

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### STATEMENT OF FINANCIAL POSITION (*Unaudited*) As at 30 September 2012

		<u>30 September</u> <u>2012</u>	<u>Audited</u> <u>31 December</u> <u>2011</u>
	Note	RM	RM
<b>ASSETS</b>			
Current assets			
Financial assets at fair value through profit or loss	4	292,429,684	404,765,402
Dividends receivable	5	1,137,236	72,288
Tax recoverable		165,936	-
Receivables	6	2,717	2,741
Shariah-compliant deposits with a licensed bank	7	5,876,510	6,367,531
Bank balance with a licensed bank	7	628,384	815,284
<b>TOTAL ASSETS</b>		<u>300,240,467</u>	<u>412,023,246</u>
<b>LIABILITIES</b>			
Current liabilities			
Amount due to Manager		96,342	143,109
Amount due to Trustee		12,043	17,889
Auditors' remuneration		-	25,600
Tax agent's fee		5,900	8,150
Payables	8	3,778,968	525,335
<b>TOTAL LIABILITIES</b>		<u>3,893,253</u>	<u>720,083</u>
<b>NET ASSET VALUE OF THE FUND</b>	10	<u>296,347,214</u>	<u>411,303,163</u>
<b>EQUITY</b>			
Unit holders' capital		282,741,713	427,861,113
Retained profits/Accumulated losses		13,605,501	(16,557,950)
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>296,347,214</u>	<u>411,303,163</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10	<u>267,900,000</u>	<u>410,300,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>1.1062</u>	<u>1.0024</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### STATEMENT OF COMPREHENSIVE INCOME (*Unaudited*) For the financial period from 1 July 2012 to 30 September 2012

		<u>1 July 2012</u> <u>to</u> <u>30 September</u> <u>2012</u>	<u>1 July 2011</u> <u>to</u> <u>30 September</u> <u>2011</u>
	Note	RM	RM
<b>INVESTMENT INCOME</b>			
Gross dividend income		2,388,192	6,902,648
Profit from short term Shariah-compliant deposits		37,470	52,939
Net gain/(loss) on financial assets at fair value through profit and loss	4	13,940,856	(61,916,360)
		<u>16,366,518</u>	<u>(54,960,773)</u>
<b>EXPENSES</b>			
Management fee	13	(301,251)	(539,745)
Trustee's fee	14	(37,656)	(67,468)
License fee	15	(30,125)	(53,975)
Brokerage fees		(15,928)	(43,739)
Purification of non Shariah-compliant income		(56,743)	(158,535)
		<u>(441,703)</u>	<u>(863,462)</u>
<b>NET INCOME/(LOSS) BEFORE TAXATION</b>		<u>15,924,815</u>	<u>(55,824,235)</u>
<b>TAXATION</b>	17	(41,065)	(209,038)
<b>NET INCOME/(LOSS) AFTER TAX AND TOTAL COMPREHENSIVE INCOME</b>		<u><u>15,883,750</u></u>	<u><u>(56,033,273)</u></u>
Net income/(loss) after taxation is made up of the following:			
Realised amount		4,811,515	1,544,460
Unrealised amount		11,072,235	(57,577,733)
		<u>15,883,750</u>	<u>(56,033,273)</u>
Income distribution per unit to unit holders	18	<u>0.0125</u>	<u>0.01</u>

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## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### STATEMENT OF COMPREHENSIVE INCOME (*Unaudited*) For the financial period ended 30 September 2012

