

# MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

## INCOME STATEMENT (unaudited)

For the financial period from 22 January 2008 (date of launch) to 31 December 2008

		1 October 2008 to 31 December 2008			Year to Date 31 December 2008		
	Note	<u>CAPITAL</u> <u>RM</u>	<u>REVENUE</u> <u>RM</u>	<u>TOTAL</u> <u>RM</u>	<u>CAPITAL</u> <u>RM</u>	<u>REVENUE</u> <u>RM</u>	<u>TOTAL</u> <u>RM</u>
<b>INVESTMENT INCOME</b>							
Gross dividend income			9,285,057	9,285,057		30,869,532	30,869,532
Profit from short term Shariah compliant deposits			47,910	47,910		117,103	117,103
Net realised loss on sale of investments	4	(14,189,871)		(14,189,871)	(33,785,879)		(33,785,879)
Net unrealised loss on fair value changes of investments		(59,788,781)		(59,788,781)	(324,410,033)		(324,410,033)
		<u>(73,978,652)</u>	<u>9,332,967</u>	<u>(64,645,685)</u>	<u>(358,195,912)</u>	<u>30,986,635</u>	<u>(327,209,277)</u>
Less: Non-Shariah Income		-	(110,582)	(110,582)	-	(891,004)	(891,004)
		<u>(73,978,652)</u>	<u>9,222,385</u>	<u>(64,756,267)</u>	<u>(358,195,912)</u>	<u>30,095,631</u>	<u>(328,100,281)</u>
<b>EXPENDITURE</b>							
Management Fee	5	-	(476,351)	(476,351)	-	(2,416,804)	(2,416,804)
Trustee's Fee	6	-	(59,544)	(59,544)	-	(302,100)	(302,100)
License Fee	7	-	(47,635)	(47,635)	-	(257,726)	(257,726)
Other Expenses	8	-	(59,544)	(59,544)	-	(302,101)	(302,101)
<b>TOTAL EXPENDITURE</b>		-	<u>(643,074)</u>	<u>(643,074)</u>	-	<u>(3,278,731)</u>	<u>(3,278,731)</u>
<b>NET INCOME/ (LOSS) BEFORE TAXATION</b>		<u>(73,978,652)</u>	<u>8,579,311</u>	<u>(65,399,341)</u>	<u>(358,195,912)</u>	<u>26,816,900</u>	<u>(331,379,012)</u>
Less: Dividend Tax Expense	10	-	1,582,990	1,582,990	-	5,217,933	5,217,933
<b>NET INCOME/ (LOSS) AFTER TAXATION</b>		<u>(73,978,652)</u>	<u>6,996,321</u>	<u>(66,982,331)</u>	<u>(358,195,912)</u>	<u>21,598,967</u>	<u>(336,596,945)</u>
<b>Net Loss after Taxation comprises the following</b>							
Realised Loss				(8,480,940)			(13,474,302)
Unrealised Loss				(58,501,391)			(323,122,643)
				<u>(66,982,331)</u>			<u>(336,596,945)</u>

# MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

## ***BALANCE SHEET(unaudited)*** **As at 31 December 2008**

	Note	31 December 2008 <u>RM</u>
<b>ASSETS</b>		
Quoted Investments	11	480,805,992
Cash and bank balances	12	884,991
Short Term Shariah compliant deposits	12	1,103,000
Dividends Receivable	13	1,259,196
Dividends Receivable – Non-Shariah Income	13	28,194
Receivables	14	50
<b>TOTAL ASSETS</b>		<b><u>484,081,423</u></b>
<b>LIABILITIES</b>		
Payables	15	477,751
Other Payables – Non-Shariah Income	16	891,004
<b>TOTAL LIABILITIES EXCLUDING NET ASSET VALUE (“NAV”) ATTRIBUTABLE TO UNITHOLDERS</b>		<b><u>1,368,755</u></b>
<b>NAV ATTRIBUTABLE TO UNITHOLDERS AS AT 31 DECEMBER 2008</b>	17	<b><u>482,712,668</u></b>
<b>UNITS IN CIRCULATION</b>	17(a)	<b><u>831,000,000</u></b>
<b>NET ASSET VALUE PER UNIT</b>		<b><u>0.5809</u></b>

