706.56
1.2	Privately Placed Debentures / Bonds	–	501.14	–	–	–	382.04	0.02	–	–	–	–	–
1.3	Debentures / Bonds Listed / Awaiting Listing on Recognised Stock Exchange	–	1,361.23	–	–	–	1,474.71	–	–	–	–	–	–
1.4	Central & State Government Securities	0.23	3,143.59	–	–	–	1,281.16	–	–	–	–	–	–
1.5	Others	302.59	–	1,244.39	–	1,307.16	–	124.96	–	215.12	149.98	1,001.62	1,168.52
	Total	302.82	5,005.96	14,950.84	512.33	1,307.16	3,137.91	1,169.66	410.86	1,361.51	9,281.44	13,879.19	28,875.08
2.	Deposits												
2.1	With Scheduled Banks	–	–	–	–	–	–	–	–	–	–	–	–
2.2	With Others	–	87.00	–	107.00	–	172.00	–	67.00	–	19.00	–	–
3.	Other Current Assets												
3.1	Cash and Bank Balance	4.05	24.13	171.55	(10.27)	2.27	(3.41)	89.77	(1.36)	220.95	133.24	80.96	361.38
3.2	Outstanding Income and Current Assets	(1.70)	144.25	937.97	21.74	0.35	101.12	55.84	43.86	(201.85)	(129.57)	366.04	143.85
4.	Fixed Assets (At Depreciated Value)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.	Deferred Revenue Expenditure (to the extent not written off)	–	–	–	–	–	–	–	–	265.30	340.43	565.85	1,518.94
	Total	305.17	5,261.34	16,060.36	630.80	1,309.78	3,407.62	1,315.27	520.36	1,645.92	9,644.54	14,892.04	30,899.25

$$ (An open-ended fund. Monthly Income is not assured and is subject to the availability of distributable surplus.)

NOTE:

2 D-Dividend; G-Growth;AD- Annual Dividend; HD- Half Yearly Dividend; QD- Quarterly Dividend ; MD- Monthly Dividend; WD- Weekly Dividend; DD-Daily Dividend; CB-Career Builder; FG-Future Guard; IG-Inst.Growth; IDQ-Inst.Dividend Quarterly; IDM-Inst.Dividend Monthly;IDW-Inst.Dividend Weekly;IDD-Inst.Daily Dividend; PDD- Premier Institutional Daily Dividend; PWD-Premier Institutional Weekly Dividend; PMD- Premier Institutional Monthly Dividend; PIG- Premier Institutional Growth; RG- Regular Growth; RMD- Regular Monthly Dividend; RWD- Regular Weekly Dividend; RDD- Regular Daily Dividend; IG- Institutional Growth; IMD- Institutional Monthly Dividend; IWD- Institutional Weekly Dividend; IDD- Institutional Daily Dividend; ARB- Annual Re-balancing

3 The first nav dates of the following schemes/ plans launched after April 1, 2005

Scheme and Plan	First Nav Date	Allotment Date
Principal Junior Cap Fund	July 06, 2005	June 30, 2005

4 Following plans were fully redeemed after April 1, 2005. The assets and liabilities as on the day of redemption have been transferred to the trust corpus.

Scheme and Plan	Redemption Date
Principal PNB Debt Fund - Dividend Plan	April 01, 2005
Principal Cash Management Fund - Money at Call Option	April 01, 2005
Principal Deposit Fund - FMP 371 Days Mar 04	April 04, 2005
Principal Deposit Fund - FMP 91 Days Jan 2005	April 19, 2005
Principal Deposit Fund - FMP 91 Days Feb 2005	May 30, 2005
Principal Deposit Fund - FMP 371 Days June 2004	July 04, 2005

5 Corresponding years figures are not available for Principal Deposit Fund - 371 Days Fixed Maturity Plan Nov 2004, Principal Deposit Fund - 371 Days Fixed Maturity Plan March 2005, Principal Dividend Yield Fund, Principal Focussed Advantage Fund & Principal Junior Cap Fund as the first NAV's were declared on 9 November 2004, 24 March 2005, 15 October 2004, 15 March 2005 & 6 July 2005 respectively.

