

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

STATEMENT OF FINANCIAL POSITION As at 30 September 2010 (*unaudited*)

		30 September 2010 <u>RM</u>	Audited 31 December 2009 <u>RM</u>
ASSETS			
Financial Assets at Fair Value through Profit or Loss	10	624,409,393	651,844,050
Cash and Bank Balances	11	2,521,945	3,561,516
Short Term Shariah-Compliant Deposits	11	4,159,000	4,668,000
Dividends Receivable	12	3,622,312	749,487
Dividends Receivable – Non Shariah-Compliant Income	12	49,650	47,837
Receivables	13	750	50
Accrued Income		93	404
TOTAL ASSETS		634,763,143	660,871,344
LIABILITIES			
Payables	14	1,076,773	596,450
Other Payables – Non Shariah-Compliant Income	15	2,571,373	3,569,830
TOTAL LIABILITIES EXCLUDING NET ASSET VALUE (“NAV”) ATTRIBUTABLE TO UNITHOLDERS		3,648,146	4,166,280
NAV ATTRIBUTABLE TO UNITHOLDERS	16	631,114,997	656,705,064
UNITS IN CIRCULATION	16(a)	708,500,000	802,000,000
NET ASSET VALUE PER UNIT		0.8908	0.8188

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STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 1 July 2010 to 30 September 2010 (*unaudited*)

	1 July 2010 to 30 September 2010			1 July 2009 to 30 September 2009		
	<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>
INVESTMENT INCOME						
Gross dividend income	-	11,302,689	11,302,689	-	7,273,179	7,273,179
Profit from short term Shariah-Compliant deposits		33,923	33,923		66,065	66,065
Net Income on sale of warrants		-	-		22	22
Net realized loss on sale of investments	4	(4,757,602)	(4,757,602)	(3,196,101)		(3,196,101)
Net unrealized gain / (loss) on fair value changes of investments		46,905,588	46,905,588	62,784,468	-	62,784,468
		<u>42,147,986</u>	<u>53,484,598</u>	<u>59,588,367</u>	<u>7,339,266</u>	<u>66,927,633</u>
Less: Non Shariah-Compliant Income		-	(439,123)	-	(1,531,141)	(1,531,141)
		<u>42,147,986</u>	<u>53,045,475</u>	<u>59,588,367</u>	<u>5,808,125</u>	<u>65,396,492</u>
EXPENDITURE						
Management Fee	5	-	(673,282)	-	(629,814)	(629,814)
Trustee's Fee	6	-	(84,160)	-	(78,727)	(78,727)
License Fee	7	-	(66,160)	-	(62,981)	(62,981)
Administrative Expenses	8	-	(42,081)	-	(78,727)	(78,727)
TOTAL EXPENDITURE		-	<u>(865,683)</u>	-	<u>(850,249)</u>	<u>(850,249)</u>
NET INCOME/ (LOSS) BEFORE TAXATION		<u>42,147,986</u>	<u>52,179,792</u>	<u>59,588,367</u>	<u>4,957,876</u>	<u>64,546,243</u>
Less: Dividend Tax Expense	9	-	(635,447)	-	(449,910)	(449,910)
NET INCOME/ (LOSS) AFTER TAXATION		<u>42,147,986</u>	<u>51,544,345</u>	<u>59,588,367</u>	<u>4,507,966</u>	<u>64,096,333</u>
INCOME DISTRIBUTION		-	-	-	-	-
Net Income / (Loss) after Taxation comprises the following						
Realised Income / (Loss)			1,106,236			1,311,865
Unrealised Income / (Loss)			<u>50,438,109</u>			<u>62,784,468</u>
			<u>51,544,345</u>			<u>64,096,333</u>

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STATEMENT OF COMPREHENSIVE INCOME

For the financial period ended 30 September 2010 (unaudited)

