

ValueCap Sdn Bhd

(Company no: 595989 V)
(Incorporated in Malaysia)

Reports and financial statements for the financial year ended 31 December 2009

ValueCap Sdn Bhd

(Company no: 595989 V)
(Incorporated in Malaysia)

Reports and financial statements for the financial year ended 31 December 2009

Contents

	Pages
Directors' report	1 - 4
Income statement	5
Balance sheet	6 - 7
Statement of changes in equity	8 - 11
Cash flow statement	12 - 13
Notes to the financial statements	14 - 53
Statement by Directors	54
Statutory declaration	54
Independent auditor's report	55 - 56

ValueCap Sdn Bhd

(Company no: 595989 V)
(Incorporated in Malaysia)

Directors' report for the financial year ended 31 December 2009

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and Company for the financial year ended 31 December 2009.

Principal activities

The principal activity of the Company is that of investments in marketable securities listed on Bursa Malaysia Berhad. The principal activity of its subsidiary is the provision of investment management services.

Financial results

	Group RM	Company RM
Net profit for the financial year	<u>402,752,849</u>	<u>372,679,080</u>

Dividend

The dividends on ordinary shares paid or declared by the Company since 31 December 2008 were as follows:

	RM
In respect of the financial year ended 31 December 2008, final tax exempt dividend of RM1.00 per share on 50,000,000 shares, paid on 3 rd July 2009	<u>50,000,000</u>

The Directors now recommend the payment of a final tax exempt dividend of RM3.00 per share on 50,000,000 ordinary shares, amounting to RM150,000,000 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year are as disclosed in the financial statements.

ValueCap Sdn Bhd

(Company no: 595989 V)
(Incorporated in Malaysia)

Directors' report for the financial year ended 31 December 2009 (continued)

Issue of shares

There was no issuance of shares during the financial year.

Directors

The Directors who have held office during the period since the date of the last report are:

Tan Sri Azman bin Mokhtar

Md Ali bin Md Dewal

Dato' Hamzah bin Bakar

Dato' Azian binti Mohd Noh

Abdullah bin Abd. Hamid

Resigned on 13 October 2009

Wan Roshdi bin Wan Musa

Nik Amlizan binti Mohamed

(Alternate Director to Dato' Azian binti Mohd Noh)

Dato' Dr Aziuddin bin Ahmad

In accordance with the Article 67 of the Company's Articles of Association, two Directors, Dato' Hamzah bin Bakar and Dato' Azian binti Mohd Noh will retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

Directors' interests in shares

According to the register of Directors' shareholdings, none of the Directors in office at the end of the financial year held any interest in shares, share options or debentures of the Company or its related corporations.

Directors' benefits

Since the end of previous financial year, no Director has received or become entitled to receive any benefit (other than directors' remuneration disclosed in Note 10 to the financial statements) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object or objects was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ValueCap Sdn Bhd

(Company no: 595989 V)
(Incorporated in Malaysia)

Directors' report for the financial year ended 31 December 2009 (continued)

Other statutory information

Before the financial statements of the Group and Company were made out, the Directors took reasonable steps:

- (a) to ascertain that action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off or the amount of allowance for bad and doubtful debts of the Group and Company inadequate to any substantial extent or the values attributed to current assets of the Group and Company misleading; and
- (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

At the date of this report, no charge has arisen on the assets of the Group and Company which secures the liability of any other person nor has any contingent liability arisen in the Group and Company.

The results of the Group and Company's operations during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

In the interval between the end of the financial year and the date of this report, no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the results of the operations of the Group and Company for the current financial period.

ValueCap Sdn Bhd

(Company no: 595989 V)
(Incorporated in Malaysia)

Directors' report for the financial year ended 31 December 2009 (continued)

Other statutory information (continued)

No contingent or other liability of the Group and Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and Company to meet its obligations when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolutions dated 10 May 2010.

Tan Sri Azman bin Mokhtar
Director

Md Ali bin Md Dewal
Director

Kuala Lumpur
10 May 2010

ValueCap Sdn Bhd

(Company no: 595989 V)
(Incorporated in Malaysia)

Income statement for the financial year ended 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Revenue	5	924,329,671	884,442,993	922,177,762	881,685,025
Diminution in value of available-for-sale financial assets		(156,083,626)	(145,978,037)	(156,083,626)	(145,978,037)
Diminution in value of associate		-	-	(8,761,798)	-
Administrative expenses	6	(20,809,512)	(17,597,270)	(20,874,121)	(17,685,401)
Establishment cost of MyETF		-	(6,398,241)	-	(6,398,241)
Finance cost	7	(363,779,137)	(212,331,726)	(363,779,137)	(212,331,726)
Share of result in associate		19,160,062	(28,018,505)	-	-
Profit before taxation	8	402,817,458	474,119,214	372,679,080	499,291,620
Tax expense	11	(64,609)	(88,131)	-	-
Net profit for the financial year		402,752,849	474,031,083	372,679,080	499,291,620

The notes on pages 14 to 53 form an integral part of these financial statements.

ValueCap Sdn Bhd

(Company no: 595989 V)
(Incorporated in Malaysia)

Balance sheet as at 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Property, plant and equipment	12	2,032,666	1,931,106	2,032,666	1,931,106
Investment in subsidiary	13	-	-	11,000,000	11,000,000
Investment in associate	14	65,501,799	46,784,699	66,041,406	74,803,204
Other assets	15	32,000	32,000	32,000	32,000
Current assets					
Available-for-sale financial assets	16	10,896,149,540	6,248,162,188	10,896,149,540	6,248,162,188
Trade and other receivables	17	6,339,474	19,839,080	6,117,678	19,838,930
Deposits and prepayments	18	789,352	711,903	579,982	544,799
Tax recoverable		115,751,789	150,695,597	115,751,789	150,695,597
Cash and cash equivalents	19	4,181,605,520	1,757,659,216	4,166,655,120	1,746,847,533
		<u>15,200,635,675</u>	<u>8,177,067,984</u>	<u>15,185,254,109</u>	<u>8,166,089,047</u>
Less: Current liabilities					
Trade payables	20	20,549,435	23,304,289	20,549,435	23,304,289
Other payables	21	5,527,104	4,487,068	4,868,814	3,885,445
Amount due to subsidiary company	22	-	-	1,501,909	3,253,000
Redeemable unsecured bonds	23	-	5,196,837,123	-	5,196,837,123
		<u>26,076,539</u>	<u>5,224,628,480</u>	<u>26,920,158</u>	<u>5,227,279,857</u>
Net current assets		<u>15,174,559,136</u>	<u>2,952,439,504</u>	<u>15,158,333,951</u>	<u>2,938,809,190</u>

ValueCap Sdn Bhd

(Company no: 595989 V)
(Incorporated in Malaysia)