		<u>YTD</u> <u>30 September</u> <u>2012</u>	<u>YTD</u> <u>30 September</u> <u>2011</u>
	Note	RM	RM
<b>INVESTMENT INCOME</b>			
Gross dividend income		8,685,538	15,865,755
Profit from short term Shariah-compliant deposits		93,772	171,874
Net gain/(loss) on financial assets at fair value through profit and loss	4	31,373,953	(29,435,886)
		<u>40,153,263</u>	<u>(13,398,257)</u>
<b>EXPENSES</b>			
Management fee	13	(911,266)	(1,764,336)
Trustee's fee	14	(113,907)	(220,542)
License fee	15	(87,624)	(177,170)
Brokerage fees		(72,418)	(225,616)
Purification of non Shariah-compliant income		(203,592)	(356,594)
Other expenses	16	-	(20,599)
		<u>(1,388,807)</u>	<u>(2,764,857)</u>
<b>NET INCOME/(LOSS) BEFORE TAXATION</b>		<u>38,764,456</u>	<u>(16,163,114)</u>
<b>TAXATION</b>		1,945	(423,100)
<b>NET INCOME/(LOSS) AFTER TAX AND TOTAL COMPREHENSIVE INCOME</b>		<u><u>38,766,401</u></u>	<u><u>(16,586,214)</u></u>
Net income/(loss) after taxation is made up of the following:			
Realised amount		1,203,858	15,185,397
Unrealised amount		37,562,543	(31,771,611)
		<u><u>38,766,401</u></u>	<u><u>(16,586,214)</u></u>
 Income distribution per unit to unit holders		 <u><u>0.0305</u></u>	 <u><u>0.02</u></u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### STATEMENT OF CHANGES IN EQUITY (*Unaudited*)

For the financial period from 1 July 2012 to 30 September 2012

	Note	Unit holders' Capital RM	Retained Profits RM	Total RM
<b>At 30 June 2012</b>		308,879,353	1,070,501	309,949,854
Total Comprehensive Income for the period		-	15,883,750	15,883,750
Distribution for financial period	18	-	(3,348,750)	(3,348,750)
Cancellation of units		(26,137,640)	-	(26,137,640)
<b>At 30 September 2012</b>		282,741,713	13,605,501	296,347,214

For the financial period ended 30 September 2012

	Note	Unit holders' Capital RM	Retained Profits RM	Total RM
<b>At 31 December 2011</b>		427,861,113	(16,557,950)	411,303,163
Total Comprehensive Income for the year		-	38,766,401	38,766,401
Distribution for financial year ended:				
31 December 2011		-	(5,254,200)	(5,254,200)
31 December 2012	18	-	(3,348,750)	(3,348,750)
Cancellation of units		(145,119,400)	-	(145,119,400)
<b>At 30 September 2012</b>		282,741,713	13,605,501	296,347,214

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### CASH FLOW STATEMENT (*Unaudited*) For the financial period from 1 July 2012 to 30 September 2012

	<u>1 July 2012</u> <u>to</u> <u>30 September</u> <u>2012</u> RM	<u>1 July 2011</u> <u>to</u> <u>30 September</u> <u>2011</u> RM
CASH FLOW FROM OPERATING ACTIVITIES		
Cash used in purchase of investments	(6,597,815)	(18,249,178)
Proceeds from sales of investments	6,674,104	18,195,903
Dividends received	1,649,962	5,993,364
Profit from short term Shariah-compliant deposits	37,470	52,939
Capital repayment received	875,340	-
Management fee paid	(305,246)	(568,827)
Trustee fee paid	(38,156)	(71,103)
Purification of non Shariah-compliant income	-	(100,000)
Payment for other fees and expenses	(15,892)	(47,164)
Net cash inflow from operating activities	<u>2,279,767</u>	<u>5,205,934</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of income distribution	-	(5,515,000)
Proceeds from units created	-	-
Payments for cancellation of units	(374,859)	(958,646)
Net cash outflow from financing activities	<u>(374,859)</u>	<u>(6,473,646)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,904,908	(1,267,712)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>4,599,986</u>	<u>5,670,519</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	7 <u><u>6,504,894</u></u>	<u><u>4,402,807</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	628,384	218,691
Short term Shariah-compliant deposits	5,876,510	4,184,116
	7 <u><u>6,504,894</u></u>	<u><u>4,402,807</u></u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### CASH FLOW STATEMENT (*Unaudited*) For the financial period ended 30 September 2012

