

icapital.biz Berhad (674900 X)

2006 Annual Report

About icapital.biz Berhad

(a) Who we are

icapital.biz Berhad (your Fund) is a closed-end fund that invests in undervalued companies which are listed on the Main and Second Boards of Bursa Malaysia Securities Berhad (Bursa Securities) and the MESDAQ Market of Bursa Securities. It can also invest up to 10% of its asset value in unlisted companies.

With a RM140 million paid-up capital, your Fund has a fixed number of outstanding shares at any point in time. Like other publicly traded companies, its share price is determined entirely by market supply and demand. Similarly, shares of your Fund are bought and sold in the stock market via licensed stockbroking companies.

Even before its listing on 19 October 2005, the aim has been to increase the value of your Fund. This is achieved by adhering to a value investing philosophy. As a value investor, investments will be selected based on their market prices and underlying values.

Unless approved by the shareholders, your Fund is not allowed to borrow.

(b) Why we exist

icapital.biz Berhad exists for one simple reason : to allow long-term shareholders or more aptly called share owners, to benefit from value investing. Investing in your Fund allows the power of compounding to work for you. If we succeed in achieving this, we would have also shown that serious long-term investing in Bursa Securities can offer superior returns.

(c) Who runs your Fund

Set up as a company under the Companies Act 1965, icapital.biz Berhad

is represented by its Board of Directors. The Board members are non-executive and undertake a supervisory role to ensure that your Fund operates in an orderly fashion at all times.

Your Fund does not have any staff. Its operations are outsourced to independent service providers. The main service providers are the fund manager, the investment adviser, the custodian and the administrator.

The assets are managed by the fund manager, in accordance with the approved investment policies and objectives while the investment research and analysis is provided by the investment adviser. The assets are safe kept by the custodian while the accounting and administrative services are outsourced to the administrator.

Your Fund also requires the services of a corporate secretary, share registrar, external auditor and tax agent and has outsourced the internal audit function. The internal auditor reports directly to the Audit Committee.

There are major differences between a unit trust fund and a closed-end fund. For a copy of the report explaining these, please contact the investment adviser, Capital Dynamics Sdn Bhd or please visit www.icapital.biz or www.icapitaleducation.biz.

(d) How to contact us

The company secretary can be contacted at (603) 7725 2888, at fax no (603) 7725 7791 or at corpserv@pfa.com.my.

The fund manager can be contacted at (603) 2070 2106, at fax no (603) 2070 6653 or at cdam@icapital.biz.

The investment adviser can be contacted at (603) 2070 2104, at fax no (603) 2070 2103 or at cdsb@icapital.biz.

(a) Letter to Share Owners

For the period ended 31 May 2006, your Fund recorded revenue of RM3.347 million and pretax loss of RM0.615 million. As your Fund did not sell any of its securities, the revenue comprised interest and dividend income. The pretax loss was due to the one-time listing expenses of RM2.235 million and pre-operating expenses of RM0.191 million. Otherwise, your Fund would have recorded a pretax profit of RM1.811 million.

More importantly, the net asset value (NAV) of your Fund rose from RM0.99 per share on 19 October 2005 to RM1.13 per share by 31 May 2006.

The initial public offering of icapital.biz Berhad has a number of interesting features that I would like to share with you in its first annual report.

First, closed-end funds are typically launched when the stock market is exciting. This is understandable, as it is difficult to raise the desired funds during poor market conditions. The initial public offering of icapital.biz Berhad instead took place in less than exciting times. As a value investor, this was intentional. Despite local stock market conditions that were not buoyant, the offering was heavily oversubscribed, illustrating the sophistication of investors and vindicating the firm belief of the fund manager and investment adviser that it was an ideal time to launch your Fund. As Sun Tzu wisely advised, in times of peace, prepare for war; in times of war, prepare for peace.

Secondly, at less than 2% of the gross proceeds raised, the listing expenses of your Fund were kept to the lowest level

possible, and probably the lowest in recent memory. The fund manager, Capital Dynamics Asset Management Sdn. Bhd., and the investment adviser, Capital Dynamics Sdn. Bhd., worked hard to ensure that this value enhancing objective was attained.

Thirdly, we have constantly referred to shareholders as share owners. Holding implies something transitory while owning implies a more permanent state of affairs, just like a property owner is not described as a property holder.

Fourthly, as at 31 May 2006, your Fund still has RM60.6 million cash and near cash (equal to 43% of the gross proceeds raised) available for investment purposes. Despite this and despite the recent falls in the stock market, the net asset value of your Fund as at 31 May 2006 has appreciated by 14.1% from 19 October 2005. In contrast, the KL Composite Index has gained just 1.5% within the same period, while the EMAS Index has gained just 3.1%.