Balance sheet as at 31 December 2009 (continued)

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Less: Non-current liabilities					
Redeemable unsecured bonds	23	5,188,903,479	-	5,188,903,479	-
Term loan	24	5,000,577,890	1,000,101,863	5,000,577,890	1,000,101,863
		<u>10,189,481,369</u>	<u>1,000,101,863</u>	<u>10,189,481,369</u>	<u>1,000,101,863</u>
		<u>5,052,644,232</u>	<u>2,001,085,446</u>	<u>5,047,958,654</u>	<u>2,026,473,637</u>
Finance by:					
Share capital	25	50,000,000	50,000,000	50,000,000	50,000,000
Investment revaluation reserve		1,818,201,768	(880,604,169)	1,818,201,768	(880,604,169)
Retained earnings		3,184,442,464	2,831,689,615	3,179,756,886	2,857,077,806
Shareholders' equity		<u>5,052,644,232</u>	<u>2,001,085,446</u>	<u>5,047,958,654</u>	<u>2,026,473,637</u>

The notes on pages 14 to 53 form an integral part of these financial statements.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Statement of changes in equity for the financial year ended 31 December 2009

	Issued and fully paid ordinary shares of RM1 each		Investment revaluation reserve RM	Retained earnings RM	Total RM
	Number of shares	Share capital RM			
Group					
As at 1 January 2009	50,000,000	50,000,000	(880,604,169)	2,831,689,615	2,001,085,446
Net profit for the financial year	-	-	-	402,752,849	402,752,849
Dividend in respect of the financial year ended 31 December 2008	-	-	-	(50,000,000)	(50,000,000)
Net fair value changes in available- for-sale financial assets, net of tax	-	-	2,542,722,311	-	2,542,722,311
Diminution in value of available-for- sale financial assets transferred to income statement	-	-	156,083,626	-	156,083,626
As at 31 December 2009	<u>50,000,000</u>	<u>50,000,000</u>	<u>1,818,201,768</u>	<u>3,184,442,464</u>	<u>5,052,644,232</u>

The notes on pages 14 to 53 form an integral part of these financial statements.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Statement of changes in equity for the financial year ended 31 December 2009 (continued)

	Issued and fully paid ordinary shares of RM1 each		Investment revaluation reserve RM	Retained earnings RM	Total RM
	Number of shares	Share capital RM			
Group					
As at 1 January 2008					
- As previously stated	50,000,000	50,000,000	-	2,407,658,532	2,457,658,532
- Adjustments due to changes in accounting policies	-	-	2,130,955,910	-	2,130,955,910
- As restated	50,000,000	50,000,000	2,130,955,910	2,407,658,532	4,588,614,442
Net profit for the financial year	-	-	-	474,031,083	474,031,083
Dividend in respect of the financial year ended 31 December 2007	-	-	-	(50,000,000)	(50,000,000)
Net fair value changes in available- for-sale financial assets, net of tax	-	-	(3,157,538,116)	-	(3,157,538,116)
Diminution in value of available-for- sale financial assets transferred to income statement	-	-	145,978,037	-	145,978,037
As at 31 December 2008	50,000,000	50,000,000	(880,604,169)	2,831,689,615	2,001,085,446

The notes on pages 14 to 53 form an integral part of these financial statements.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Statement of changes in equity for the financial year ended 31 December 2009 (continued)

	Issued and fully paid ordinary shares of RM1 each				
	Number of <u>shares</u>	Share <u>capital</u> RM	Investment revaluation <u>reserve</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Company					
As at 1 January 2009	50,000,000	50,000,000	(880,604,169)	2,857,077,806	2,026,473,637
Net profit for the financial year	-	-	-	372,679,080	372,679,080
Dividend in respect of the financial year ended 31 December 2008	-	-	-	(50,000,000)	(50,000,000)
Net fair value changes in available- for-sale financial assets, net of tax	-	-	2,542,722,311	-	2,542,722,311
Diminution in value of available-for- sale financial assets transferred to income statement	-	-	156,083,626	-	156,083,626
As at 31 December 2009	50,000,000	50,000,000	1,818,201,768	3,179,756,886	5,047,958,654

The notes on pages 14 to 53 form an integral part of these financial statements.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Statement of changes in equity for the financial year ended 31 December 2009 (continued)

	Issued and fully paid ordinary shares of RM1 each		Investment revaluation reserve RM	Retained earnings RM	Total RM
	Number of shares	Share capital RM			
Company					
As at 1 January 2008					
- As previously stated	50,000,000	50,000,000	-	2,407,786,186	2,457,786,186
- Adjustments due to changes in accounting policies	-	-	2,130,955,910		2,130,955,910
- As restated	50,000,000	50,000,000	2,130,955,910	2,407,786,186	4,588,742,096
Net profit for the financial year	-	-		499,291,620	499,291,620
Dividend in respect of the financial year ended 31 December 2007	-	-	-	(50,000,000)	(50,000,000)
Net fair value changes in available- for-sale financial assets, net of tax	-	-	(3,157,538,116)	-	(3,157,538,116)
Diminution in value of available-for- sale financial assets transferred to income statement	-	-	145,978,037	-	145,978,037
As at 31 December 2008	50,000,000	50,000,000	(880,604,169)	2,857,077,806	2,026,473,637

The notes on pages 14 to 53 form an integral part of these financial statements.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Cash flow statement for the financial year ended 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Operating activities					
Proceeds from sales of shares		3,711,202,630	2,141,751,264	3,711,202,630	2,140,685,111
Proceeds from sales of shares in associate		-	-	-	1,066,153
Purchase of shares		(5,345,005,142)	(3,560,659,553)	(5,345,005,142)	(3,508,184,096)
Purchase of shares in associate		-	-	-	(52,475,457)
Dividend income		340,656,382	307,552,942	340,656,382	307,552,942
Interest income		80,410,806	56,529,557	80,152,372	56,028,340
Other income		2,278,659	2,256,750	-	-
Cash paid to suppliers and employees		(19,206,101)	(24,223,256)	(15,350,081)	(14,893,966)
Tax refund		75,816,686	73,089,127	75,816,686	73,089,127
Net cash utilised in operating activities		<u>(1,153,846,080)</u>	<u>(1,003,703,169)</u>	<u>(1,152,527,153)</u>	<u>(997,131,846)</u>
Investing activities					
Purchase of property, plant and equipment		(970,862)	(1,635,886)	(810,060)	(1,536,752)
Investment in subsidiary		-	-	-	(1,000,002)
Payment of subsidiary's expenses		-	-	(5,618,446)	(6,481,257)
Net cash utilised in investing activities		<u>(970,862)</u>	<u>(1,635,886)</u>	<u>(6,428,506)</u>	<u>(9,018,011)</u>
Financing activities					
Interest on bonds		(205,046,548)	(212,229,863)	(205,046,548)	(212,229,863)
Interest on term loan		(166,190,206)	-	(166,190,206)	-
Dividend paid to shareholders		(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)
Proceeds from term loan		4,000,000,000	1,000,000,000	4,000,000,000	1,000,000,000
Net cash generated from financing activities		<u>3,578,763,246</u>	<u>737,770,137</u>	<u>3,578,763,246</u>	<u>737,770,137</u>