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### **STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (unaudited)**

For the financial period from 22 January 2008 (date of launch) to  
31 December 2008

	Note	1 October 2008 to 31 December 2008 <u>RM</u>	Year to Date 31 December 2008 <u>RM</u>
Net Assets Attributable to Unitholders at Commencement / Beginning of Period		548,557,599	-
Net Loss for the Period		(66,982,331)	(336,596,945)
Amount Received from Units Created	17(a)	1,137,400	840,107,213
Amount Paid for Units Redeemed	17(a)	-	(20,797,600)
<b>Net Asset Attributable to Unitholders at the End of the Financial Period</b>	17	<u>482,712,668</u>	<u>482,712,668</u>

# MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

## **CASH FLOW STATEMENT (unaudited)**

For the financial period from 22 January 2008 (date of launch) to  
31 December 2008

	1 October 2008 to 31 December 2008 <u>RM</u>	Year to Date 31 December 2008 <u>RM</u>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Net Proceeds from Sale & Purchase of Investments	(11,644,310)	(14,553,180)
Purchase of KNM Rights Issue	-	(5,159,300)
Dividends Received	7,292,464	23,549,103
Dividends Received – Non-Shariah Income	152,960	815,106
Profit from Short Term Shariah Compliant Deposits	47,910	117,103
Payment for Management Fee	(500,591)	(2,252,785)
Payment for Trustee's Fee	(62,574)	(281,598)
Payment for License Fee	-	(148,285)
Payment for Other Expenses	(60,396)	(118,830)
Bank Charges	(113)	(532)
Creation/Redemption Fee paid to Bursa Malaysia Depository Sdn. Bhd.	(100)	(830)
Creation/Redemption Fee received and payable to Bursa Malaysia Depository Sdn. Bhd.	100	1,830
<b>Net Cash Generated From/(Used In) Operating And Investing Activities</b>	<b><u>(4,774,650)</u></b>	<b><u>1,967,802</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Creation of Units	36,231	199,283
Payments for Redemption of Units	-	(179,094)
<b>Net Cash Generated From Financing Activities</b>	<b><u>36,231</u></b>	<b><u>20,189</u></b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b><u>(4,738,419)</u></b>	<b><u>1,987,991</u></b>
<b>CASH AND CASH EQUIVALENTS AT COMMENCEMENT / BEGINNING OF PERIOD</b>	<b><u>6,726,410</u></b>	<b><u>-</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u><u>1,987,991</u></u></b>	<b><u><u>1,987,991</u></u></b>

## **MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 22 JANUARY 2008 (DATE OF LAUNCH) TO 31 DECEMBER 2008**

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

#### **A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of the Fund have been prepared under the historical cost convention, unless otherwise indicated, in accordance with the Deeds, the Financial Reporting Standards ("FRS"), the MASB approved accounting standards in Malaysia for entities other than private entities, and the Securities Commission's ("SC") Guidelines on Exchange Traded Funds

- (i) Standards and amendments to published standards and interpretations that are effective.

The amendments to published standards effective for the Fund's financial period beginning on or after 1 January 2008 are as follows:

- Revised standards that have no significant changes compared to the original standards
  - FRS 107 Cash Flows Statements
  - FRS 111 Construction Contracts
  - FRS 118 Revenue
  - FRS 134 Interim Financial Reporting
  - FRS 137 Provisions, Contingent Liabilities and Contingent Assets.
- FRS 112 Income Taxes
- FRS 120 Accounting for Government Grants and Disclosure of Government Assistance.
- Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation.

All changes in accounting policies have been made in accordance with the transitional provisions in the respective standard. The new standards adopted by the fund have been applied retrospectively.

The adoption of the new standards did not have a material impact on the financial statements of the Fund.

- (ii) The new standard that has been issued which is relevant to the Fund and has not been early adopted is:

FRS 139 Financial Instruments: Recognition and measurement (effective date of which has yet to be determined by MASB). The new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Fund will apply this standard when effective.

## **MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 22 JANUARY 2008 (DATE OF LAUNCH) TO 31 DECEMBER 2008 (CONTINUED)**

#### **B INCOME RECOGNITION**

Profit from short term Shariah compliant deposits is recognised on an accrual basis.