Fifthly, closed-end funds typically trade at market prices below their net asset values. Since its first day of listing on 19 October 2005, icapital.biz Berhad has instead been trading at a premium, once again testifying to the soundness of value investing and the wisdom of investors.

In conclusion, on behalf of the Board, I once again welcome you as shareholders or as we would rather say, share owners and look forward to a long and rewarding relationship.

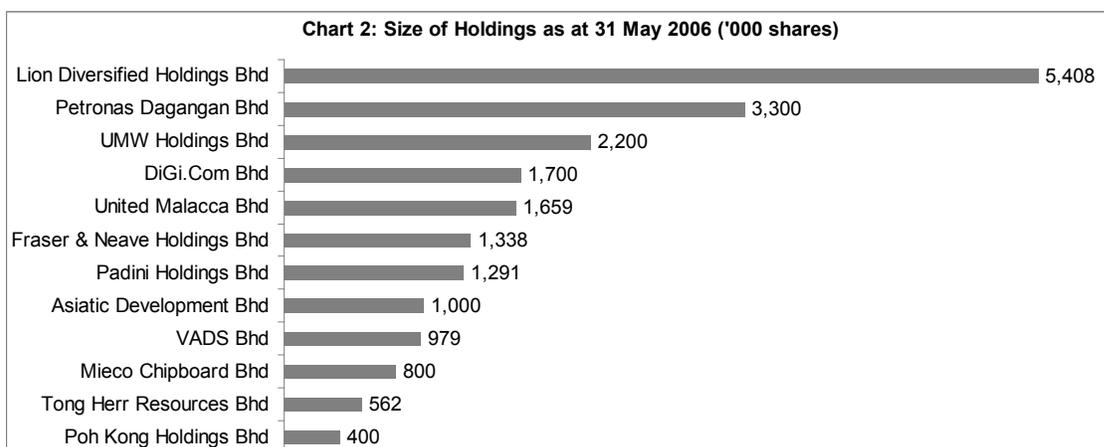
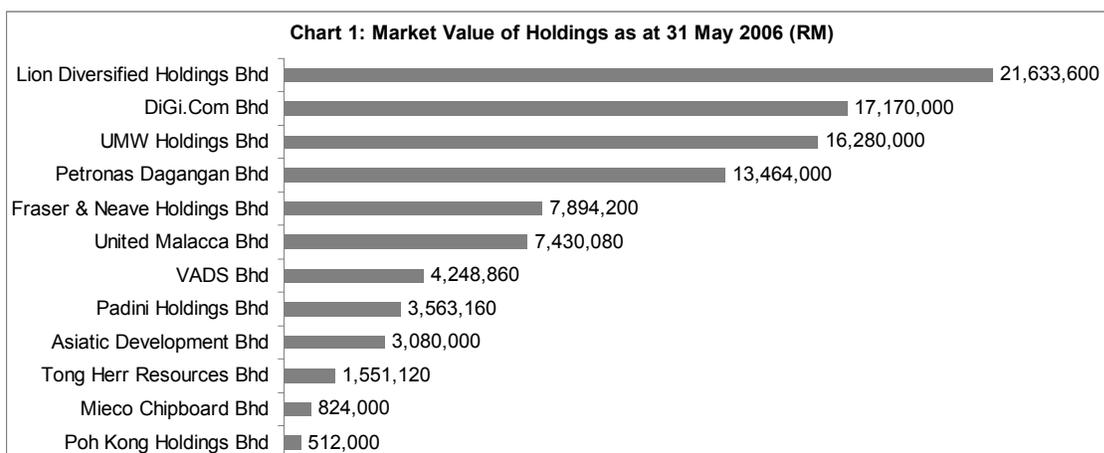
YM Tunku Tan Sri Dato' Seri Ahmad Bin
Tunku Yahaya
Chairman
16 June 2006

(b) What we have done with your funds

“Investing is most intelligent when it is most business-like” – Benjamin Graham

(i) Investments made

The purchases made since 19 October 2005 and the current portfolio are shown in charts 1 and 2 below. From 19 October 2005 to 31 May 2006, there was no sale of securities.



As at 31 May 2006, your Fund invested a total of RM78.129 million with a market value of RM97.651 million, giving unrealised gains of RM19.522 million. More information of your Fund's portfolio can be found on page 27.

Your Fund's investments in Lion Diversified Holdings Berhad, DiGi.Com Berhad and UMW Holdings Berhad have been the major contributors to the rise in asset value. On the other hand, the investment in Petronas Dagangan Berhad has been the main negative contributor.