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Cash flow statement for the financial year ended 31 December 2009 (continued)

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Net increase/(decrease) in cash and cash equivalents during the financial year		2,423,946,304	(267,568,918)	2,419,807,587	(268,379,720)
Cash and cash equivalents at beginning of the financial year		1,757,659,216	2,025,228,134	1,746,847,533	2,015,227,253
Cash and cash equivalents at end of the financial year	19	<u>4,181,605,520</u>	<u>1,757,659,216</u>	<u>4,166,655,120</u>	<u>1,746,847,533</u>

The notes on pages 14 to 53 form an integral part of these financial statements.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009

1 General information

The principal activity of the Company is that of investment in marketable securities listed on the Bursa Malaysia Berhad. The principal activity of its subsidiary is the provision of investment management services.

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The address of the registered office and the principal place of business of the Company is:

Level 10, Block B, HP Towers,
No. 12, Jalan Gelenggang,
Bukit Damansara
50490, Kuala Lumpur

2 Financial risk management objectives and policies

In managing the types of risk that the Group is exposed to, steps have been taken to ensure that the necessary policies and guidelines governing its investment activities reflect best market practices and internationally adopted standards.

In pursuance of good governance, the Board of Directors of the Company have established three committees, i.e. the Investment Committee to assume the supervisory role of monitoring the Company's investment activities, the Board Audit and Risk Committee to review the consolidated financial statements of the Group, oversee the internal audit function and ensure its adequacy and effectiveness and to oversee risk matters including the review of all risk management policies, process and methodology and the Remuneration and Nomination Committee to establish the relevant framework in determining the remuneration of Non-Executive Directors, perform annual assessment on the performance of the Chief Executive Officer (CEO) and senior management staff and review proposed appointments of directorships of the Board and Board Committees.

A clearly defined investment mandate which broadly defines the parameters for approved investments, prohibited investments and benchmark has been approved and implemented accordingly. In view thereof, investments activities have been conducted within the guidelines prescribed and were executed through the market.

Due to the nature of the Group and Company's activity, four areas have been identified as primary risk areas which require management and therefore, effective control procedures:

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

2 Financial risk management objectives and policies (continued)

A Price risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices.

Given the nature of the Company's investment activities which predominantly exposes its financial resources to shares of companies listed on the local stock market, price risk therefore constitutes a significant risk area of the Company's business activities.

The Company is expected to manage the impact of price risk through diversification and continuous and rigorous monitoring of its impact on the portfolio position for compliance with the investment mandate.

B Credit risk

Credit risk is the probability of a loss arising from the failure or default of one party or counterparties to discharge his obligation under the terms of the contract.

The Group is also exposed to counterparty credit risk on cash and cash equivalents, amounts due from stockbrokers, dividend receivable, interest receivable and other receivable balances.

The Group manages its credit risks by limiting dealings with only the approved list of stockbrokers and financial institutions. A mechanism for assessing the creditworthiness and exposure limits has been put in place for this purpose.

Amount due from stockbrokers arise from transactions in listed securities. All transactions in listed securities are paid for upon delivery using approved stockbrokers. The risk of default is considered minimal, as payment on purchase is made only when the securities have been delivered by the broker.

The Group's dividend receivable is due from large number of companies which are dispersed over a broad spectrum of industrial sectors with a variety of end markets in which they serve. Hence, the Directors believe that no significant credit is inherent in the Group's dividend receivable.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

2 Financial risk management objectives and policies (continued)

B Credit risk (continued)

The Group generally has no significant concentrations of credit risk other than as set out below:

- 100% of amount due from stockbrokers was receivable from a licensed financial institution. The whole amount has been paid subsequent to the balance sheet date.
- the Group's deposits, bank and cash balances and the corresponding interest receivable were with major financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

C Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Exposure to interest rate risk arises as a direct consequence of the Group's fund raising activities.

The Company's exposure to cash flow interest rate risk is expected to be minimal as the Company has issued fixed rate unsecured bonds and obtained fixed rate term loan facility to finance its business activities and that its investment in money market instruments will mainly comprise short term deposits with approved financial institutions.

The tables below summarise the Group and Company's exposure to interest rate risks. Included in the tables are the Group and Company's assets and liabilities at their full carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

2 Financial risk management objectives and policies (continued)

C Cash flow and fair value interest rate risk (continued)

					Group 2009
	Up to 1 year	1-5 years	6-10 years	Non-interest bearing	Total
	RM	RM	RM	RM	RM
Financial assets:					
Available-for-sale financial assets	-	-	-	10,896,149,540	10,896,149,540
Trade receivables	-	-	-	6,339,474	6,339,474
Deposits and prepayments	-	-	-	789,352	789,352
Cash and cash equivalent	4,181,605,520	-	-	-	4,181,605,520
	4,181,605,520	-	-	10,903,278,366	15,084,883,886
Financial liabilities:					
Trade payables	-	-	-	20,549,435	20,549,435
Other payables	-	-	-	5,527,104	5,527,104
Redeemable unsecured bonds	88,903,479	5,100,000,000	-	-	5,188,903,479
Term loan	577,890	-	5,000,000,000	-	5,000,577,890
Total liabilities	89,481,369	5,100,000,000	5,000,000,000	26,076,539	10,215,557,908
Net interest sensitivity gap	4,092,124,151	(5,100,000,000)	(5,000,000,000)	10,877,201,827	4,869,325,978
					2008
	Up to 1 year	1-5 years	6-10 years	Non-interest bearing	Total
	RM	RM	RM	RM	RM
Financial assets:					
Available-for-sale financial assets	-	-	-	6,248,162,188	6,248,162,188
Trade receivables	-	-	-	19,839,080	19,839,080
Deposits and prepayments	-	-	-	711,903	711,903
Cash and cash equivalent	1,757,659,216	-	-	-	1,757,659,216
	1,757,659,216	-	-	6,268,713,171	8,026,372,387
Financial liabilities:					
Trade payables	-	-	-	23,304,289	23,304,289
Other payables	-	-	-	4,487,068	4,487,068
Redeemable unsecured bonds	5,196,837,123	-	-	-	5,196,837,123
Term loan	101,863	-	1,000,000,000	-	1,000,101,863
Total liabilities	5,196,938,986	-	1,000,000,000	27,791,357	6,224,730,343
Net interest sensitivity gap	(3,439,279,770)	-	(1,000,000,000)	6,240,921,814	1,801,642,044