	Year to Date 30 September 2010			Year to Date 30 September 2009		
	<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>
INVESTMENT INCOME						
Gross dividend income	-	23,673,327	23,673,327	-	17,077,398	17,077,398
Profit from short term Shariah-Compliant deposits		119,869	119,869	-	128,359	128,359
Net Income on sale of warrants		715,548	715,548	-	22	22
Net realized loss on sale of investments	(7,707,948)	-	(7,707,948)	(55,836,988)	-	(55,836,988)
Net unrealized gain / (loss) on fair value changes of investments	45,192,165	-	45,192,167	219,176,743	-	219,176,743
	<u>37,484,217</u>	<u>24,508,744</u>	<u>61,992,963</u>	<u>163,339,755</u>	<u>17,205,779</u>	<u>180,545,534</u>
Less: Non Shariah-Compliant Income	-	(1,751,543)	(1,751,543)	-	(2,514,828)	(2,514,828)
	<u>37,484,217</u>	<u>22,757,203</u>	<u>60,241,420</u>	<u>163,339,755</u>	<u>14,690,951</u>	<u>178,030,706</u>
EXPENDITURE						
Management Fee	-	(1,977,886)	(1,977,886)	-	(1,674,936)	(1,674,936)
Trustee's Fee	-	(247,236)	(247,236)	-	(209,367)	(209,367)
License Fee	-	(194,115)	(194,115)	-	(168,272)	(168,272)
Administrative Expenses	-	(154,645)	(154,645)	-	(209,367)	(209,367)
TOTAL EXPENDITURE	<u>-</u>	<u>(2,573,882)</u>	<u>(2,573,882)</u>	<u>-</u>	<u>(2,261,942)</u>	<u>(2,261,942)</u>
NET INCOME/ (LOSS) BEFORE TAXATION	<u>37,484,217</u>	<u>20,183,321</u>	<u>57,667,538</u>	<u>163,339,755</u>	<u>12,429,009</u>	<u>175,768,764</u>
Less: Dividend Tax Expense	-	(1,175,705)	(1,175,705)	-	(1,662,132)	(1,662,132)
NET INCOME/ (LOSS) AFTER TAXATION	<u><u>37,484,217</u></u>	<u><u>19,007,616</u></u>	<u><u>56,491,833</u></u>	<u><u>163,339,755</u></u>	<u><u>10,766,877</u></u>	<u><u>174,106,632</u></u>
INCOME DISTRIBUTION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,559,500</u>	<u>4,559,500</u>
Net Income / (Loss) after Taxation comprises the following						
Realised Income / (Loss)			7,767,145			(45,070,111)
Unrealised Income / (Loss)			<u>48,724,688</u>			<u>219,176,743</u>
			<u><u>56,491,833</u></u>			<u><u>174,106,632</u></u>

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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

**For the financial period from 1 July 2010 to
30 September 2010 (unaudited)**

	1 July 2010 to 30 September 2010 <u>RM</u>	Year to Date 30 September 2010 <u>RM</u>	Audited 31 December 2009 <u>RM</u>
Net Assets Attributable to Unitholders at Beginning of Period / Financial Year	651,115,652	656,705,064	482,712,668
Amount Received from Units Created	-	-	2,595,100
Amount Paid for Units Redeemed	(71,545,000)	(82,081,900)	(24,873,000)
	579,570,652	574,623,164	460,434,768
Increase in net assets attributable to unitholders during the financial period / year			
Net Income Distribution	-	-	(4,559,500)
Net gain / (loss) after taxation	51,544,345	56,491,833	200,829,796
Net Asset Attributable to Unitholders at the End of the Financial Period / Year	631,114,997	631,114,997	656,705,064

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CASH FLOW STATEMENT

**For the financial period from 1 July 2010 to
30 September 2010 (unaudited)**

	1 July 2010 to 30 September 2010 <u>RM</u>	1 July 2009 to 30 September 2009 <u>RM</u>
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net Proceeds from Sale & Purchase of Investments	31,258	(88,742)
Dividends Received	8,588,802	6,075,544
Profit from Short Term Shariah-Compliant Deposits	33,829	60,598
Payment for Management Fee	(664,434)	(610,949)
Payment for Trustee's Fee	(83,054)	(76,369)
Payment for License Fee	(62,937)	(56,867)
Payment for Other Expenses	(15,278)	(51,633)
Compensation received from RHB Investment Bank Bhd	-	22
Distribution of Non Shariah-Compliant Income	(2,000,000)	(216,000)
Creation/Redemption Fee paid to Bursa Malaysia Depository Sdn. Bhd.	(100)	(250)
Creation/Redemption Fee received and payable to Bursa Malaysia Depository Sdn. Bhd.	150	350
Net Cash Generated From Operating And Investing Activities	5,828,236	5,035,704
CASH FLOWS FROM FINANCING ACTIVITIES		
Refunds of Cash Component from Creation of Units	-	-
Refunds of Cash Component for Redemption of Units	(4,705,120)	(439,044)
Net Cash Used in Financing Activities	(4,705,120)	(439,044)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,123,116	4,596,660
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,557,829	12,888,953
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,680,945	17,485,613

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

CASH FLOW STATEMENT For the financial period ended 30 September 2010 (*unaudited*)