(ii) NAV and market price

Since its listing on 19 October 2005, the NAV per share of your Fund has appreciated from RM0.99 to RM1.13 by 31 May 2006. This represents a gain of 14.14%.

Since its listing on 19 October 2005, the market price of your Fund has appreciated from RM1.01 to RM1.25 by 31 May 2006. This represents a gain of 24%.

The statistics showing the performance of your Fund and comparisons with the KL Composite Index (KLCI) and the EMAS Index are shown in charts 3, 4 and 5 below.

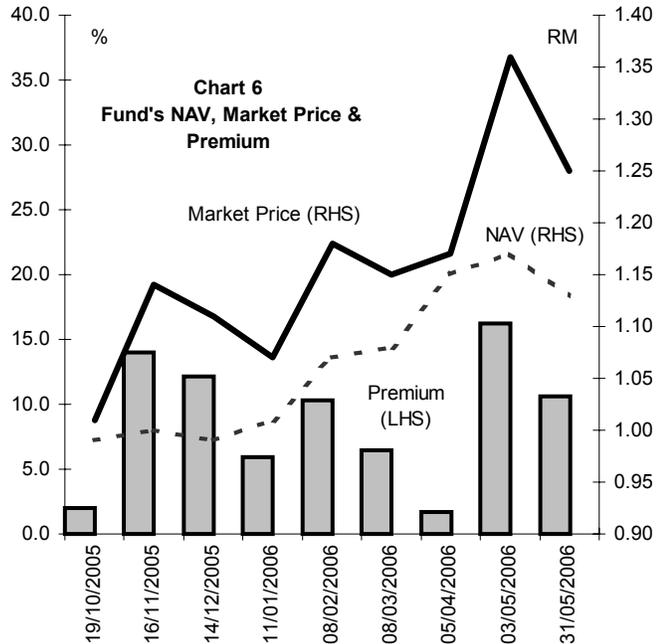
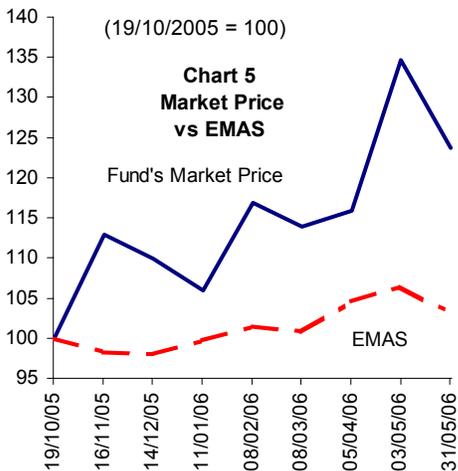
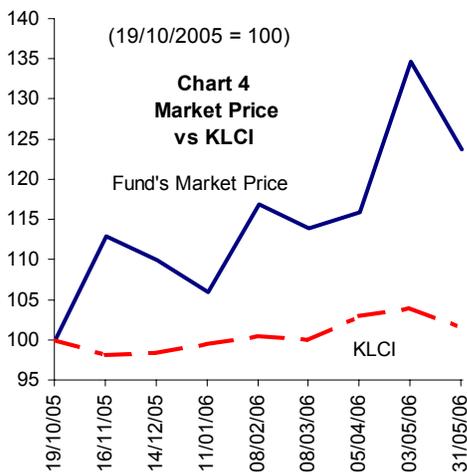
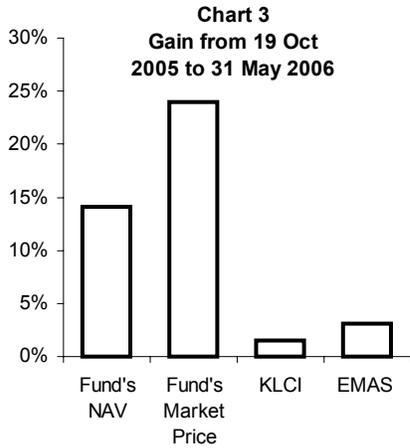


Chart 6 shows the NAV per share, market price and its premium.

(iii) What we think

The world economy is undergoing a substantial structural transformation. As a result, the economic and pricing environment has become relatively more volatile. Not too long ago, worries over deflation abound. Now it centres on inflation. The earlier optimism surrounding equity markets throughout the world has dissipated. Fears have quickly replaced greed. Our views on the economic conditions can be summed up as “cyclical inflation, secular boom” (source: *i Capital*[®], Volume 17, Number 36). With this and the fact that your Fund still has a substantial sum available for investing, the current turmoil in stock markets presents interesting investing opportunities.