	Note	<u>YTD</u> <u>30 September</u> <u>2012</u> RM	<u>YTD</u> <u>30 September</u> <u>2011</u> RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash used in purchase of investments		(30,503,739)	(96,622,633)
Proceeds from sales of investments		30,358,847	91,137,423
Dividends received		7,456,600	14,405,232
Profit from short term Shariah-compliant deposits		93,772	171,874
Capital repayment received		910,814	1,712,102
Tax refund received		-	139,232
Management fee paid		(958,033)	(1,812,869)
Trustee fee paid		(119,754)	(226,609)
License fee paid		(78,028)	(187,959)
Purification of non Shariah-compliant income		(242,217)	(2,100,000)
Payment for other fees and expenses		(93,913)	(174,847)
		<hr/>	<hr/>
Net cash inflow from operating activities		6,824,349	6,440,946
		<hr/>	<hr/>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment of income distribution		(5,254,200)	(12,055,000)
Proceeds from units created	22	-	-
Payments for cancellation of units	22	(2,248,070)	(2,452,881)
		<hr/>	<hr/>
Net cash outflow from financing activities		(7,502,270)	(14,507,881)
		<hr/>	<hr/>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(677,921)	(8,066,935)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>		7,182,815	12,469,742
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	7	6,504,894	4,402,807
		<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents comprise:			
Cash and bank balances		628,384	218,691
Short term Shariah-compliant deposits		5,876,510	4,184,116
		<hr/>	<hr/>
	7	6,504,894	4,402,807
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The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

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 under the historical cost convention, unless otherwise indicated and in accordance with 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 is effective.

The new standards for the Fund’s financial year beginning on or after 1 January 2011 are as follows:

- Amendment to FRS 7 “Financial instruments: Disclosures - improving disclosures about financial instruments”.
- Improvements to FRSs (2010).

The adoption of the standards does not have a significant impact on the financial statements of the Fund except for the additional disclosures required under FRS7 as disclosed in Note 23.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

#### A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

- (ii) Standards, amendments to published standards and interpretations to existing standards that are applicable but not yet effective.

The Fund will apply the following new standards, amendments to standards and interpretations in the following periods;

(a) Financial year beginning on/after 1 January 2012

- The revised MFRS 124 “Related party disclosures” (effective from 1 January 2012) removes the exemption to disclose transactions between government-related entities and the government, and all other government-related entities. The following new disclosures are now required for government related entities:
  - The name of the government and the nature of their relationship.
  - The nature and amount of each individually significant transactions.
  - The extent of any collectively significant transactions, qualitatively or quantitatively.

There is no significant impact on the financial statements as the Fund is not related to any government related companies.

(b) Financial year beginning on/after 1 January 2013

- MFRS 9 “Financial instruments - classification and measurement of financial assets and financial liabilities” (effective from 1 January 2013) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss (“FVTPL”). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability’s credit risk directly in other comprehensive income (“OCI”). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity. The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

There is no change to the classification of the financial instruments expected.

- MFRS 13 “Fair value measurement” (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 “Financial instruments: Disclosures”, but apply to all assets and liabilities measured at fair value, not just financial ones.

There is no significant impact to the fair value measurement of the Fund’s investments.



## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

#### A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable but not yet effective (continued)

(b) Financial year beginning on/after 1 January 2013 (continued)

- Amendment to MFRS 7 “Financial instruments: Disclosures on transfers of financial assets” (effective from 1 July 2011) promotes transparency in the reporting of transfer transactions and improve users’ understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity’s financial position, particularly those involving securitisation of financial assets.

There is no significant impact arising unless there is a transfer of financial asset in the future.

- Amendment to MFRS 101 “Financial statement presentation” (effective from 1 July 2012) requires entities to separate items presented in ‘other comprehensive income’ (“OCI”) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

Items in the OCI will need to be separated based on whether or not they may be recycled into the profit or loss in the future.

#### B 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).

Dividend income is recognised when the right to receive payment is established.

#### C NON SHARIAH-COMPLIANT INCOME

Any income or distribution received by the Fund from its investment portfolio which relates to interest income or dividend 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 organisations considered beneficial to the public at large which are endorsed by the Shariah Adviser and approved by the Trustee.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

#### D TAXATION

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

#### E 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.

#### F AMOUNT DUE TO / FROM STOCKBROKERS

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective profit method, less provision for impairment for amounts due from brokers. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, profit income is recognised using the rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective profit method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the profit income or profit expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective profit rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective profit rate, transaction costs and all other premiums or discounts.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

#### G FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

##### (i) Classification

The Fund designates its investment in equity securities as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

##### (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. 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.

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 statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit and loss' in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend 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 financial position.