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

2 Financial risk management objectives and policies (continued)

C Cash flow and fair value interest rate risk (continued)

	Up to 1 year RM	1-5 years RM	6-10 years RM	Non-interest bearing RM	Company 2009 Total RM
Financial assets:					
Available-for-sale financial assets	-	-	-	10,896,149,540	10,896,149,540
Trade receivables	-	-	-	6,117,678	6,117,678
Deposits and prepayments	-	-	-	579,982	579,982
Cash and cash equivalent	4,166,655,120	-	-	-	4,166,655,120
	<u>4,166,655,120</u>	<u>-</u>	<u>-</u>	<u>10,902,847,200</u>	<u>15,069,502,320</u>
Financial liabilities:					
Trade payables	-	-	-	20,549,435	20,549,435
Other payables	-	-	-	4,868,814	4,868,814
Amount due to subsidiary	-	-	-	1,501,909	1,501,909
Redeemable unsecured bond	88,903,479	5,100,000,000	-	-	5,188,903,479
Term loan	577,890	-	5,000,000,000	-	5,000,577,890
Total liabilities	<u>89,481,369</u>	<u>5,100,000,000</u>	<u>5,000,000,000</u>	<u>26,920,158</u>	<u>10,216,401,527</u>
Net interest sensitivity gap	<u>4,077,173,751</u>	<u>(5,100,000,000)</u>	<u>(5,000,000,000)</u>	<u>10,875,927,042</u>	<u>4,853,100,793</u>

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

2 Financial risk management objectives and policies (continued)

C Cash flow and fair value interest rate risk (continued)

	Up to 1 year RM	1-5 years RM	6-10 years RM	Non-interest bearing RM	Company 2008 Total RM
Financial assets:					
Available-for-sale financial assets	-	-	-	6,248,162,188	6,248,162,188
Trade receivables	-	-	-	19,838,930	19,838,930
Deposits and prepayments	-	-	-	544,799	544,799
Cash and cash equivalent	1,746,847,533	-	-	-	1,746,847,533
	<u>1,746,847,533</u>	<u>-</u>	<u>-</u>	<u>6,268,545,917</u>	<u>8,015,393,450</u>
Financial liabilities:					
Trade payables	-	-	-	23,304,289	23,304,289
Other payables	-	-	-	3,885,445	3,885,445
Amount due to subsidiary	-	-	-	3,253,000	3,253,000
Redeemable unsecured bond	5,196,837,123	-	-	-	5,196,837,123
Term loan	101,863	-	1,000,000,000	-	1,000,101,863
Total liabilities	<u>5,196,938,986</u>	<u>-</u>	<u>1,000,000,000</u>	<u>30,442,734</u>	<u>6,227,381,720</u>
Net interest sensitivity gap	<u>(3,450,091,453)</u>	<u>-</u>	<u>(1,000,000,000)</u>	<u>6,238,103,183</u>	<u>1,788,011,730</u>

D Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet its financial commitment when they fall due. The Group and Company are expected to manage the liquidity risk by employing a suitable portfolio strategy and implementing an appropriate and effective monitoring system for its cash management.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies

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

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 in all the years presented.

(a) Basis of preparation of the financial statements

The financial statements of the Group and Company have been prepared in accordance with the provisions of the Companies' Act 1965 and Financial Reporting Standards ('FRS'), the MASB approved accounting standards in Malaysia for entities other than private entities.

The preparation of financial statements, in conformity with the provisions of the Companies Act 1965 and FRS, the MASB approved accounting standards in Malaysia for entities other than private entities, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reported year. It also requires Directors to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from estimates.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The accounting policies adopted are consistent with those of the prior year taking into consideration the early adoption of FRS 139.

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

There are no new accounting standards, amendments to published standards and interpretations to existing standards effective for the Group and Company's financial period ended 31 December 2009 and applicable to the Group and Company.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

(a) Basis of preparation of the financial statements (continued)

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

The new and revised standard and IC Interpretation that is applicable to the Group and Company, but which the Group and Company has not early adopted, are as follows:

- The revised FRS 3 "Business combinations" (effective prospectively from 1 July 2010). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.
- The revised FRS 101 "Presentation of financial statements" (effective from 1 January 2010) prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. 'Non-owner changes in equity' are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

When entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheet at the end of the current period and comparative period.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

(a) Basis of preparation of the financial statements (continued)

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

The new and revised standard and IC Interpretation that is applicable to the Group and Company, but which the Group and Company has not early adopted, are as follows (continued):

- The revised FRS 127 "Consolidated and separate financial statements" (effective prospectively from 1 July 2010) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.
- IC Interpretation 9 Reassessment of Embedded Derivatives (effective for annual period beginning on or after 1 January 2010). IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

(a) Basis of preparation of the financial statements (continued)

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

- FRS 7 Financial Instruments: Disclosures (effective from 1 January 2010) provides information to users of financial statements about an entity's exposure to risk and how the entity manages those risks. The improvement to FRS 7 clarifies that entities must not present total interest income and expenses as a net amount within finance cost in the face of income statement.

The Group and Company will apply these standards from financial periods beginning on 1 January 2010.

The Group has applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the following standards and interpretations on the financial statements of the Group and Company.

- IC Interpretation 9 Reassessment of embedded derivatives
- FRS 7 and Improvement to FRS 7

The following amendments are part of the Malaysian Accounting Standards Board's ("MASB") improvements project which has no significant impact on the Group's financial statements (effective from 1 January 2010):

- FRS 107 Statement of cash flows
- FRS 110 Events after the balance sheet date
- FRS 118 Revenue

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

(b) Group accounting

(i) Subsidiary

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to the end of the financial year.

A subsidiary is an enterprise controlled by the Company. Control exists when the Company has the power, directly or indirectly, to exercise control over the financial and operating policies of the enterprise so as to obtain benefits from its activities.

The subsidiary is consolidated using the purchase method of accounting. Under purchase method accounting, the subsidiary is fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition.

Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised loss are also eliminated but considered an impairment indicator of the asset transferred. Where necessary, adjustments are made to the financial statements of the subsidiary to ensure consistency of accounting policies with those of the Group.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

(b) Group accounting (continued)

(ii) Associate

Associates are those corporations, partnerships or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investment in associate is accounted for using the equity method of accounting and is initially recognised at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associate's post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of the associate to ensure consistency of accounting policies with those of the Group.

Dilution gains and losses in the associate are recognised in the income statement.

In the Company's separate financial statements, investment in associate is stated at cost less impairment losses.