Tan Teng Boo
Designated Person
Capital Dynamics Asset Management Sdn Bhd
16 June 2006

(a) Siapakah kami

icapital.biz Bhd (Dana anda) merupakan sebuah dana tertutup yang melabur di dalam syarikat-syarikat yang tersenarai di Papan Utama dan Kedua dan Pasaran MESDAQ Bursa Malaysia Securities Berhad (Bursa Securities) yang terkurang nilai. Ia juga boleh melabur 10% daripada nilai asetnya di dalam syarikat-syarikat yang tidak tersenarai.

Dengan modal berbayar sebanyak RM140 juta, Dana anda mempunyai bilangan saham terbitan yang tetap pada bila-bila masa. Seperti syarikat lain yang didagangkan secara awam, harga sahamnya ditentukan sepenuhnya oleh penawaran dan permintaan pasaran. Transaksi jual beli saham Dana anda juga dilaksanakan dalam pasaran saham melalui syarikat broker saham yang berlesen.

Walaupun sebelum penyenaiaannya pada 19 Oktober 2005, matlamat utama adalah untuk menggandakan nilai Dana anda. Ini dicapai dengan mengikuti falsafah pelaburan berasaskan nilai. Sebagai seorang pelabur berasaskan nilai, pemilihan pelaburan akan dipilih berdasarkan kepada harga pasaran dan nilai dasar pelaburan tersebut.

Kecuali dengan kebenaran pemegang saham, Dana anda tidak dibenarkan untuk meminjam.

(b) Kenapa kami wujud

icapital.biz Berhad wujud hanya untuk satu tujuan: untuk membolehkan pemegang saham jangka panjang atau lebih sesuai dipanggil pemilik saham memperoleh manfaat daripada pelaburan berasaskan nilai. Melabur dalam Dana anda membenarkan anda mendapat keuntungan melalui kuasa gandaan faedah. Sekiranya kami berjaya mencapai matlamat ini, kami juga dapat membuktikan bahawa pelaburan jangka panjang yang serius dalam Bursa Securities boleh menawarkan pulangan yang lumayan.

(c) Siapa yang mengurus Dana anda

Ditubuhkan sebagai sebuah syarikat di bawah Akta Syarikat 1965, icapital.biz Bhd

diwakili oleh Ahli Lembaga Pengarah. Ahli Lembaga adalah bukan eksekutif dan memainkan peranan sebagai penyelia untuk memastikan bahawa Dana anda beroperasi mengikut cara yang telah ditetapkan pada setiap masa.

Dana anda tidak mempunyai pekerja. Operasinya dipertanggungjawabkan kepada pembekal perkhidmatan yang bebas. Pembekal perkhidmatan yang utama ialah pengurus dana, penasihat pelaburan, penjaga dana dan pentadbir dana.

Segala aset diuruskan oleh pengurus dana, sejajar dengan polisi dan objektif pelaburan yang dibenarkan sementara penyelidikan dan analisis pelaburan disediakan oleh penasihat pelaburan. Segala aset dipegang dan dijaga oleh penjaga dana, sementara perkhidmatan perakaunan dan pengurusan pentadbiran dipertanggungjawabkan kepada pentadbir dana.

Dana anda juga memerlukan perkhidmatan daripada setiausaha korporat, pendaftar saham, juruaudit luar dan agen cukai dan fungsi audit dalaman telah dipertanggungjawabkan kepada pihak luar. Juruaudit dalaman melapor terus kepada Jawatankuasa Audit.

Terdapat perbezaan yang ketara di antara amanah saham dan dana tertutup. Untuk salinan laporan yang menerangkan perbezaan ini, sila hubungi penasihat pelaburan, Capital Dynamics Sdn Bhd atau layari laman web www.icapital.biz atau www.icapitaleducation.biz.

(d) Bagaimana menghubungi kami

Setiausaha syarikat boleh dihubungi di talian (603) 7725 2888, nombor faks (603) 7725 7791 atau e-mel corpserv@pfa.com.my.

Pengurus dana boleh dihubungi di talian (603) 2070 2106, nombor faks (603) 2070 6653 atau e-mel cdam@icapital.biz.

Penasihat Pelaburan boleh dihubungi di talian (603) 2070 2104, nombor faks (603) 2070 2103 atau e-mel cdsb@icapital.biz.

(a) Surat kepada Pemilik Saham

Bagi tahun berakhir 31 Mei 2006, Dana anda telah merekodkan pendapatan sebanyak RM3.347 juta dan kerugian sebelum cukai sebanyak RM0.615 juta. Oleh kerana Dana anda tidak menjual sebarang sekuriti, pendapatannya merangkumi faedah dari pelaburan dan dividen. Kerugian sebelum cukai adalah disebabkan oleh perbelanjaan penyenaian sebanyak RM2.235 juta dan perbelanjaan pra-operasi sebanyak RM0.191 juta. Dalam erti kata lain, Dana anda telah merekodkan keuntungan sebelum cukai sebanyak RM1.811 juta.