Dividend income is recognised on the ex-dividend date, when the right to receive the dividend has been established.

Realised gains and losses on sales of listed investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis for equities.

#### **C FINANCE COST - DISTRIBUTION**

Proposed distributions to unitholders are recognised in the income statement upon approval by the Board of Directors of the Manager. The distribution to the unitholders is recognised as finance cost in the income statement.

#### **D TAXATION**

Current tax expense is determined according to the Malaysian tax laws and includes all taxes based upon the taxable profits.

#### **E PRESENTATION AND FUNCTIONAL CURRENCY**

The financial statements are presented in Ringgit Malaysia, which is the Fund's presentation and functional currency.

#### **F INVESTMENTS**

Investments are initially recorded at cost, which include transaction costs, and subsequently revalued to their fair values as at the date of the statement of assets and liabilities.

In accordance with the Deed, quoted investments in Malaysia are valued at the last done market price quoted on Bursa Malaysia at the date of the statement of assets and liabilities.

Unrealised gains or losses are transferred to the income statement and are not distributable.

#### **G CASH AND CASH EQUIVALENTS**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances and deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 22 JANUARY 2008 (DATE OF LAUNCH) TO 31 DECEMBER 2008 (CONTINUED)**

#### **H CREATION AND CANCELLATION OF UNITS**

The Fund issues cancellable units, which are cancelled at the unitholder's option and are classified as financial liability. Cancellable units can be put back to the Fund at any time for shares and cash equal to a proportionate share of the Fund's net asset value. The outstanding units is carried at the redemption amount that is payable at the balance sheet date if the holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the holder's option at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units. In accordance with the SC Guidelines on Exchange Traded Funds, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and cancellations.

#### **I NON- SHARIAH INCOME**

Any income or distribution received by the Fund from its investment portfolio which relates to interest income or income from fortuitous activities (not compatible with the Shariah principles) of the underlying companies is considered non-Shariah income. This non-Shariah income is subject to an income purification process as determined by the Shariah Adviser from time to time and without limitation, the non-Shariah income may be distributed to organisations considered beneficial to the public at large which are endorsed by the Shariah Adviser and approved by the Trustee.

#### **J AMOUNT DUE FROM STOCKBROKERS**

Amount due from stockbrokers is carried at approved transaction amount as stated in the contract notes.

#### **K SEGMENTAL INFORMATION**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. In the opinion of the Manager, all activities of the Fund are in the single business of investment activities conducted mainly in Malaysia.

## **MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 22 JANUARY 2008 (DATE OF LAUNCH) TO 31 DECEMBER 2008 (CONTINUED)**

#### **L FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities. 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. The information presented herein represents the estimates of fair values as at the statement of assets and liabilities date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

A range of methodologies and assumptions had been used in deriving the fair values of the Fund's financial instruments as at the statement of assets and liabilities date. The total fair value of each financial instrument is not materially different from the total carrying value.

The fair values are based on the following methodologies and assumptions:

(a) Short term deposits

For deposits and placements with financial institutions with maturities of less than three months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities three months and above, estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

(b) Quoted investments

The estimated fair value is based on quoted and observable market prices.

(c) Other short term financial instruments

Other short term financial instruments comprise interest receivable, dividends receivable, receivables, payables and accruals.

The carrying value of these assets and liabilities are assumed to approximate their fair value due to short tenure of less than one year.

#### **M CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with the Financial Reporting Standards and the SC Guidelines on Exchange Traded Funds requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on the Manager's best knowledge of current events and actions, actual results could differ from those estimates.

Estimates and judgments are continually evaluated by the Manager and the Trustee and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



# MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 22 JANUARY 2008 (DATE OF LAUNCH) TO 31 DECEMBER 2008

### 1 INFORMATION ON THE FUND

The Exchange Traded Fund (the "Fund") was constituted under the name MyETF Dow Jones Islamic Market Malaysia Titans 25 pursuant to the execution of a Deed dated 17 January 2008 (the "Deed") entered into between iVCAP Management Sdn. Bhd. (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund was launched on 22 January 2008 and will continue its operations until terminated by the Trustee or the Manager as provided under Clause 25 of the Deed.