The policy for recognition and measurement of impairment losses is in accordance with accounting policy (e) on impairment of non financial assets.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost of property, plant and equipment comprises their purchase costs and any incidental costs of acquisition.

Depreciation of the property, plant and equipment is calculated so as to write off their cost on a straight-line basis over the expected useful lives of the assets concerned.

The annual depreciation rates are:

	%
Computers	25
Office equipment	15
Furniture and fittings	15
Motor vehicles	20
Renovations	20

Residual value and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the carrying amount of the property, plant and equipment is assessed and written down immediately to its recoverable amount. Refer to accounting policy (e) on impairment of non financial assets.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations.

Repairs and maintenance are charged to the income statement during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing assets will flow to the Company. Major renovations are depreciated over the remaining useful life of the related assets.

Purchase values of individual assets of less than RM2,000 are charged to income statements during the period in which they are incurred.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

(d) Other assets

Other assets are stated at cost which comprise their purchase costs and any incidental costs of acquisition.

The carrying amounts of other assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the carrying amount of the other assets is assessed and written down immediately to its recoverable amount. Refer to accounting policy (e) on impairment of non financial assets.

(e) 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 amortisation 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.

(f) Investments in subsidiary

Investment in subsidiary is stated at cost. Where an indicator of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy (e) on impairment of non financial assets.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

(g) Income taxes

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

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(h) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and Company.

A provision is recognised for the amount expected to be paid under short term cash bonus if the Group and Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contributions plans

A defined contribution plan is a pension plan under which the Group and Company pays fixed contributions to the national pension scheme, Employees' Provident Fund ("EPF"). The Group and Company's contributions to EPF are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group and Company has no further payment obligations.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Interest incurred on borrowings is charged to the income statement.

(j) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and short term, highly liquid investments (excluding quoted shares within current assets) with original maturities of three months or less.

Part of deposits held at call with banks included in cash and cash equivalents however is subject to the restrictions as set out in Note 19 to the financial statements.

(k) Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings and accrued as liability in the financial period in which the obligation to pay is established.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

(l) Financial instruments

(i) Classification of financial assets

The Group and Company classify their financial assets according to the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans 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) Loans and receivables

Trade and other 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 Group and Company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

(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 Group and Company's management has the positive intention and ability to hold to maturity. If the Group and Company 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.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

(l) Financial instruments (continued)

(i) Classification of financial assets (continued)

(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 Group and Company 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 Group and Company has transferred substantially all risks and rewards of ownership.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

(l) Financial instruments (continued)

(ii) Recognition and measurement (continued)

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

Loans and receivables are carried at amortised cost using the effective interest 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 'net fair value changes of financial assets at fair value through profit or loss' in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of revenue when the Group and Company'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 gain/(loss) on sale of shares'. When securities are impaired, the impairment loss is included in the income statement as 'diminution in value of available-for-sale securities'.

The Group and Company 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 one of the indicators that the securities are impaired. If objective 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 diminution in value on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Diminution in value recognised in the income statement on equity instruments are not reversed through the income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of interest income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of dividend income when the Group and Company's right to receive payments is established.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

(l) Financial instruments (continued)

(ii) Recognition and measurement (continued)

The fair values of quoted investments are based on current last done prices. If the market for a financial asset is not active (and for unlisted securities), the Group and Company 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.

(m) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group and Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'administrative expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

(n) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

(o) Revenue recognition

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

The Group and 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 Group and Company's activities as described below.

(i) Interest income

Revenue arising from assets yielding interest is recognised on an accruals basis (taking into account the effective yield of the asset) unless collectibility is in doubt.

(ii) Dividend income

Revenue arising from investments yielding dividend shall be recognised when the shareholders' right to receive payment is established.

(iii) Gains/losses on sale of shares

Gains/losses on disposal of shares shall be recognised as the difference between the net disposal proceeds and the carrying amount of the respective shares on an individual investment basis.

(iv) Management fee

Management fee income is accrued on a daily basis based on a certain percentage of the Net Asset Value of the Fund.

(p) Functional and presentation currency

The Financial Statements are presented in Ringgit Malaysia, which is the Group and Company's functional and presentation currency.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

(q) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight line basis over the lease period.

(r) Provisions

Provisions are recognised when the Group and Company 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 Group and Company 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 interest expense.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

4 Critical accounting estimates and judgements

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

(a) Diminution in value of available-for-sale financial assets

The Group and Company follow the guidance of FRS 139 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group and Company evaluate, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(b) Recognition of deferred tax

The Group and Company recognise deferred tax in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. The Company views that it may continue to obtain such an exemption in the future given that its initial tax exempt status which previously expired in YA2007 has been extended to YA2012 by the Ministry of Finance. Hence, no deferred tax is recognised as a nil tax rate will be applied to temporary differences at the balance sheet date.

5 Revenue

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Net gain on sale of shares	475,506,005	446,469,618	475,506,005	446,469,618
Dividend income	366,076,424	379,187,067	366,519,385	379,187,067
Interest income	80,410,806	56,365,539	80,152,372	56,028,340
Other income	2,336,436	2,420,769	-	-
	<u>924,329,671</u>	<u>884,442,993</u>	<u>922,177,762</u>	<u>881,685,025</u>

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

6 Administrative expenses

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Administrative expenses – Valuecap	16,869,069	13,614,136	16,869,069	13,614,136
Administrative expenses – <i>i</i> -VCAP	3,940,443	3,983,134	4,005,052	4,071,265
	<u>20,809,512</u>	<u>17,597,270</u>	<u>20,874,121</u>	<u>17,685,401</u>

7 Finance cost

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Interest expense on :				
Redeemable unsecured bonds	197,112,904	212,229,863	197,112,904	212,229,863
Term loan	166,666,233	101,863	166,666,233	101,863
	<u>363,779,137</u>	<u>212,331,726</u>	<u>363,779,137</u>	<u>212,331,726</u>

8 Profit before taxation

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Profit before taxation is arrived at after charging:				
Auditors' remuneration				
- statutory audit	109,800	93,000	74,800	58,000
- non audit fee	-	10,000	-	10,000
Staff costs (Note 9)	13,312,157	10,157,215	11,092,494	8,475,299
Directors' remuneration (Note 10)	948,644	679,130	712,849	466,630
Depreciation of property, plant and equipment	628,785	561,346	628,785	561,346
Rental of office premises	1,252,044	1,345,853	1,002,132	1,095,941
Rental for office equipment	855,496	760,882	702,841	677,517
Property, plant and equipment written off	-	135,433	-	-
	<u>-</u>	<u>135,433</u>	<u>-</u>	<u>-</u>