Yang lebih penting, nilai asset bersih (NAB) bagi Dana anda telah meningkat dari RM0.99 sesaham pada 19 Oktober 2005 kepada RM1.13 sesaham menjelang 31 Mei 2006.

Tawaran awam awal bagi icapital.biz Berhad mempunyai beberapa ciri menarik yang ingin saya kongsi bersama anda di dalam laporan tahunan yang pertama ini.

Pertama, dana tertutup secara lazimnya dilancarkan semasa pasaran saham sedang melonjak. Sememangnya adalah sangat sukar untuk mendapat dana yang diinginkan semasa pasaran saham lembap. Sebaliknya, tawaran awam awal bagi icapital.biz Berhad berlaku semasa pasaran saham lembap. Sebagai pelabur berasaskan nilai, ini dibuat secara sengaja. Meskipun pasaran saham tempatan tidak menentu, tawaran ini telah terlebih langgan, menggambarkan kecanggihan pelabur dan mengesahkan kepercayaan kukuh pengurus dana dan penasihat pelaburan bahawa inilah masa yang paling sesuai untuk melancarkan Dana anda. Sebagaimana yang dinasihatkan oleh Sun Tzu, semasa aman, bersedia untuk perang, semasa perang, bersedia untuk aman.

Kedua, perbelanjaan penyenaian Dana anda adalah kurang 2% daripada perolehan kasar daripada terbitan awam, barangkali

Tinjauan Prestasi icapital.biz Berhad

yang terendah buat masa ini. Pengurus dana, Capital Dynamics Asset Management Sdn. Bhd., dan penasihat pelaburan, Capital Dynamics Sdn. Bhd., telah bekerja keras untuk memastikan bahawa matlamat untuk meningkatkan nilai pelaburan dicapai.

Ketiga, kami sering merujuk pemegang saham sebagai pemilik saham. Pegangan merujuk kepada sesuatu yang tidak kekal manakala pemilikan merujuk kepada sesuatu yang lebih kekal, sepertimana pemilik harta tidak digelar sebagai pemegang harta.

Keempat, pada 31 Mei 2006, Dana anda masih mempunyai RM60.6 juta tunai dan hampir-tunai (bersamaan dengan 43% daripada perolehan kasar dari terbitan awam) untuk tujuan pelaburan. Walaupun keadaan ini berlaku dan pasaran saham pada masa ini merudum, nilai aset bersih bagi Dana anda pada 31 Mei 2006 telah meningkat sebanyak 14.1% dari 19 Oktober 2005. Sebaliknya, Indeks Komposit Kuala Lumpur hanya mencatat pulangan sebanyak 1.5% manakala Indeks EMAS sebanyak 3.1% dalam tempoh yang sama.

Kelima, dana tertutup secara lazimnya didagangkan pada harga pasaran di bawah nilai aset bersihnya. Sebaliknya, sejak hari pertama disenaraikan pada 19 Oktober 2005, icapital.biz Berhad telah didagangkan pada paras premium, sekali lagi membuktikan kekukuhan pelaburan berasaskan nilai dan kebijaksanaan pelabur.

Sebagai kesimpulan, bagi pihak Lembaga Pengarah, saya sekali lagi mengalu-alukan anda sebagai pemegang saham atau lebih kami kenali sebagai pemilik saham untuk hubungan yang berpanjangan dan menguntungkan.