#### H CREATION AND CANCELLATION OF UNITS

The Fund issues cancellable units, which are cancelled at the unit holder's option and are classified as equity. 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.

Units are created and cancelled 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 per unit is calculated by dividing the net assets attributable to unit holders 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 2012 (CONTINUED)

#### I PRESENTATION AND FUNCTIONAL CURRENCY

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

#### J SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer ("CEO") of the Fund's manager that undertakes strategic decisions for the Fund.

#### K REALISED AND UNREALISED PORTIONS OF NET INCOME AFTER TAX

The analysis of realised and unrealised net income after tax as disclosed in the statement of comprehensive income is prepared in accordance with the SC Guidelines on Exchange Traded Funds.

#### L CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 judgements 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 2012

#### 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 trust 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 S&P Dow Jones Indices. 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 investment management services.

#### 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include market risk, cash flow profit rate risk and credit/default risk from the following financial instruments:

	Loans and Receivables	Asset at fair value through profit or loss	Total
	RM	RM	RM
30 September 2012			
Financial Assets at fair value through profit or loss	-	292,429,684	292,429,684
Other Receivables	1,305,889	-	1,305,889
Cash and Cash Equivalents	6,504,894	-	6,504,894
Total	7,810,783	292,429,684	300,240,467

All current liabilities are financial liabilities which are carried at amortised cost.

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.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

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

##### Market risk

##### *Price Risk*

The Fund is exposed to equity securities price risk arising from investments held by the Fund for which prices in the future are uncertain. 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.

At 30 September, the fair value of equities exposed to price risk was as follows:

	Fair Value	
	2012 RM	2011 RM
Financial Assets at fair value through profit or loss	292,429,684	404,765,402

The table below summarises the sensitivity of the Fund's unrealized income or loss to equity price movements as at 30 September. The analysis is based on the assumptions that the Dow Jones Islamic Market Malaysia Titans 25 Index ("the Index") increased by 10% and decreased by 10%, with all other variables held constant, and that the fair value of the Fund's portfolio of equity securities moved according to their historical correlation with the Index.

<b>30 September 2012</b>			
<u>% Change in benchmark index</u>	<u>Benchmark Index</u>	<u>Market Value RM</u>	<u>Change in unrealised gain RM</u>
-10%	883.29	263,291,990	(29,137,694)
0%	981.43	292,429,684	-
10%	1,079.57	321,567,378	29,137,694

The Index is used as a benchmark as the Fund is designed to provide investment results that closely correspond to the performance of the Index.

##### Cash flow profit rate risk

The Fund holds a limited amount cash and cash equivalents that expose the Fund to cash flow profit rate risk. The Fund's policy requires cash and cash equivalents to comprise no more than 10% of the fund's assets.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

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

##### Credit/Default risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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.

The maximum exposure to credit risk before any credit enhancements at 30 September is the carrying amount of the financial assets as set out below.

	30 September 2012 RM	31 December 2011 RM
Cash and Cash Equivalents	6,504,894	7,182,815
Other Assets	1,305,889	75,029
Total	7,810,783	7,257,844

None of these assets is impaired nor past due but not impaired.

At 30 September 2012, all cash and cash equivalents are placed with Bank Islam Malaysia Berhad.

#### 3 CAPITAL AND LIABILITY RISK MANAGEMENT

The capital of the Fund is represented by the net assets attributable to unit holders. The amount of net asset attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily creations and cancellations of units at the discretion of unit holders. The Manager will provide Perfect Basket which comprise a portfolio of the Benchmark Index shares in substantially the same composition and weighting as the Benchmark Index and cash component to be delivered by the investors in the case of creations and to be transferred to the unit holders in the case of cancellations. The Fund maintains sufficient quantity of shares and cash in proportion to the Perfect Basket.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