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

9 Staff cost

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Wages, salaries and bonuses	9,529,159	6,954,854	7,970,788	5,749,418
Defined contribution plan	1,895,437	1,390,595	1,595,370	1,156,247
Other employee benefits	1,887,561	1,811,766	1,526,336	1,569,634
	<u>13,312,157</u>	<u>10,157,215</u>	<u>11,092,494</u>	<u>8,475,299</u>

10 Directors' remuneration

The aggregate amount of emoluments receivable by Directors of the Group and Company during the financial year are as follows:

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Non executive Directors:				
- fees	766,644	500,630	605,849	366,630
- other allowances	182,000	178,500	107,000	100,000
	<u>948,644</u>	<u>679,130</u>	<u>712,849</u>	<u>466,630</u>

11 Tax expense

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Current tax				
- Malaysia tax	64,609	88,131	-	-
	<u>64,609</u>	<u>88,131</u>	<u>-</u>	<u>-</u>
Current tax				
- Current year	64,609	88,131	-	-
	<u>64,609</u>	<u>88,131</u>	<u>-</u>	<u>-</u>

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

11 Tax expense (continued)

There is no current Malaysian tax charge as the Company has been granted tax exemption on statutory income for the years of assessment 2003 to 2012 by the Ministry of Finance under Section 127, Income Tax Act, 1967.

Dividend declared to shareholders will be exempted from income tax for the corresponding years of assessment.

The statutory income exempted from tax will be accumulated in the tax exempt account for declaration of tax exempt dividend to its shareholders. The amount transferred to tax exempt account for the financial year is approximately RM320,549,436 (2008: RM609,495,789). This amount is subject to the agreement of the Malaysian tax authorities.

The explanation of the relationship between tax expense and profit before tax is as follows:-

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate				
Profit before tax	<u>402,817,458</u>	<u>474,119,214</u>	<u>372,679,080</u>	<u>499,291,620</u>
Tax calculated at the Malaysian tax rate of 25% (2008: 26%)	100,704,365	123,270,996	93,169,770	129,815,821
Tax effects of:				
- share of results in associate	(4,790,016)	7,284,811	-	-
- expenses not deductible for tax	22,698,843	1,759,185	24,905,445	1,782,100
- income not subject to tax	(49,701,054)	(26,026,947)	(49,227,686)	(26,026,947)
- temporary differences not recognised	900,592	41,184,559	900,592	41,184,559
- tax exempted statutory income	<u>(69,748,121)</u>	<u>(147,384,473)</u>	<u>(69,748,121)</u>	<u>(146,755,533)</u>
Tax expense	<u>64,609</u>	<u>88,131</u>	<u>-</u>	<u>-</u>

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

12 Property, plant and equipment

	Computers RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovations RM	Total RM
Group and Company						
2009						
Cost						
At 1 January 2009	2,790,808	216,684	179,193	103,377	1,339,189	4,629,251
Additions	660,348	37,674	32,323	-	-	730,345
At 31 December 2009	3,451,156	254,358	211,516	103,377	1,339,189	5,359,596
Accumulated depreciation						
At 1 January 2009	2,219,183	102,845	90,892	62,027	223,198	2,698,145
Charge for the financial year	280,402	33,185	26,685	20,675	267,838	628,785
At 31 December 2009	2,499,585	136,030	117,577	82,702	491,036	3,326,930
Net book value						
31 December 2009	951,571	118,328	93,939	20,675	848,153	2,032,666
2008						
Cost						
At 1 January 2008	2,469,360	189,617	365,831	103,377	121,969	3,250,154
Additions	335,397	27,067	37,483	-	1,339,189	1,739,136
Disposal / write off	(13,949)	-	(224,121)	-	(121,969)	(360,039)
At 31 December 2008	2,790,808	216,684	179,193	103,377	1,339,189	4,629,251
Accumulated depreciation						
At 1 January 2008	1,973,323	72,650	197,351	41,351	76,729	2,361,404
Charge for the financial year	250,949	30,195	30,230	20,676	229,296	561,346
Disposal / write off	(5,089)	-	(136,689)	-	(82,827)	(224,605)
At 31 December 2008	2,219,183	102,845	90,892	62,027	223,198	2,698,145
Net book value						
31 December 2008	571,625	113,839	88,301	41,350	1,115,991	1,931,106

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

13 Investment in subsidiary

	Company 2009 RM	Company 2008 RM
Unquoted shares at cost	11,000,000	11,000,000

The subsidiary of the Company which is incorporated in Malaysia is as follows:

Name	Principal activities	Issued and fully paid up ordinary shares		Percentage of equity held	
		2009	2008	2009	2008
<i>i</i> -VCAP Management Sdn Bhd	Investment management services	<u>11,000,000</u>	<u>11,000,000</u>	100%	100%

14 Investment in associate

	2009 RM	2008 RM
<u>Group</u>		
Quoted shares at cost	74,803,204	74,803,204
Share of loss of associate (net of taxation)	<u>(9,301,405)</u>	<u>(28,018,505)</u>
Share of net assets	<u>65,501,799</u>	<u>46,784,699</u>
 <u>Company</u>		
Quoted shares at cost	74,803,204	74,803,204
Less: Impairment allowance	<u>(8,761,798)</u>	<u>-</u>
	<u>66,041,406</u>	<u>74,803,204</u>
 Market value of quoted shares	<u>66,041,406</u>	<u>49,128,363</u>

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

14 Investment in associate (continued)

The revenue, loss after tax, assets and liabilities of the associate are as follows:

	2009	Period from 22 January 2008 (Date of launch) to 31 December 2008
	RM	RM
Revenue	22,994,929	30,986,635
Profit/ (Loss) after tax	<u>196,270,296</u>	<u>(336,596,945)</u>
	2009	2008
	RM	RM
Assets	660,871,344	484,081,423
Liabilities	<u>4,166,280</u>	<u>1,368,755</u>

The associate of the Company which is incorporated in Malaysia and listed on Bursa Malaysia is as follows:

Name	Principal activities	Percentage of units held	
		2009	2008
MyETF Dow Jones Islamic Market Malaysia Titans 25 ("MyETF")	Exchange Traded Fund	10.04%	9.69%

The Group accounts for its investment in MyETF as an associate although the Group holds less than 20 per cent of the units in circulation as the Group has the ability to exercise significant influence in the operating and financial policy decision of the investment through the management company of the Exchange Traded Fund, in which the Company owns 100% interest.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

15 Other asset

	Group and Company 2009 RM	Group and Company 2008 RM
Club subscription	<u>32,000</u>	<u>32,000</u>

16 Available-for-sale financial assets

	Group and Company 2009 RM	Group and Company 2008 RM
At market value		
Quoted shares in Malaysia	<u>10,896,149,540</u>	<u>6,248,162,188</u>

17 Trade and other receivables

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Amount due from stockbrokers	3,179,923	1,891,301	3,179,923	1,891,301
Dividend receivable	2,937,755	17,947,629	2,937,755	17,947,629
Other receivable	221,796	150	-	-
	<u>6,339,474</u>	<u>19,839,080</u>	<u>6,117,678</u>	<u>19,838,930</u>

Credit terms of amount due from stockbrokers are in accordance with the Bursa Malaysia Securities Berhad's rules on settlement and are denominated in Ringgit Malaysia.