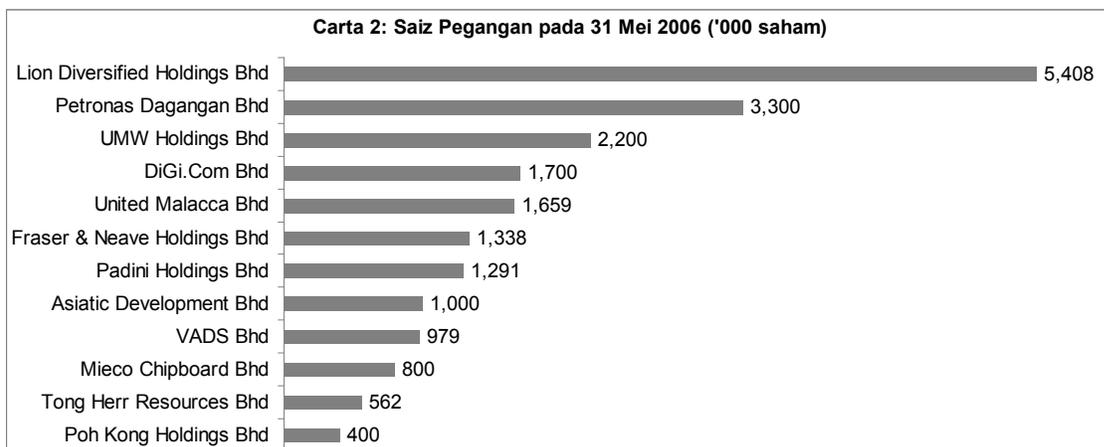
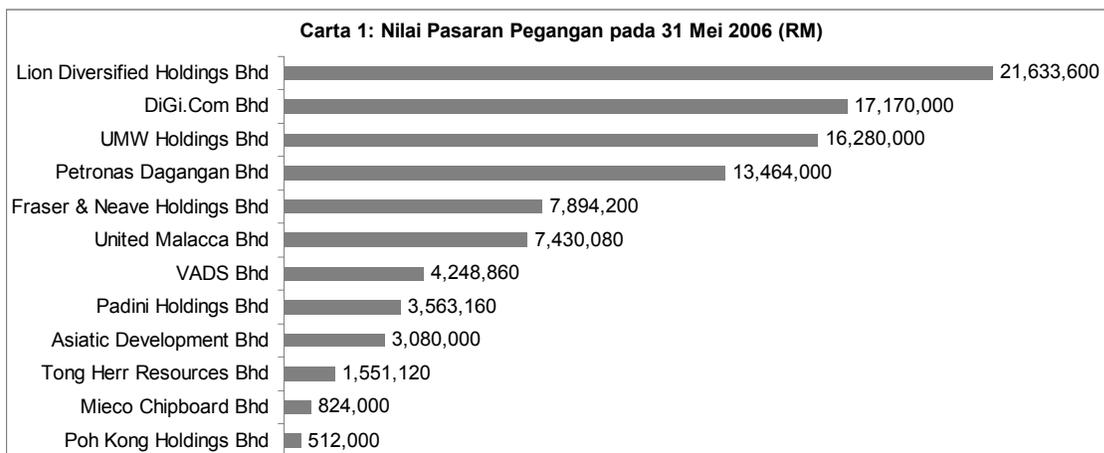
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya
Pengerusi
16 Jun 2006

(b) Apa yang telah kami lakukan dengan dana anda

“Pelaburan paling bijak adalah apabila ianya berupa perniagaan” – Benjamin Graham

(i) Pelaburan yang telah dibuat

Pembelian yang dibuat sejak 19 Oktober 2005 dan portfolio semasa ditunjukkan dalam carta 1 dan 2 di bawah. Tiada sebarang penjualan sekuriti dari 19 Oktober 2005 hingga 31 Mei 2006.



Pada 31 Mei 2006, Dana anda telah melabur sebanyak RM78.129 juta dengan nilai pasaran sebanyak RM97.651 juta, memberikan keuntungan belum realis sebanyak RM19.522 juta. Maklumat lanjut mengenai portfolio Dana anda boleh dirujuk di muka surat 27.

