

Unaudited Financial Results for the Half Year Ended September 30, 2004 of the Schemes of Principal Mutual Fund  
(Pursuant to Regulation 59 of SEBI (Mutual Funds) Regulations, 1996)

	Principal Cash Management Fund	Principal Deposits Fund															Principal Floating Rate Fund										Principal Monthly Income Plan				Principal Balanced Fund*		Principal Balanced Fund*																								
		Money at Call Option					Liquid Option					Institutional Premium Plan					Investment Plan					Provident Fund Plan					Savings Plan					Short Maturity Plan					Flexible Maturity Plan					Institutional Plan				Regular Plan		MIP Plus									
		Dividend		Growth		Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth
		Dividend	Growth	Dividend	Growth																																																				
1.1 Unit capital at the beginning of the half year period	(Rs. in Crores)	1.79	2.37	14.01	103.31	0.33	16.23	195.27	568.04	85.37	436.44	648.78	206.03	66.03	337.24	0.16	0.42	16.35	19.52	3.02	0.07	16.35	50.02	71.02	102.74	134.21	163.46	188.53	43.84	20.57	9.46	0.78	0.01	4.99	0.29	7.53	0.41	36.25	0.04	0.38	-	-	-	-	-	-	-	108.76	91.50	175.91	69.52	25.24	78.84	25.15	8.97	21.83	
1.2 Unit Capital at the end of the period	(Rs. in Crores)	3.06	6.83	73.67	134.07	3.95	42.24	583.57	394.82	42.39	184.70	648.78	206.03	66.03	337.24	0.16	0.46	13.97	18.23	2.97	-	-	-	-	-	-	-	-	-	-	9.46	0.74	0.01	9.30	0.29	28.65	15.46	38.54	0.04	0.34	15.87	3.84	32.38	1.87	119.72	33.76	188.3	40.93	39.85	25.15	8.97	22.38	6.46				

	Principal Income Fund															Principal Trust Benefit Fund																											
	Short Term Plan					Institutional Plan					Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Principal Resurgent India Equity Fund					Principal Global Opportunities Fund					Principal Money Value Bond Fund					Principal Tax Saver Fund													
	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend					Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth	Quarterly Dividend	Half-Yearly Dividend	Annual Dividend	Growth			
	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend
1.1 Unit capital at the beginning of the half year period	(Rs. in Crores)	50.22	7.50	58.10	47.20	4.90	139.57	11.60	107.58	16.14	28.95	65.60	6.72	9.19	40.75	83.12	30.65	0.92	0.49	41.68	13.17	0.57	N.A.	N.A.	9.44	20.04	25.08	4.50	1.59	2.29	10.68												

Name of Company (Investor)	Aggregate Investment by schemes in securities of the company during the specified period**	Schemes by which investment is made in securities of the company	Aggregate Investment outstanding as on September 30, 2004 (At Market Value)	
			Nature of Investment (Rupees in Lacs)	Value (Rupees in Lacs)
Grasim Industries Ltd	Equity Shares	Principal Child Benefit Fund, Principal Personal Tax Saver Fund, Principal Tax Savings Fund, Principal Monthly Income Plan - MIP Plus & Principal Money Value Bond Fund	Equity Shares	346.51
Hindalco Industries Ltd	Equity Shares	Principal Child Benefit Fund, Principal Personal Tax Saver Fund, Principal Income Fund, Principal Monthly Income Plan - MIP Plus & Principal Resurgent India Equity Fund	Equity Shares	1,074.06
Industrial Development Bank of India	Debt	Principal Cash Management Fund - Liquid Option, Principal Monthly Income Plan, Principal Income Fund - MIP Plus & Principal Money Value Bond Fund and Principal Floating Rate Fund - Flexible Maturity Plan	Debt	11,370.07
ITC Ltd	Equity Shares	Principal Child Benefit Fund, Principal Personal Tax Saver Fund, Principal Income Fund, Principal Monthly Income Plan, Principal Tax Savings Fund & Principal Resurgent India Equity Fund	Equity Shares	1,257.71
Maruti Udyog Ltd	Equity Shares	Principal Income Fund	Equity Shares	35.06
Patri Computer Systems Ltd	Equity Shares	Principal Child Benefit Fund, Principal Growth Fund, Principal Monthly Income Plan - MIP Plus, Principal Personal Tax Saver Fund, Principal Income Fund - Short Term Plan, Principal Floating Rate Fund, Flexible Maturity Plan & Principal Floating Rate Fund - Short Maturity Plan	Equity Shares	1,336.62
Sun Pharmaceutical Industries Ltd	Equity Shares	Principal Child Benefit Fund, Principal Growth Fund, Principal Monthly Income Plan, Principal Income Plan - MIP Plus, Principal Personal Tax Saver Fund, Principal Income Fund - Short Term Plan & Principal Floating Rate Fund - Flexible Maturity Plan	Equity Shares	1,468.66
TATA Motors Ltd	Equity Shares	Principal Child Benefit Fund, Principal Income Fund, Principal Monthly Income Plan, Principal Tax Savings Fund & Principal Personal Tax Saver Fund	Equity Shares	1,165.49
Videsh Sanchar Nigam Ltd	Equity Shares	Principal Income Fund	Equity Shares	13.91
Vijaya Bank	Term Deposit	Principal Deposit Fund - 371 Days Fixed Maturity Plan - March 2004 & Principal Cash Management Fund - Liquid Option	Term Deposit	9,600.00