The carrying amounts of trade and other receivables at balance sheet date approximated their fair values.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

18 Deposits and prepayments

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Utility and rental deposits	594,092	583,589	428,842	424,289
Prepayments	195,260	128,314	151,140	120,510
	<u>789,352</u>	<u>711,903</u>	<u>579,982</u>	<u>544,799</u>

The carrying amounts of deposits and prepayments at balance sheet date approximated their fair values.

19 Cash and cash equivalents

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Bank and cash balances	75,850,774	148,950	75,828,467	135,408
Deposits with licensed banks	2,895,861,412	1,396,532,991	2,880,933,319	1,385,734,850
Deposits with licensed financial institutions	1,209,893,334	360,977,275	1,209,893,334	360,977,275
	<u>4,181,605,520</u>	<u>1,757,659,216</u>	<u>4,166,655,120</u>	<u>1,746,847,533</u>

Deposits with licensed banks includes RM98,490,127 (2008: RM107,987,800) that has been designated for the purpose of meeting coupon payment obligations in compliance with the Supplemental Trust Deed for the Redeemable Unsecured Bonds ('RUB') subscriptions dated 14 March 2006, which require the Company to maintain a Debt Service Reserve Account ('DSRA'). This amount cannot be utilised for other purposes.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

19 Cash and cash equivalents (continued)

The interest rates of deposits and bank balances that was effective as at balance sheet date were as follows:

	Group 2009 %	Group 2008 %	Company 2009 %	Company 2008 %
Deposits with licensed banks	2.32	3.34	2.32	3.34
Deposits with licensed financial institutions	2.33	3.32	2.33	3.32

Deposits of the Company have an average maturity period of 75 days (2008: 30 days) and are denominated in Ringgit Malaysia.

The carrying amounts of deposits, bank and cash balances at balance sheet date approximated their fair values.

20 Trade payables

	Group and Company 2009 RM	Group and Company 2008 RM
Amounts due to stockbrokers	20,549,435	23,304,289

Credit terms of trade payables are in accordance with the Bursa Malaysia Securities Berhad's rules on settlement and are denominated in Ringgit Malaysia. The carrying amounts of trade payables at balance sheet date approximated their fair values.

21 Other payables

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Other payables and accrued expenses	5,527,104	4,487,068	4,868,814	3,885,445
	5,527,104	4,487,068	4,868,814	3,885,445

The carrying amounts of other payables at balance sheet date approximated their fair values.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

22 Amount due to subsidiary company

The amount due to subsidiary Company is unsecured, interest free and has no fixed repayment terms. The carrying amount of amount due to subsidiary approximates its fair value.

23 Redeemable unsecured bonds

	Group and Company 2009 RM	Group and Company 2008 RM
Redeemable unsecured bonds ("RUB")	5,188,903,479	5,196,837,123

The RUB were issued as follows:

	Group and Company 2009 RM	Group and Company 2008 RM
Subscribers:		
Khazanah Nasional Berhad	1,700,000,000	1,700,000,000
Permodalan Nasional Berhad	1,700,000,000	1,700,000,000
Kumpulan Wang Amanah Pencen	1,700,000,000	1,700,000,000
	5,100,000,000	5,100,000,000

The RUB which is unsecured matured on 28 February 2009 and was extended for a period of 3 years to 28 February 2012 at a coupon rate of 3.81% per annum as approved by the Securities Commission on 20 February 2009 and mutually agreed by the bondholders. The coupon payments are payable semi-annually on 17 January and 17 July respectively.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

24 Term loan

	Group and Company 2009 RM	Group and Company 2008 RM
Term Loan	<u>5,000,577,890</u>	<u>1,000,101,863</u>

In 2008, the Company secured a 10 year term loan facility which is guaranteed by the Government amounting to RM5 billion from Employee Provident Fund (EPF). The term loan has been fully drawdown during the year in the following tranches:- .

Tranche	Drawdown Date	Drawdown Amount RM	Interest Rate %
1 st	31-Dec-08	1,000,000,000	3.718
2 nd	30-Jan-09	1,000,000,000	3.605
3 rd	27-Feb-09	1,000,000,000	4.528
4 th	31-Mar-09	500,000,000	4.323
5 th	30-Apr-09	500,000,000	4.498
6 th	29-May-09	500,000,000	4.793
7 th	30-Jun-09	500,000,000	4.870
		<u>5,000,000,000</u>	

The interest rate payable on the loan is based upon 10 years Malaysian Government Securities (“MGS”) yield and a margin of fifty basis points per annum determined on each drawdown date. The interest payments are payable semi annually on 30 June and 31 December respectively. The loan is repayable in full 10 years from each drawdown date.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

25 Share capital

	Group and Company 2009 RM	Group and Company 2008 RM
Authorised ordinary shares of RM1 each		
As at 31 December	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid ordinary shares of RM1 each		
As at 31 December	<u>50,000,000</u>	<u>50,000,000</u>

26 Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities when the deferred taxes relate to the same tax authority.

27 Dividends

A final tax exempt dividend of RM3.00 (2008: RM1.00) per share in respect of ordinary shares was proposed for the financial year, amounting to RM150,000,000 (2008: RM50,000,000) which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

The proposed dividend is to be paid out of its tax exempt account. The balance in the tax exempt account amounts to RM3,039,426,196 (2008: RM2,898,444,330). The tax exempt amount is however, subject to the approval of the Malaysian tax authorities.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

28 Non-cancellable operating lease commitments

Non-cancellable operating lease commitments:

	Group 2009 RM	Company 2009 RM	Group and Company 2008 RM
Future minimum lease payments			
Within one year	3,132,681	2,938,372	2,673,402
Between one to five years	81,620	24,660	1,260,984
	<u>3,214,301</u>	<u>2,963,032</u>	<u>3,934,386</u>

29 Related party transactions and balances

(A) Related parties and relationships

The related parties of, and their relationship (other than those disclosed in Note 13 and Note 14 to the financial statements) with the Group and Company are as follows:

Related parties	Relationship
All Directors, Chief Executive Officer, Chief Investment Officer, Chief Quantitative & Product Strategy, Head of Finance, Head of Corporate Management, Head of Investment Research and Head of Compliance and Risk Management of the Company.	Key management personnel
Close family members and dependants of key management personnel and entities that are controlled or significantly influenced by, or for which significant voting power in such entity reside with, directly, or indirectly by key management personnel or its close family members.	Related parties of key management personnel