	Year to Date 30 September 2010 RM	Audited 31 December 2009 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net Proceeds from Sale & Purchase of Investments	(3,139,624)	2,343,326
Purchase of Rights Issues	(8,464,400)	(16,668,916)
Dividends Received	19,622,984	21,445,760
Profit from Short Term Shariah-Compliant Deposits	120,180	207,307
Proceeds from sale of Warrants	715,548	85,270
Payment for Management Fee	(1,978,690)	(2,275,359)
Payment for Trustee's Fee	(247,336)	(284,420)
Payment for License Fee	(127,408)	(277,334)
Payment for Other Expenses	(96,935)	(194,630)
Cash Received from Capital Repayment	-	7,953,680
Payables paid	-	(86)
Distribution of Non Shariah-Compliant Income	(2,750,000)	(588,485)
Payment of Income Distribution		(4,559,500)
Creation/Redemption Fee paid to Bursa Malaysia Depository Sdn. Bhd.	(300)	(150)
Creation/Redemption Fee received and payable to Bursa Malaysia Depository Sdn. Bhd.	350	150
Net Cash Generated From Operating And Investing Activities	3,654,369	7,186,613
CASH FLOWS FROM FINANCING ACTIVITIES		
Refunds of Cash Component from Creation of Units	-	102,745
Refunds of Cash Component for Redemption of Units	(5,202,940)	(1,047,833)
Net Cash Used in Financing Activities	(5,202,940)	(945,088)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,548,571)	6,241,525
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8,229,516	1,987,991
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,680,945	8,229,516

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Exchange Traded Fund (“the Fund”) have been prepared in accordance with the provisions of a Deed dated 17 January 2008 (“the Deed”) entered into between *i*-VCAP Management Sdn. Bhd. (“the Manager”) and Deutsche Trustee Malaysia Berhad (“the Trustee”), 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 new standards for the Fund’s financial period beginning on 1 January 2010 are as follows:

- FRS 101 Presentation of financial statements
- FRS 8 Operating Segments. FRS 8 replaces FRS 114 2004 Segment Reporting.
- FRS 139 Financial Instruments: Recognition and Measurement
- FRS 7 Financial Instruments: Disclosures

All changes in accounting policies have been made in accordance with the transitional provisions in the respective standards.

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

- (ii) A revised standard that has been issued which is relevant to the Fund and have not been early adopted are:

- FRS 1 (*revised*) First Time Adoption of FRS (effective for annual period beginning on or after 1 July 2010. This revision improves the structure of FRS1 and does not introduce any technical changes. The Fund will apply this standard when effective.

B REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the investments in the ordinary course of the Company’s activities.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company’s activities as described below.

- (i) Income from Shariah-compliant financial instruments

Revenue arising from assets yielding profit is recognised on an accruals basis (taking into account the effective yield of the asset).

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010 (CONTINUED)

B REVENUE RECOGNITION (CONTINUED)

(ii) Realised gains and losses on sales of listed investments

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 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 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.

G 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.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010 (CONTINUED)

H NON-SHARIAH-COMPLIANT INCOME

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

I AMOUNT DUE TO / FROM STOCKBROKERS

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

J FINANCIAL INSTRUMENTS

Pursuant to the adoption of FRS 139, the Fund has adopted the following accounting policies in respect of its financial assets:-

(i) Classification of financial assets

The Fund classifies its financial assets according to the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, borrowings and receivables and available-for-sale financial assets. Upon initial recognition, the classification of the financial assets will be determined by reference to the purpose for which the investments were acquired for.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Borrowings and receivables

Borrowings and receivables are non derivative financial assets with fixed and determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Fund's borrowings and receivables comprise receivables, money market placements and cash and bank balances in the balance sheet.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010 (CONTINUED)

J FINANCIAL INSTRUMENTS (CONTINUED)

(c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund's management has the positive intention and ability to hold to maturity. If the Fund were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the balance sheet date, which are classified as current assets.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Borrowings and receivables are carried at amortised cost using the effective profit method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise.

Unrealised gains or losses are transferred to the Income Statement and are not distributable.

Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Fund's right to receive payments is established.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as 'net gains or losses from sale of investment securities'. When securities are impaired, the impairment loss is included in the income statements as 'impairment of available-for-sale securities'.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010 (CONTINUED)

J FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Recognition and measurement (continued)

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Profit on available-for-sale securities calculated using the effective profit method is recognised in the income statement as part of income from Shariah-compliant financial instruments. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Fund's right to receive payments is established.

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. If the market for a financial asset is not active (and for unlisted securities), the Fund establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

K PROVISIONS

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Fund expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010 (CONTINUED)

L IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to impairment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement. Any subsequent increase in recoverable amount is recognised in the income statement.