The Fund is an exchange traded fund that is designed to provide investment results that closely correspond to the performance of the Dow Jones Islamic Market Malaysia Titans 25 Index ("Benchmark Index") as provided by Dow Jones & Company, Inc. The Benchmark Index is a free float-adjusted, market capitalization weighted index representing securities of 25 leading Shariah-compliant Malaysian companies listed on Bursa Malaysia Securities Berhad. All investments will be subjected to the SC Guidelines on Exchange Traded Funds, the Deed and the objective of the Fund.

As provided in the Deed, the financial year shall end on 31 December.

The Manager is a company incorporated in Malaysia. The principal activity of the Manager is the provision of investment management services.

### 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include market risk, stock/issuer risk, fund management risk, liquidity risk, interest rate risk and credit/default risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the SC Guidelines on Exchange Traded Funds.

#### Market risk

This risk refers to changes and developments in regulations, politics and the economy of the country. The very nature of an exchange traded fund, however, helps mitigate this risk because a fund would generally hold a well-diversified portfolio of securities from different market sectors so that the collapse of any one security or any one market sector would not impact too greatly on the value of the fund.

#### Stock/issuer risk

Consistent with the performance objective of the Fund, the securities which make up the investments of the Fund are in most instances the same as the constituent stocks of the Benchmark Index.

#### Fund management risk

The investment scope and restrictions of the Fund, which have been approved by the Securities Commission of Malaysia, are intended to ensure that the Fund is managed in line with its investment objective.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 22 JANUARY 2008 (DATE OF LAUNCH) TO 31 DECEMBER 2008 (CONTINUED)

#### 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Liquidity risk

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days. The Fund is allowed to hold up to ten percent (10%) of its net asset value in cash or cash equivalents

##### Interest rate risk

Interest rate is a general economic indicator that will have an impact on the management of the Fund regardless of whether it is a Shariah-based fund or otherwise. It does not in any way suggest that the Fund will invest in conventional instruments. All investments carried out for the Fund are in accordance with Shariah requirements.

As at the date of the statement of assets and liabilities, the net asset value of the Fund can be analysed into return and non-return bearing balances, as follows:

	Up to <u>1 year</u> RM	<u>1 - 5 years</u> RM	<u>Over 5</u> <u>years</u> RM	<u>Non-return</u> <u>bearing</u> RM	<u>Total</u> RM
<u>As at 31 December 2008</u>					
<u>Assets</u>					
Quoted investment	-	-	-	480,805,992	480,805,992
Short term Shariah compliant Deposits	1,103,000	-	-	-	1,103,000
Cash and bank balances	884,991	-	-	-	884,991
Dividends receivable	-	-	-	1,287,390	1,287,390
Receivables	-	-	-	50	50
	<u>1,987,991</u>	<u>-</u>	<u>-</u>	<u>482,093,432</u>	<u>484,081,423</u>
<u>Liabilities</u>					
Amount due to Trustee	-	-	-	164,019	164,019
Amount due to Manager	-	-	-	20,502	20,502
Amount due to Index Licensor	-	-	-	109,441	109,441
Payable to charitable Organizations	-	-	-	891,004	891,004
Other payables and Accruals	-	-	-	183,789	183,789
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,368,755</u>	<u>1,368,755</u>
Total interest sensitivity gap	<u>1,987,991</u>	<u>-</u>	<u>-</u>		

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 22 JANUARY 2008 (DATE OF LAUNCH) TO 31 DECEMBER 2008 (CONTINUED)

#### 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The effective weighted average rate of short term deposits per annum as at the date of the statement of assets and liabilities are as follows:

	<u>2008</u> % p.a.
Deposits with licensed financial institutions	2.75

The deposits have an average maturity of less than 1 year

#### Credit/Default risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of interest, principals and proceeds from realisation of investments. The Fund, as required by the Guidelines and Deed, maintains a minimum liquidity level of its net asset value to meet redemption requests.

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Securities. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the Securities Commission's Guidelines on Exchange Traded Funds.

The credit/default risk is minimal as all transactions in quoted investments are settled/paid upon delivery using approved brokers.