#### 4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>30 September 2012</u> RM	<u>31 December 2011</u> RM
Designated at fair value through profit or loss at inception		
- Shares quoted in Malaysia	292,429,684	404,765,402
	<u>292,429,684</u>	<u>404,765,402</u>
	<u>Quarter Ended</u> <u>30 September 2012</u>	<u>Quarter Ended</u> <u>30 September 2011</u>
Net gain/(loss) on financial assets at fair value through profit or loss		
- Realised	4,005,857	(2,044,441)
- Change in unrealised	9,934,999	(59,871,919)
	<u>13,940,856</u>	<u>(61,916,360)</u>
	<u>Year to Date</u> <u>30 September 2012</u>	<u>Year to Date</u> <u>30 September 2011</u>
Net gain on financial assets at fair value through profit or loss		
- Realised	(5,051,355)	4,629,911
- Change in unrealised	36,425,308	34,065,797
	<u>31,373,953</u>	<u>29,435,886</u>

#### 5 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 S&P Dow Jones Indices.

Dividends declared are recognized on the Ex-Date and are reversed out from the receivables upon receipt by the Fund.



## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

#### 6 RECEIVABLES

	<u>30 September</u> <u>2012</u> RM	<u>31 December</u> <u>2011</u> RM
Other Receivables	2,717	2,741

#### 7 CASH AND CASH EQUIVALENTS

	<u>30 September</u> <u>2012</u> RM	<u>31 December</u> <u>2011</u> RM
Shariah compliant deposits with a licensed bank	5,876,510	6,367,531
Cash at Bank –		
From Shariah-compliant Income	371,884	490,176
Cash at Bank –		
From Non Shariah-compliant Income	256,500	325,108
	<u>6,504,894</u>	<u>7,182,815</u>

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

	<u>30 September</u> <u>2012</u> %pa	<u>31 December</u> <u>2011</u> %pa
Shariah compliant deposits with a licensed bank	2.92	3.05

As at the end of the financial period ended 30 September 2012, the Shariah-compliant deposit with a licensed bank of the Fund have a weighted average maturity period of 4.0 days (11.8 days: 31 December 2011) and are denominated in Ringgit Malaysia.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

#### 8 PAYABLES

	Note	<u>30 September</u> <u>2012</u> RM	<u>31 December</u> <u>2011</u> RM
Amount due to Index Licensor		60,224	50,630
Amount due to Shariah Adviser		7,833	15,666
Amount due to beneficial organisations	9	287,236	325,860
Amount due to Participating Dealer		4,117	4,141
Amount due to Unit Holders		3,348,750	-
Other payables		70,808	129,038
		<u>3,778,968</u>	<u>525,335</u>

#### 9 AMOUNT DUE TO BENEFICIAL ORGANISATIONS

Amount due to beneficial organisations is the Non Shariah-compliant Income portion of dividends received and receivable as at 30 September. It comprises the following amounts:

	<u>30 September</u> <u>2012</u> RM	<u>31 December</u> <u>2011</u> RM
Cash at Bank – Non Shariah-compliant Income	256,500	325,108
Dividends Receivable – Non Shariah-compliant Income	30,736	752
	<u>287,236</u>	<u>325,860</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 S&P Dow Jones Indices.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

#### 10 NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	Note	<u>30 September</u> <u>2012</u> RM	<u>31 December</u> <u>2011</u> RM
Unit holders' Contribution	(a)	282,741,713	427,861,113
Retained Earnings/Accumulated Losses		22,208,451	(4,438,950)
Income Distribution		(8,602,950)	(12,119,000)
		<u>296,347,214</u>	<u>411,303,163</u>

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

	<u>30 September 2012</u>		<u>31 December 2011</u>	
	No. of Units	RM	No. of Units	RM
At beginning of year	410,300,000	411,303,163	657,500,000	626,099,613
Created during the year	-	-	-	-
Redeemed during the year	(142,400,000)	(145,119,400)	(247,200,000)	(240,517,250)
Net Income Distribution	-	(8,602,950)	-	(12,119,000)
	<u>267,900,000</u>	<u>257,580,813</u>	<u>410,300,000</u>	<u>373,463,363</u>
Total Comprehensive Income for the year	-	38,766,401	-	37,839,800
At the end of the financial year	<u>267,900,000</u>	<u>296,347,214</u>	<u>410,300,000</u>	<u>411,303,163</u>
Approved size of Fund	<u>10,000,000,000</u>			

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 30 September 2012, the number of units not yet issued by the Fund is 9,732,100,000 (2011: 9,589,700,000).