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 ENDED 30 SEPTEMBER 2010

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 i-VCAP 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 Shariah-compliant 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, profit 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 in 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 ENDED 30 SEPTEMBER 2010 (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.

Profit rate risk

Money market profit rate is a general economic indicator that will have an impact on the management of the Fund. All investments carried out for the Fund are in accordance with Shariah requirements.

Credit/Default risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of profits, 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 SC'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.

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 calculations. 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010 (CONTINUED)

4 NET REALISED LOSS ON DISPOSAL OF INVESTMENTS

	1 July 2010 to 30 September 2010 RM	1 July 2009 to 30 September 2009 RM
Realised gains on disposal of investments	5,173,110	-
Realised losses on disposal of investments	(9,930,712)	(3,196,101)
	<u>(4,757,602)</u>	<u>(3,196,101)</u>

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 (NAV) of the Fund calculated on daily basis, as provided under Clause 14.1 of the Deed.

For the financial period ended 30 September 2010, the management fee was recognised at a rate of 0.4% per annum on the NAV 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 (NAV) of the Fund, as provided under Clause 14.2 of the Deed.

For the financial period ended 30 September 2010, the Trustee's fee was recognised at a rate of 0.05% per annum on the NAV 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.

For the financial year ended 30 September 2010, the License Fee was recognised at a rate of 0.04% per annum of the Net Asset Value (NAV) of the Fund, calculated on daily basis.

8 ADMINISTRATIVE EXPENSES

Included in Administrative 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.

During the financial period ended 30 September 2010, the Administrative Expenses' rate had been changed from 0.05% per annum to 0.025% per annum of the Net Asset Value (NAV) of the Fund, calculated and accrued on daily basis. The expenses are reversed out from the Administrative Expenses on their respective payment dates.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010 (CONTINUED)

9 TAXATION

	1 July 2010 to <u>30 September 2010</u> RM	1 July 2009 to <u>30 September 2009</u> RM
Current taxation	635,447	449,910

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:

	1 July 2010 to <u>30 September 2010</u> RM	1 July 2009 to <u>30 September 2009</u> RM
Net profit/(loss) before taxation	52,179,792	64,546,243
Tax at Malaysian statutory rate of 25%	13,044,948	16,136,561
Tax effect of:		
Income not subject to tax	(2,198,706)	(1,384,901)
Losses exempt from tax	(10,527,562)	(14,887,445)
Expenses not deductible for tax purposes	316,767	585,695
Tax expense	635,447	449,910

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This represents Investments of the Fund in term of shares quoted on Bursa Malaysia Securities Berhad, Malaysia.

	<u>30 September 2010</u> RM	<u>31 December 2009</u> RM
At cost		
Shares quoted in Malaysia	653,454,556	726,081,378
At valuation		
Shares quoted in Malaysia	624,409,393	651,844,050

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010 (CONTINUED)

11 CASH AND CASH EQUIVALENTS

	<u>30 September 2010</u>	<u>31 December 2009</u>
	RM	RM
Short-term money market placements in Islamic financial instruments with licensed banks	4,159,000	4,668,000
Cash at Bank – From Shariah-Compliant Income	222	39,523
Cash at Bank – From Non Shariah-Compliant Income	15 2,521,723	3,521,993
	<u>6,680,945</u>	<u>8,229,516</u>

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

	<u>2010</u>	<u>2009</u>
	% p.a.	% p.a.
Deposits with licensed financial institutions	<u>2.26</u>	<u>1.90</u>

For the financial period ended 30 September 2010, the Shariah-Compliant money market placements of the Fund have a weighted average maturity period of 5.69 days (2009: 5.21days) and are denominated in Ringgit Malaysia.

12 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-Compliant Income represents the portion of the dividends receivable which relates to income that does not comply with Shariah principles.