At the balance sheet date, there is a significant concentration of credit risk in the balances of short term Shariah compliant deposits as all deposits are placed with a single licensed financial institution.

#### 3 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

In accordance with the provisions of the Fund's Deed, investments are stated at the last traded price on the valuation date for the purpose of determining the net asset value per unit for creations and cancellations and for various fee calculation. Net assets attributable to unitholders represent a liability in the balance sheet, carried at the redemption amount that would be payable at the balance sheet date if the unitholder exercised the right to redeem unit of the Fund.

#### 4 NET REALISED GAINS ON SALES OF INVESTMENTS

	<u>2008</u> RM
Realised gains on sales of investments	1,222,355
Realised losses on sales of investments	<u>(35,008,234)</u>
	<u>(33,785,879)</u>

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 22 JANUARY 2008 (DATE OF LAUNCH) TO 31 DECEMBER 2008 (CONTINUED)

#### 5 MANAGEMENT FEE

The Manager is entitled to a management fee at a rate not exceeding 1.0% per annum on the net asset value of the Fund calculated on daily basis, as provided under Clause 14.1 of the Deed.

For the financial period ended 31 December 2008, the management fee was recognised at a rate of 0.4% per annum on the net asset value of the Fund, calculated on daily basis.

#### 6 TRUSTEE'S FEE

The Trustee is entitled to an annual fee, inclusive of custodian fee, at a rate not exceeding 0.08% per annum on the net asset value of the Fund, as provided under Clause 14.2 of the Deed.

For the financial period ended 31 December 2008, the Trustee's fee was recognised at a rate of 0.05% per annum on the net asset value of the Fund, inclusive of local custodian fee, calculated on daily basis.

#### 7 LICENSE FEE

License fee is payable to Dow Jones & Company, Inc., the Benchmark Index provider.

License Fee was charged at a rate of 0.04% per annum of the Net Asset Value (NAV) of the Fund, calculated on a daily basis.

#### 8 OTHER EXPENSES

Included in Other Expenses are professional fees, other than Management, Trustee's and License Fees, and other expenses as permitted by the Deed, paid or provided for during the year. They include the following amounts:

	<u>2008</u> RM
Auditors' remuneration	25,000
Tax agent's fees	5,500
Shariah Adviser's fees	85,200

The total Other Expenses are provided for at the rate of 0.05% per annum of the Net Asset Value (NAV) of the Fund, calculated and accrued on a daily basis. The expenses are reversed out from the Other Accrued Expenses on their respective payment dates.

#### 9 DISTRIBUTIONS

No income distribution was declared by the Fund during the financial period 22 January 2008 (date of launch) to 31 December 2008.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 22 JANUARY 2008 (DATE OF LAUNCH) TO 31 DECEMBER 2008 (CONTINUED)

#### 10 TAXATION

	<u>2008</u> RM
Current taxation	<u>5,217,933</u>

The numerical reconciliation between net income before finance cost and taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	<u>2008</u> RM
Net loss before taxation	<u>331,379,012</u>
Tax at Malaysian statutory rate of 26%	(86,158,543)
Tax effect of:	
Income not subject to tax	(2,773,020)
Losses exempt from tax	93,168,386
Expenses not deductible for tax purposes	<u>981,110</u>
Tax expense	<u>5,217,933</u>

#### 11 QUOTED INVESTMENTS

Name of Counter	Quantity Units	Market Value RM	Average Purchase Cost RM	Market value as a percentage of net asset value %
<u>Trading/Services</u>				
Sime Darby Bhd	13,343,700	69,387,240	149,623,705	14.37
MISC Bhd	6,110,000	52,240,500	57,191,804	10.82
PLUS Expressways Bhd	7,227,400	21,537,652	22,919,293	4.46
Kencana Petroleum Bhd	2,475,600	3,243,036	5,323,101	0.67
Dialog Group Bhd	4,972,100	3,952,820	7,929,037	0.82
Malaysian Bulk Carriers Bhd	1,822,000	4,354,580	6,687,513	0.90
Telekom Malaysia	8,310,600	25,596,648	26,963,163	5.30
TM International	8,719,500	31,564,590	59,953,870	6.54
Star Publications (M) Bhd	1,775,900	5,753,916	6,119,010	1.19
Sarawak Energy Bhd	3,228,900	7,491,048	6,963,717	1.55
	<u>57,985,700</u>	<u>225,122,030</u>	<u>349,674,213</u>	<u>46.64</u>