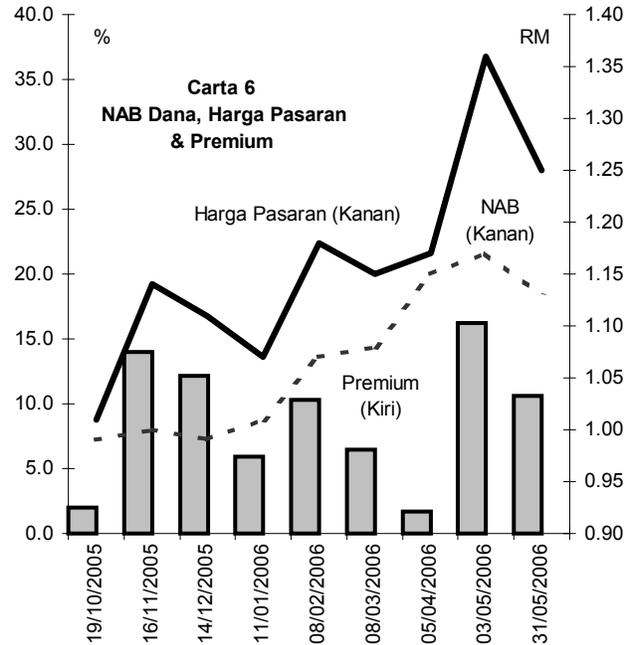
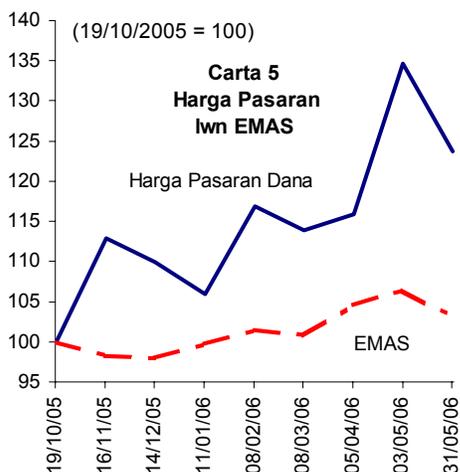
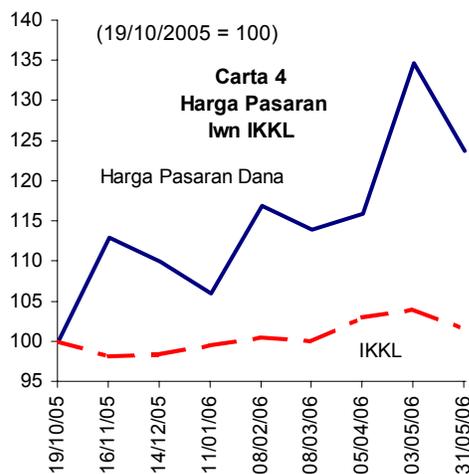
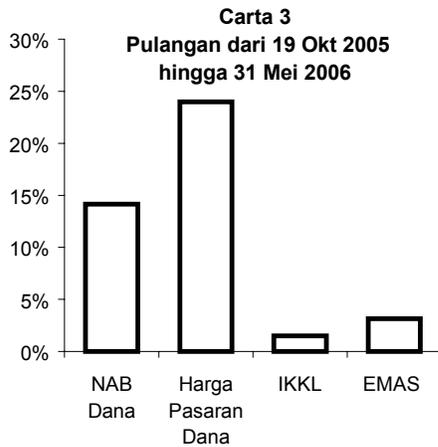
Pelaburan Dana anda dalam Lion Diversified Holdings Berhad, DiGi.Com Berhad dan UMW Holdings Berhad merupakan penyumbang utama terhadap peningkatan nilai asset. Sebaliknya, pelaburan dalam Petronas Dagangan Berhad merupakan penyumbang negatif utama.

(ii) NAB dan harga pasaran

Sejak penyenaian pada 19 Oktober 2005, NAB sesaham Dana anda telah meningkat dari RM0.99 kepada RM1.13 menjelang 31 Mei 2006. Ini mewakili pulangan sebanyak 14.14%.

Sejak penyenaian pada 19 Oktober 2005, harga pasaran Dana anda telah meningkat daripada RM1.01 kepada RM1.25 menjelang 31 Mei 2006. Ini mewakili pulangan sebanyak 24%.

Carta 3, 4 dan 5 di bawah merujuk kepada statistik prestasi Dana anda dan perbandingan dengan Indeks Komposit KL (IKKL) dan Indeks EMAS.



Carta 6 merujuk kepada NAB sesaham, harga pasaran dan premium.

(iii) Pendapat kami

Ekonomi dunia sedang mengalami perubahan struktur yang cukup besar. Justeru, persekitaran ekonomi dan harga sentiasa bergolak. Tidak lama dahulu, kebimbangan terhadap deflasi melimpah ruah. Namun kini, ia tertumpu kepada inflasi. Sikap optimis yang menyelubungi pasaran saham pada awalnya telah lenyap sama sekali. Sifat takut telah mengatasi sifat tamak dalam sekelip mata. Pandangan kami terhadap keadaan ekonomi boleh disimpulkan sebagai “putaran inflasi, pertumbuhan sekular” (sumber: *i Capital*[®], Jilid 17, Nombor 36). Dengan ini dan berdasarkan fakta bahawa Dana anda masih mempunyai sejumlah besar baki yang boleh dilaburkan, kerusahan pasaran saham sekarang memberi peluang pelaburan yang menarik.

Tan Teng Boo
Pegawai Lantikan Khas
Capital Dynamics Asset Management Sdn Bhd
16 Jun 2006

(a) 我们是谁

资本投资有限公司(您的基金)是一个投资于大马证券交易所的主要交易板、第二交易板以及大马自动报价所被低估的封闭式基金。它也可以将其资产价值不超过 10% 投资于非上市公司。

您的基金拥有 RM1 亿 4 千万的足额资本且在任何时候都拥有固定的已发行股。就如其它挂牌上市的公司一般，其股价完全由市场的供应以及需求所决定。同样地，您能够通过拥有执照的股票经纪行在股市买卖您的基金股票。

您的基金的目标一直都是要让它增值，而这目标甚至是在它於 2005 年 10 月 19 日上市前就被设定了。这是通过坚守价值投资理念而达成的。身为一位价值投资者，您的基金的投资决定是随股票的市场价及其潜在价值而定。