The Manager, *i*-VCAP Management Sdn. Bhd., did not hold any units in the Fund as at 30 September 2012.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

#### 11 TRANSACTIONS WITH BROKERS

Details of transactions with the brokers for the period ended 30 September 2012 are as follows:

Name of brokers	Value of trade RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage %
CIMB Investment Bank Bhd	16,294,692	27.05	19,682	27.18
OSK Investment Bank Bhd	18,129,548	30.09	21,742	30.02
RHB Investment Bank Bhd	14,998,422	24.89	18,001	24.86
Maybank Investment Bank	10,826,886	17.97	12,993	17.94
	<u>60,249,548</u>	<u>100.00</u>	<u>72,418</u>	<u>100.00</u>

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

#### 12 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>i</i> -VCAP Management Sdn. Bhd. (" <i>i</i> -VCAP")	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.

	<u>30 September 2012</u>		<u>31 December 2011</u>	
	No. of units	RM	No. of units	RM
Valuecap and other related parties at NAV				
- Legally (direct holding)	247,160,300	273,408,724	301,580,300	302,304,093
- Beneficially (indirectly through nominee banks/ investment banks)	-	-	2,120,000	2,125,088
	<u>247,160,300</u>	<u>273,408,724</u>	<u>303,700,300</u>	<u>304,429,181</u>

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

#### 13 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 2012, the management fee was recognised at a rate of 0.4% (2011: 0.4%) per annum on the NAV of the Fund, calculated on daily basis.

There will be no further liability to the Manager in respect of management fee other than the amounts recognised above.

#### 14 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 2012, the Trustee's fee was recognised at a rate of 0.05% (2011: 0.05%) per annum on the NAV of the Fund, inclusive of local custodian fee, calculated on daily basis.

There will be no further liability to the Trustee in respect of trustee fee other than the amounts recognised above.

#### 15 LICENSE FEE

License fee is payable to CME Group Index Services LLC, the Benchmark Index provider.

For the financial period ended 30 September 2012, the License Fee was recognised at a rate of 0.04% (2011: 0.04%) per annum of the Net Asset Value ("NAV") of the Fund, calculated on daily basis.

There will be no further liability to CME Group Index Services LLC in respect of license fee other than the amounts recognised above.

#### 16 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.

With effect from 11 March 2010, the rate at which Other Expenses are accrued for had been reduced from 0.05% per annum of the Net Asset Value ("NAV") of the Fund to 0.025%. Commencing 18 February 2011, the accrual has been suspended.

The expenses are reversed out from the accrual on their respective payment dates.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

17 TAXATION

	<u>1 July</u> <u>to</u> <u>30 September 2012</u> RM	<u>1 July</u> <u>to</u> <u>30 September 2011</u> RM
Current taxation		
Current year	41,065	209,038
	<u>41,065</u>	<u>209,038</u>

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

	<u>1 July</u> <u>to</u> <u>30 September 2012</u> RM	<u>1 July</u> <u>to</u> <u>30 September 2011</u> RM
Net income before taxation	15,924,815	(55,824,235)
Tax at Malaysian statutory rate of 25%	3,981,204	(13,956,059)
Tax effect of:		
Income not subject to tax	(565,350)	(1,529,858)
Gains exempt from tax	(3,477,683)	15,483,145
Expenses not deductible for tax purposes	102,894	211,810
	<u>41,065</u>	<u>209,038</u>

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

#### 18 INCOME DISTRIBUTION

Distribution to unit holders is from the following sources:

	<u>Quarter Ended</u> <u>30 September 2012</u>	<u>Quarter Ended</u> <u>30 September 2011</u>
	RM	RM
Exempt Dividend Income	4,196,540	7,575,522
Profits from Money Market Placements	56,303	118,934
	<u>4,252,843</u>	<u>7,694,456</u>
Less: Expenses		
Exempt Non Shariah-compliant Income	(146,254)	(198,059)
Fund Related Expenses	(800,254)	(1,703,336)
Dividend Tax Expense	43,011	(214,061)
Total Amount of Income Distribution	<u><u>3,348,750</u></u>	<u><u>5,579,000</u></u>