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 22 JANUARY 2008 (DATE OF LAUNCH) TO 31 DECEMBER 2008 (CONTINUED)

#### 11 QUOTED INVESTMENTS (continued)

Name of Counter	Quantity	Market Value	Average Purchase Cost	Market value as a percentage of net asset value
<u>Plantations</u>				
IOI Corp. Bhd	18,914,800	67,336,688	142,525,568	13.95
Kuala Lumpur Kepong Bhd	2,996,800	26,671,520	51,952,898	5.53
Batu Kawan Bhd	1,192,400	9,419,960	13,633,414	1.95
Asiatic Development Bhd	1,527,600	5,407,704	12,458,452	1.12
	<u>24,631,600</u>	<u>108,835,872</u>	<u>220,570,332</u>	<u>22.55</u>
<u>Industrial Products</u>				
KNM Group Bhd	17,140,675	6,941,973	34,918,176	1.44
Lafarge Malayan Cement Bhd	1,609,100	6,339,854	8,153,545	1.31
Petronas Gas Bhd	1,481,800	14,521,640	15,661,593	3.01
	<u>20,231,575</u>	<u>27,803,467</u>	<u>58,733,314</u>	<u>5.76</u>
<u>Consumer Products</u>				
PPB Group Bhd	3,328,600	30,955,980	34,957,378	6.41
UMW Holdings Bhd	3,109,600	16,014,440	21,967,123	3.32
Lion Diversified Holdings Bhd	2,054,400	719,040	3,014,015	0.15
	<u>8,492,600</u>	<u>47,689,460</u>	<u>59,938,516</u>	<u>9.88</u>
<u>Infrastructure</u>				
DiGi.com Bhd	1,661,700	36,225,060	39,173,989	7.50
	<u>1,661,700</u>	<u>36,225,060</u>	<u>39,173,989</u>	<u>7.50</u>
<u>Constructions</u>				
Gamuda Bhd	9,004,000	17,017,560	43,534,768	3.53
Zelan Bhd	1,533,300	1,349,304	7,035,606	0.28
	<u>10,537,300</u>	<u>18,366,864</u>	<u>50,570,374</u>	<u>3.80</u>
<u>Properties</u>				
SP Setia Bhd	4,608,500	14,286,350	22,962,245	2.96
	<u>4,608,500</u>	<u>14,286,350</u>	<u>22,962,245</u>	<u>2.96</u>
<u>Technology</u>				
Malaysian Pacific Industries Bhd	423,400	2,476,889	3,593,042	0.51
	<u>423,400</u>	<u>2,476,889</u>	<u>3,593,042</u>	<u>0.51</u>
	<u>128,572,375</u>	<u>480,805,992</u>	<u>805,216,025</u>	<u>99.61</u>

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 22 JANUARY 2008 (DATE OF LAUNCH) TO 31 DECEMBER 2008 (CONTINUED)

#### 12 CASH AND CASH EQUIVALENTS

	<u>Note</u>	<u>2008</u> RM
Short-term money market placements in Islamic financial instruments with licensed banks		1,103,000
Cash at Bank – Investment		22,181
Cash at Bank – Non-Shariah Income	16	862,810
		<hr/>
		1,987,991
		<hr/> <hr/>

#### 13 DIVIDENDS RECEIVABLE

Dividends Receivable represents dividends declared on the Fund's component stocks at the Ex-Date and not yet received at the end of the financial period.

Dividends Receivable – Non-Shariah Income represents the portion of the dividends receivable which relates to income that is not compatible with Shariah principles.

The level of non-shariah income is based on the impure ratio for each component stock as determined by Dow Jones & Company, Inc.

Dividends declared are recognized on the Ex-Date and are reversed out from the receivables on their respective payment dates.