Notes:

- The schemes of PNB Mutual Fund were merged/taken over by Principal Mutual Fund at the close of business hours of April 30, 2004.

PNB Mutual Fund schemes	Name of schemes of Principal Mutual Fund into which PNB Mutual Fund schemes were merged
PNB Equity Growth Fund 1996*	Principal Growth Fund
PNB Balanced Fund	Principal Balanced Fund

\*PNB Equity Growth 1996 was merged into PNB Equity Growth Fund on April 30, 2004.  
PNB Debt Fund of PNB MF was taken over by Principal Mutual Fund and renamed as Principal - PNB Debt Fund and run separately.

- The schemes of SUN F&C Mutual Fund were merged/taken over at the close of business hours of May 14, 2004 by Principal Mutual Fund.

SUN F&C Mutual Fund schemes	Name of schemes of Principal Mutual Fund into which SUN F&C Mutual Fund schemes were merged
Value Fund	Growth Fund
Emerging Tech. Fund	Growth Fund
MVF-Liquid Option	Cash Management Fund - Liquid Option
Fixed Income Securities Fund (Short term Plan & Medium Term Plan)	Cash Management Fund - Liquid Option
Monthly Income Plan	Monthly Income Plan - MIP Plus

The original Balanced Fund of Principal Mutual Fund was merged into the Balanced Fund taken over from SUN F&C on 14/05/2004. The Fund was renamed as Principal Balanced Fund.  
\*Original Balanced Fund - \*\*Taken over Balanced Fund

Schemes of SUN F&C MF taken over and run separately by Principal Mutual Fund

Resurgent India Equity Fund	renamed as Principal Resurgent India Equity Fund
Personal Tax Saver Fund	renamed as Principal Personal Tax Saver Fund
MVF-Bond Option*	renamed as Principal Money Value Bond Fund

\*SUN F & C Fixed Income Securities Fund(Long term Plan) and SUN F&C Bond Fund was merged into SUN F&C Money Value Fund-Bond Option )

- Institutional Premium Plan was introduced with effect from August 30, 2004 in the Principal Cash Management Fund - Liquid Option hence the figures at the beginning of the half year period are not available.
- Principal Floating Rate Fund was launched on August 19, 2004 and the date of allotment was September 6, 2004 and hence the figures at the beginning of the half year period are not available.
- For Principal Global Opportunities Fund the date of allotment was March 29, 2004 and the first NAV date was April 12, 2004 hence the figures at the beginning of the half year period are not available.
- The dividend figures given above are distributed amounts (inclusive of dividend distribution tax) per unit.
- There are no borrowings above 10% of the net assets of any scheme of the mutual fund.
- No changes have been carried out in the Accounting Policies during the half year ended September 30, 2004.
- Other Income for Principal Equity Fund pertains to recovery towards fully provided Non Performing Assets.
- None of the Schemes have declared bonus during the period under review.
- None of the Schemes have exposure in derivative products during the period under review.
- Details of transactions with associates, namely IDBI Capital Market Services Ltd. and Punjab National Bank are w.e.f. May 5, 2004 in terms of Regulation 25(8) of SEBI (Mutual Funds) Regulations, 1996.
- During the period under review investments have been made in Corporation Bank, HDFC Ltd., Gas Authority of India Ltd., Punjab National Bank, Steel Authority of India Ltd., associate companies in terms of Regulation 2(c) of SEBI (Mutual Funds) Regulations, 1996.