The level of Non Shariah-Compliant 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 upon receipt by the Fund.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010 (CONTINUED)

13 RECEIVABLES

	<u>30 September 2010</u> RM	<u>31 December 2009</u> RM
Allotment Fee for redemption/creation of units due from Participating Dealers	750	50

14 PAYABLES

	<u>30 September 2010</u> RM	<u>31 December 2009</u> RM
Amount due to Manager	220,992	221,796
Amount due to Trustee	27,624	27,725
Amount due to Index Licensor	132,905	66,199
Auditors' remuneration	-	25,000
Tax agent's fee	3,000	7,500
Amount due to Shariah Advisor	10,563	30,000
Amount due to Bursa	1,800	1,050
Other payables	679,889	217,180
	<u>1,076,773</u>	<u>596,450</u>

15 NON SHARIAH-COMPLIANT INCOME

Included in Non Shariah-Compliant Income is the total of the Non Shariah-Compliant Income portion of dividends received and receivable as at 30 September 2010. It comprises the following amounts:

	<u>30 September 2010</u> RM	<u>31 December 2009</u> RM
Cash at Bank – Non Shariah-Compliant Income	2,521,723	3,521,993
Dividends Receivable – Non Shariah-Compliant Income	49,650	47,837
	<u>2,571,373</u>	<u>3,569,830</u>

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010 (CONTINUED)

16 NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

	<u>30 September 2010</u>	<u>31 December 2009</u>
	RM	RM
Unitholders' Contribution	714,949,812	797,031,713
Accumulated Losses	(83,834,815)	(135,767,149)
Income Distribution	-	(4,559,500)
	<u>631,114,997</u>	<u>656,705,064</u>

(a) UNITHOLDERS' CONTRIBUTION / UNITS IN CIRCULATION

	1 July 2010 to 30 September 2010		Year to Date 30 September 2010		Audited 31 December 2009	
	No. of Units	RM	No. of Units	RM	No. of Units	RM
At beginning of period/ commencement	789,000,000	651,115,652	802,000,000	656,705,064	831,000,000	482,712,668
Created during the period	-	-	-	-	4,000,000	2,595,100
Redeemed during the period	(80,500,000)	(71,545,000)	(93,500,000)	(82,081,900)	(33,000,000)	(24,873,000)
Net Income Distribution	-	-	-	-	-	(4,559,500)
	708,500,000	579,570,652	708,500,000	574,623,164	802,000,000	455,875,268
Net increase/(decrease) in net assets attributable to unitholders	-	51,544,345	-	56,491,833	-	200,829,796
At the end of the financial year	<u>708,500,000</u>	<u>631,114,997</u>	<u>708,500,000</u>	<u>631,114,997</u>	<u>802,000,000</u>	<u>656,705,064</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. The number of un-issued units as at 30 September 2010 is 9,291,500,000.

The Manager, *i*-VCAP Management Sdn. Bhd., did not hold any units in the Fund as at 30 September 2010.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010 (CONTINUED)

17 TRANSACTIONS WITH BROKERS

Details of transactions with the brokers as at 30 September 2010 are as follows:

Name of brokers	Value of trade RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage %
RHB Investment Bank Bhd.	6,360,946	25.83	7,654	25.20
OSK Investment Bank Bhd.	6,376,561	25.89	7,871	25.92
Maybank Investment Bhd.	5,807,017	23.58	6,968	22.94
CIMB Investment Bank Bhd.	6,082,768	24.70	7,877	25.94
	<u>24,627,292</u>	<u>100.00</u>	<u>30,370</u>	<u>100.00</u>

All the brokers listed above are not related to the Manager.

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 the end of the period.

	30 September 2010		31 December 2009	
	No. of units	RM	No. of units	RM
Valuecap and other related parties at NAV				
- Legally (direct holding)	382,698,600	340,907,913	382,698,600	313,353,614
- Beneficially (indirectly (through nominee banks))	17,703,000	15,769,832	21,859,000	17,898,149
	<u>400,401,600</u>	<u>356,677,745</u>	<u>404,557,600</u>	<u>331,251,763</u>

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010 (CONTINUED)

19	MANAGEMENT EXPENSE RATIO (“MER”)		
		<u>2010</u>	<u>2009</u>
		%	%
	MER	<u>0.39</u>	<u>0.40</u>

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee’s fee
C	=	Licensing fee
D	=	Auditors’ remuneration
E	=	Tax agent’s fee
F	=	Administrative expenses
G	=	Average net asset value of Fund calculated on daily basis

The average net asset value of the Fund for the financial period calculated on daily basis is RM661,276,631(2009: RM562,611,545)

20	PORTFOLIO TURNOVER RATIO (“PTR”)		
		<u>2010</u>	<u>2009</u>
	PTR (times)	<u>0.02</u>	<u>0.17</u>

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial year} + \text{total disposal for the financial year}) \div 2}{\text{Average net asset value of the Fund for the financial year calculated on daily basis}}$$

where: total acquisition for the financial period = RM13,501,297(2009: RM86,747,195)
total disposal for the financial period = RM11,125,995(2009: RM99,605,808)

The average net asset value of the Fund for the financial period calculated on daily basis is RM661,276,631(2009: RM562,611,545)