#### 14 RECEIVABLES

	<u>2008</u> RM
Allotment Fee for creation of units due from Participating Dealers	50
	<hr/> <hr/>

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 22 JANUARY 2008 (DATE OF LAUNCH) TO 31 DECEMBER 2008 (CONTINUED)

#### 15 PAYABLES

	<u>2008</u> RM
Amount due to Manager	164,019
Amount due to Trustee	20,502
Amount due to Index Licensor	109,441
Auditors' remuneration	25,000
Tax agent's fee	5,500
Amount due to Shariah Adviser	42,400
Other payables	110,889
	<hr/>
	477,751
	<hr/> <hr/>

#### 16 OTHER PAYABLES – NON-SHARIAH INCOME

Included in Other Payables – Non-Shariah Income is the total of the Non-Shariah Income portion of dividends received and receivable as at 31 December 2008. It comprises the following amounts:

	<u>2008</u> RM
Cash at Bank – Non-Shariah Income	862,810
Dividends Receivable – Non-Shariah Income	28,194
	<hr/>
	891,004
	<hr/> <hr/>

Cash at bank – Non-Shariah Income represents the portion of dividends already received during the financial period which relates to income that is not compatible with Shariah principles.

The level of non-shariah income is based on the impure ratio for each component stock as determined by Dow Jones & Company, Inc.



## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 22 JANUARY 2008 (DATE OF LAUNCH) TO 31 DECEMBER 2008 (CONTINUED)

#### 17 NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Net Asset Value (NAV) attributable to unit holders is represented by:

		2008
	Note	RM
Unit holders' contribution	(a)	819,309,613
Net Loss After Taxation		(336,596,945)
		<u>482,712,668</u>

#### (a) UNIT HOLDERS' CONTRIBUTION / UNITS IN CIRCULATION

	1 October 2008 to 31 December 2008		Cumulative Year to Date 2008	
	No. of Units	RM	No. of Units	RM
At beginning of period/ commencement	829,000,000	818,172,213	-	-
Created during the period	2,000,000	1,137,400	853,000,000	840,107,213
Redeemed during the period	-	-	(22,000,000)	(20,797,600)
	<hr/>			
At end of period	<u>831,000,000</u>	<u>819,309,613</u>	<u>831,000,000</u>	<u>819,309,613</u>

Approved size of Fund 10,000,000,000

In accordance with the Deed, the Manager may increase the size of the Fund from time to time with the approval of the Trustee and the SC. The maximum number of units that can be issued out for circulation by the Fund is 10,000,000,000. As at 31 December 2008, the number of units not yet issued by the Fund is 9,169,000,000.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 22 JANUARY 2008 (DATE OF LAUNCH) TO 31 DECEMBER 2008 (CONTINUED)

#### 18 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties of and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
i-VCAP Management Sdn Bhd	The Manager
Valuecap Sdn Bhd ("Valuecap")	Holding company of the Manager
Directors of Valuecap and shareholders of Valuecap with significant influence.	Other related parties

There are no units that were held by the Manager as at period end.

	<u>2008</u>	
	No. of units	RM
Valuecap and other related parties	419,572,600	243,729,723

The transactions above were conducted on an arm's length basis.

#### 19 SEGMENTAL INFORMATION

Segmental information has been provided by virtue of disclosing the investments undertaken by the Fund disclosed in Note 10 to the financial statements.

#### 20 PERFORMANCE REVIEW

The Fund is designed to provide investment results that closely correspond to the performance of the Dow Jones Islamic Market Malaysia Titans 25 Index ("Benchmark Index"), regardless of its performance. During the Fourth Quarter of 2008, the NAV per unit of the Fund fell by 12.2% while the Benchmark Index was down by 13.7%.

Deterioration in the global financial crisis contributed to continued sell-down of equities by investors across the world, and Malaysian stocks were not spared. Fears of further large corporate failures and prolonged recession in major industrialized economies, especially the US, fuelled investors' negative outlook for the stock markets.

#### 21 PROSPECTS

As the Fund is an exchange traded fund, its future performance, which is reflected through its NAV, is expected to be similar to that of the Benchmark Index. The performance of the Benchmark Index in turn is dependent on the collective performance of its components, which are also the securities held in the Fund. Their future performance, and therefore the prospects of the Fund, will be influenced by various factors, ranging from macroeconomic to company- or security-specific issues.