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

29 Related party transactions and balances (continued)

(B) Significant related party transactions and balances

Other than those disclosed in Notes 10 and Note 22, other significant related party transactions or balances are disclosed below:

(i) Key management personnel compensation

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Salaries and other short term benefits	6,055,079	4,635,229	4,809,414	3,452,679
Post-employment benefit	937,483	689,895	773,012	527,894
	<u>6,992,562</u>	<u>5,325,124</u>	<u>5,582,426</u>	<u>3,980,573</u>

(ii) Year end balances arising from key management personnel compensation

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Bonus payable	1,694,765	1,132,680	1,579,965	1,019,806
Directors Fee's payable	766,644	500,630	605,849	366,630
Salaries and other short term benefits payable excluding bonus	329,402	216,067	308,942	195,942
	<u>2,790,811</u>	<u>1,849,377</u>	<u>2,494,756</u>	<u>1,582,378</u>

The bonus payable bears no interest.

(iii) Transaction with a subsidiary

During the financial period under review, the Company, vide the Board of Directors approval dated 5th December 2008, has agreed to absorb all the expenses incurred by the subsidiary Company for the period from 1 January 2009 to 31 January 2010 or up to a period of three (3) months following the launch of the 2nd tranche of MyETF, whichever is earlier. This is to enable i-VCAP meet its operating requirements in the interim period whilst ensuring compliance to the requirement set forth by the Securities Commission which stipulates that the subsidiary company must maintain a minimum shareholders' fund of RM10 million at all times.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

29 Related party transactions and balances (continued)

(B) Significant related party transactions and balances (continued)

(iii) Transaction with a subsidiary (continued)

For the financial year ended 31 December, the total amount of expenses and assets purchased by Valuecap for the use of subsidiary are as follows:

	Note	2009 RM	2008 RM
Operational Expenditure	(a)	3,940,443	3,967,590
Deposit for utility		1,643	-
Purchase of property, plant and equipment from i-VCAP	(b)	217,651	202,384
Taxation		64,609	88,131
Establishment cost of MyETF		-	6,398,241
		<u>4,224,346</u>	<u>10,656,346</u>

(a) The operational expenditure for the financial year ended 31 December included the following items:

	2009 RM	2008 RM
Auditor's remuneration	35,000	35,000
Tax agent's remuneration	8,500	7,000
Rental of premises	249,912	249,912
Hire of plant and machinery	152,655	83,364
Directors' remuneration		
- Fees	160,795	134,000
- Other emoluments	75,000	78,500

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

29 Related party transactions and balances (continued)

(B) Significant related party transactions and balances (continued)

(iii) Transaction with a subsidiary (continued)

Also included in the operational expenditure for the financial year ended 31 December are the staff costs for the subsidiary's key management personnel as follows:

	2009 RM	2008 RM
Salary	720,000	790,680
Employee's Provident Fund Contribution	164,471	162,001
Other Benefits and Allowances	289,870	179,370
	<u>1,174,341</u>	<u>1,132,051</u>

The key management personnel is defined as the Chief Executive Officer, the Head of Compliance and the Head of Finance & Administration.

(b) The property plant and equipment was transferred at cost. The proceeds from the sale is still outstanding as at year end and is part of the 'amount due to subsidiary company'.

(iv) Transaction with an associate

As at the year end, the units held by the Company in the fund managed by its subsidiary are as follows:

	2009		2008	
	No. of units	Net Asset Value RM	No. of units	Net Asset Value RM
MyETF Dow Jones Islamic Market Malaysia Titans 25	80,538,300	65,944,760	80,538,300	46,784,699

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2009 (continued)

30 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.

Fair value information for non-financial assets and liabilities is excluded as they do not fall within the scope of FRS 132 'Financial Instruments: Disclosure and Presentation' which requires the fair value information to be disclosed.

The face values of the financial assets and liabilities with a maturity period of less than one year are assumed to approximate their fair values.

The estimated fair values of the Redeemable Unsecured Bonds and Term Loan are estimated based on the discounted cash flows using the discount rate based upon the borrowing rate which the Directors expect would be available to the Group and Company at the balance sheet date.

The following table summarises the carrying amount and fair values of those financial assets and liabilities not presented on the Group's balance sheet at their fair values which are materially different from their carrying amount:

	<u>Group</u>		<u>Company</u>	
	<u>Carrying value</u>	<u>Fair value</u>	<u>Carrying value</u>	<u>Fair value</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
2009				
<u>Financial liabilities</u>				
Redeemable unsecured bonds	5,188,903	5,104,526	5,188,903	5,104,526
Term loan	5,000,578	4,832,147	5,000,578	4,832,147
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2008				
<u>Financial liabilities</u>				
Redeemable unsecured bonds	5,196,837	5,088,134	5,196,837	5,088,134
Term loan	1,000,102	1,003,988	1,000,102	1,003,988
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

31 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 10 May 2010.

ValueCap Sdn Bhd

(Company no: 595989 V)

(Incorporated in Malaysia)

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Azman bin Mokhtar and Md Ali bin Md Dewal, being two of the Directors of ValueCap Sdn Bhd, state that, in the opinion of the Directors, the financial statements set out on pages 5 to 53 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2009 and of its results and cash flows of the Group and Company for the financial year ended on that date in accordance with the MASB approved accounting standards in Malaysia for entities other than private entities and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolutions dated 10 May 2010

Tan Sri Azman bin Mokhtar
Director

Md Ali bin Md Dewal
Director
Kuala Lumpur

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, Mazlinda Abdul Latiff, being the officer primarily responsible for the financial management of ValueCap Sdn Bhd, do solemnly and sincerely declare that the financial statements set out on pages 5 to 53 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Mazlinda Abdul Latiff

Subscribed and solemnly declared by the abovenamed Mazlinda Abdul Latiff in Kuala Lumpur, Malaysia on 10 May 2010 before me.

Commissioner for Oaths

Independent auditor's report to the members of ValueCap Sdn Bhd

(Company no: 595989 V)

Report On The Financial Statements

We have audited the financial statements of ValueCap Sdn Bhd, which comprise the balance sheet as at 31 December 2009 of the Group and Company, and the income statement, statement of changes in equity and cash flow statement of the Group and Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 53.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report to the members of ValueCap Sdn Bhd (continued)

(Company no: 595989 V)

Report On The Financial Statements (Continued)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and Company as of 31 December 2009 and of its financial performance and cash flows for the year then ended.

Report On Other Legal And Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Group and Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants

Mohammad Faiz Bin Mohammad Azmi
(No 2025/03/12 (J))
Chartered Accountant

Kuala Lumpur
10 May 2010