\*\* Specified period means one year prior and one year after the date of investment by any scheme.  
Investment made by schemes in the above companies have been made to achieve the investment objective and strategy of the respective schemes.

N.A. - Not Available \* (Cril Liquid Fund Index) \*\* (Cril Composite Bond Index) \* (Cril Short Term Bond Fund Index) \*\* (Cril Balanced Fund Index) \* S&P NYSE \*\*\* (S&C 50-Box) \*\*\*\* (S&C 100-Box) \*\*\*\*\* (MSCI World Index)  
\* Considering movement of NAV during the half year and after adjustment of dividend declared, if any. Returns are calculated only in respect of Growth Plan/Option, wherever applicable, on compounded annualized basis for a period of more than 1 year and absolute basis for a period less than 1 year, with reinvestment of dividends (if any) w.r.t. Cash Management Fund (Money at Call Option and Liquid Option) Schemes. In the case of all other schemes besides Cash Management Fund, returns are calculated on compounded annualized basis for a period of more than a year and absolute basis for a period less than a year, with reinvestment of dividends (if any).  
\* Denotes value below 0.01 crores. \*\* (Pis, refer Note No. 12)  
\* For the calculation of compounded annualized yield, the procedure prescribed in the offer document has been followed. All performance calculation are based only on NAV and the payouts to the unitholders.

Place : Mumbai Date : 29 October, 2004  
Statement Details: Principal Mutual Fund has been constituted as a trust with Principal Financial Group (Mauritius) Limited, Punjab National Bank and Vijaya Bank as the co-trustees. Sponsor: Principal Financial Services Inc., USA. Trustee: Principal Trustee Company Private Limited. Investment Manager: Principal Asset Management Company Private Limited. Risk Factors: Mutual funds and securities are subject to market risks and there can be no assurance and no guarantee that the objectives of Principal Mutual Fund can be achieved. As with any investment in securities, the NAV of the units issued under the Scheme(s) can go up or down, depending up on the factors and forces affecting the capital markets. Past performance of the Sponsor/AMC/Principal Mutual Fund/Punjab National Bank/Vijaya Bank does not indicate or guarantee the future performance of the Scheme(s) of Principal Mutual Fund. Principal Cash Management Fund (An open-ended income scheme), Principal Monthly Income Plan (An open-ended liquid scheme), Principal Income Fund (An open-ended equity scheme), Principal Growth Fund (An open-ended equity scheme), Principal Index Fund (An open-ended equity scheme), Principal Personal Tax Saver Fund (An open-ended linked gilt scheme investing in Government Securities), Principal Deposit Fund (An open-ended debt scheme), Principal Child Benefit Fund (An open-ended growth scheme), Principal Equity Fund (An open-ended equity scheme), Principal Tax Savings Fund (An open-ended equity linked savings scheme), Principal Trust Benefit Fund (An open-ended income scheme), Principal Global Opportunities Fund (An Open-ended Growth Scheme), Principal PNB Debt Fund (An Open-ended Debt Scheme), Principal Money Value Bond Fund (An Open-ended Equity Scheme), Principal Resurgent India Equity Fund (An Open-ended Equity Scheme), Principal Floating Rate Fund (An Open-ended Income Scheme) are the only name of the Schemes and do not in any manner indicate either the quality of the Scheme or their future prospects or returns. Investors are therefore urged to read the Offer Document carefully, and consult their legal/investment advisor before they invest in the scheme. The Sponsor is not responsible or liable for any loss resulting from the operations of the Principal Mutual Fund beyond the initial contribution of an amount of Rs. 25 lakhs towards setting up Principal Mutual Fund. Investors in the scheme are not being offered a guaranteed or assured rate of return or regular/periodical income distribution, and the actual returns and/or periodical income distribution to an investor will be based on the actual NAV, which may go up or down, depending on the market conditions. Investment of the Scheme's assets in fixed income securities is subject to credit risk, interest rate risk, settlement risk and liquidity risk. Scheme specific risk factors are mentioned in the Offer Document. Please refer to the Offer Documents of the respective schemes before investing.