6 Accounting policy on Valuation of Investments

Portfolio Valuation

6.1 Investments are valued on the Balance Sheet date as per the recommendations of the Securities and Exchange Board of India (SEBI).

6.2 Traded securities (excluding government securities and Treasury bills) are valued at the last quoted closing price on the principal stock exchange on which the security is traded.

6.3 A security (other than debt securities), which is not traded on any stock exchange on a particular valuation day, is valued at the price at which it was traded on the selected stock exchange, as the case may be, on the earliest previous day, such day not being more than thirty days prior to the valuation date.

6.4 A debt security (other than government securities), which is not traded on any stock exchange on any particular valuation day, is valued by using the CRISIL Bond Valuer.

6.5 A debt security (other than government securities is valued at cost on the date of first purchase and thereafter valued on the CRISIL Bond Valuer.

6.6 Investments in traded/non-traded/thinly traded government securities are valued at the prices released by an approved agency.

6.7 Treasury bills are valued at cost plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instrument. Treasury Bills listed on a recognised stock exchange are valued at the last quoted weighted average yield on the principal exchange on which the security is traded. If no sale is reported at that date Treasury Bills are valued at fair value as determined in good faith by Principal Pnb Asset Management Company Private Limited in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI).

6.8 Money Market securities and non-traded debt securities with residual maturity of upto 182 days are valued at cost (including accrued interest) plus the difference between the redemption value(inclusive of interest) and the cost spread uniformly over the remaining maturity period of the instrument.

6.9 Thinly traded Equity shares /Equity related securities/non-traded securities (other than Government Securities) are valued in good faith by the investment manager on the basis of valuation principles laid down by SEBI.

6.10 Investment in non-traded debt securities including securitised debt (other than government securities) with a residual maturity greater than 182 days are valued using CRISIL Bond Valuer, which is based on the concept of using spread to maturity to arrive at the yields for pricing

6.11 Securities in the nature of Floating Rate Notes (FRN) are valued at cost plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instrument. FRNs listed on a recognised stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded. If no sale is reported at that date FRN's are valued at fair value as determined in good faith by Principal Pnb Asset Management Company Private Limited in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI).

6.12 Securitised Debt are valued at fair value as determined in good faith Principal Pnb Asset Management Company Private Limited in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI).

6.13 Investments in Call money, bills purchased under re-discounting scheme and term deposits with banks are valued at cost plus accruals

6.14 An investment is regarded as non-performing if the interest and /or principal amount has not been received or remains outstanding for one quarter from the day such income or instalment has fallen due.

6.15 Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end has been computed for the scheme, whereby the aggregate market value taken together is compared with the aggregate cost of acquisition. Such net balance is charged to Revenue Account.

6.16 The above policies are followed as and when applicable.

7 Details of Investments in Foreign Securities as on 30/09/2005

Name of the scrip	Market value of Investment (Rs. in Lacs)
SKF AB (DEMERGER)	96.62
ATLAS COPCO AB	96.35
SUMITOMO CORP	88.40
SULZER	85.10
INGERSOLL-RAND CO-CL A	78.28
HONDA MOTOR CO.LTD	77.29
WYETH	74.33
IMPERIAL CHEMICAL ICI	70.84
MITSUBISHI CORP	69.59
COLGATE PALMOLIVE CO	62.74
GILLETTE CO., THE	60.97
BASF AG	56.48
DENSO CORP	44.72
MAZDA MOTOR CORP	42.55
TIMKEN CO	36.09
3M COMPANY	32.45
NESTLE S.A.	25.88
SUMITOMO WIRING SYSTEM	24.85
NOVARTIS LTD	22.86
Total	1,146.39

8. Except Principal Tax Savings Fund, Principal Personal Tax Saver Fund, Principal Trust Benefit Fund, Principal Government Securities Fund - Provident Fund Plan all the schemes are part of Principal Future Goals Series.

9 On written request, present and prospective unitholders/ investors can obtain a copy of the Annual Report of the schemes of Principal Mutual Fund in which he has invested.