Distribution Date	12 September 2012	22 August 2011
Income distributable per unit (sen)	1.25	1.00
Distribution yield	1.16%	1.09%

The Net Asset Value per unit prior and subsequent to the income distribution for period ended 30 September 2012 was as follows:

<u>Distribution date</u>	<u>Cum-distribution</u> RM	<u>Distribution</u> <u>per unit</u> RM	<u>Ex-distribution</u> RM
12 September 2012	1.093	0.0125	1.0805

An interim income distribution for the financial year ending 31 December 2012 of 1.25 sen per unit was declared on 28 August 2012 based on the financial position of the Fund as at 30 June 2012 with an ex-date on 12 September 2012 and entitlement date on 14 September 2012. The total amount of income distributed was RM3,348,750 based on 267,900,000 of MyETF DJIM25's units in circulation, which was paid out to unit holders on 9 October 2012.

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

#### 19 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>30 September 2012</u>	<u>30 September 2011</u>
MER	%	%
	0.37	0.38

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 year calculated on daily basis is RM304,469,959 (30 September 2011: RM589,516,712)

#### 20 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>30 September 2012</u>	<u>30 September 2011</u>
PTR (times)	%	%
	0.10	0.16

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 year = RM29,836,678 (30 September 2011: RM96,483,646)  
total disposal for the financial year = RM30,408,736 (30 September 2011: RM91,284,286)

The average net asset value of the Fund for the financial year calculated on daily basis is RM304,469,959 (30 September 2011: RM589,516,712)

#### 21 SEGMENT REPORTING

The Fund is designed to provide investment results that closely correspond to the performance of the Benchmark Index. The manager attempts to achieve a tracking error of less than 3% between the Net Asset Value of the fund and the Benchmark Index.

The internal reporting provided to the CEO for the fund’s assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of FRS. The CEO is responsible for the performance of the fund and considers the business to have a single operating segment.

There were no changes in the reportable segments during the period.



## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

#### 22 NON CASH TRANSACTIONS

Creations and cancellations are done by transferring the Perfect Basket from and to the Unit holders respectively. A reconciliation of the cash flows used in creation and cancellation and the total creation and cancellation as presented in the statement of changes in equity is presented below:

	<u>30 September 2012</u>	<u>30 September 2011</u>
	RM	RM
Creation		
- Fair value of Benchmark Index shares	-	-
- Cash component	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Cancellation		
- Fair value of Benchmark Index shares	142,871,330	116,682,730
- Cash component	2,248,070	2,452,881
	<u>145,119,400</u>	<u>119,135,611</u>

#### 23 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount at which a financial asset could be exchanged or a financial liability could be settled between knowledgeable and willing parties in an arm's length transactions.

The amendment FRS7 'Financial Instruments: Disclosures' requires the Fund to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)(level 2).
- Inputs for the assets or liability that are not based on observable market data, (that is, unobservable inputs) (level 3).

The level in fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The Fund's financial asset designated as fair value through profit or loss is an investment whose values are based on quoted market prices in active markets, and therefore classified within level 1.

The following table analyses within the fair value hierarchy the financial asset measured at fair value at 30 September 2012:

##### Financial Assets at fair value through profit and loss

	Level 1
	RM
Quoted Shares in Malaysia	<u>292,429,684</u>

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (CONTINUED)

#### 24 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained profits / (accumulated losses) at the legal entity level is prepared in accordance with Bursa Malaysia Securities Berhad's Listing Requirements and the Guidance on Special Matter No. 1, "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements", as issued by the Malaysian Institute of Accountants whilst the disclosure is based on the prescribed format by Bursa Malaysia Securities Berhad.

	<u>30 September 2012</u> RM
Total retained profits/accumulated losses of the Fund	
- Realised	(53,731,873)
- Unrealised	67,337,374
	<hr/>
	13,605,501
	<hr/> <hr/>

The analysis between realised and unrealised above is prepared on a different basis as compared to the analysis of realised and unrealised as disclosed in the statement of comprehensive income