除非获得股东们的同意，要不然，您的基金不能借贷。

(b) 我们存在的理由

资本投资有限公司的存在全赖于一个简单的理由：允许长期股东从价值投资中获益。投资于您的基金允许复回酬的威力为您效劳。若能成功地达到这目标，我们将证明了长期性且认真地投资于大马证券交易所也能提供卓越的回酬。

(c) 谁管理您的基金

资本投资有限公司是依据 1965 年的公司法而成立。股东是由董事局所代表。董事们皆属非执行董事，并且扮演监管的角色以有条理地保您的基金在任何时候都是有理地运作。

您的基金并没有任何职员。其运作的皆委外给您。基金没有挂钩的主要专业公司。主要的专业公司是基金托管公司、投资顾问公司、托管公司以及行政服务公司。

基金管理公司根据被批准的投资政策及目标来管理资产，而投资公司研究以及分析则由投资顾问公司所管，而资产则被托管公司掌管，而会计与行政服务则委外给行政服务公司。

您的基金也雇用了秘书、注册服务公司、审核公司以及税务公司的服务。内部审计也被委外。内部审计员将直接向审核委员会进行汇报。

信托基金与封闭式基金有天渊之别。欲知这方面的详情，请联络投资顾问，资威私人有限公司或请浏览 www.icapital.biz 或 www.icapitaleducation.biz。

(d) 如何联络我们

您可以通过 (603) 7725 2888 或 (603) 7725 7791 (传真号码) 抑或 corpserv@pfa.com.my 联络公司秘书。

您可以通过 (603) 2070 2106 或 (603) 2070 6653 (传真号码) 抑或 cdam@icapital.biz 联络基金经理。

您可以通过 (603) 2070 2104 或 (603) 2070 2103 (传真号码) 抑或 cdsb@icapital.biz 联络投资顾问。

回顾资本投资有限公司的表现

(a) 给股东们的信

截至 2006 年 5 月 31 日为止，您的基金报上了 RM334 万 7 千的营业额以及 RM61 万 5 千的税前亏损。由于您的基金并没有售出任何的股票，营业额是由利息以及股息收入所组成。税前亏损是鉴于 RM223 万 5 千的一次性上市费用以及 RM19 万 1 千的运作前开销。若非如此，您的基金将报上 RM181 万 1 千的税前盈利。

更重要的是，您的基金的资产净值从 2005 年 10 月 19 日的每股 RM0.99 上升至 2006 年 5 月 31 日的每股 RM1.13。

资本投资有限公司的首度公开招股计划拥有数个有趣的特征，而我希望能够在其第一份年报里与您分享这些特征。

第一，封闭式基金通常在股市非常活跃的时候推出。这是可以理解的，因为欲在股市低迷时期筹集足意的资金是困难的。然而，资本投资有限公司的首度公开招股计划却在股市较不活跃的时候推出。鉴于您的基金的价值投资理念动机，这决定是蓄意的。尽管管本地股市并没有看涨，您的基金的认购率却远远地超出了所献议的数量。这说明了投资者的老练程度，并证明了基金经理以及投资顾问对当时推出基金是理想的时机的坚定信念是对的。正如孙子在当年所奉劝的：居安思危，反之亦然。

第二，您的基金的上市费用已尽可能维持至最低，而这或许是在近期上市的公司内上市费用最低的一个，既少过所筹得的毛款项的 2%。资威资产管理私人有限

公司以及资威私人有限公司很努力地确保达到这增值的目标。

第三，在英文，“股东”的相等名词是“shareholder”，可是我们觉得更贴切的名词应该是“share owner”。这是因为“holder”的意思是“持有人”，这让人有一种暂时性的感觉；而“owner”的意思是“拥有人”，这让人有一种较长久性的感觉。就如在英文中，“业主”被称为“property owner”，而不是“property holder”。

第四，截至 2006 年 5 月 31 日为止，您的基金仍然拥有 RM6 千零 60 万的现金以及约当现金(相等于所筹得的毛款项的 43%)以做投资之途。尽管如此，再加上股市最近的下挫，截至 2006 年 5 月 31 日为止，您的基金的资产净值乃从 2005 年 10 月 19 日增值了 14.1%。相对地，隆综合指数以及全股项指数在这期间仅分别增值了 1.5% 以及 3.1%。

第五，封闭式基金通常以折价交易，既市价低于资产净值。然而，自其於 2005 年 10 月 19 日的第一天上市以来，资本投资有限公司却一直以溢价交易。这再次证明了价值投资的透彻性以及投资者的智慧。

总得来说，我再次代表董事局欢迎各位股东并期待一份长远且有益的关系。

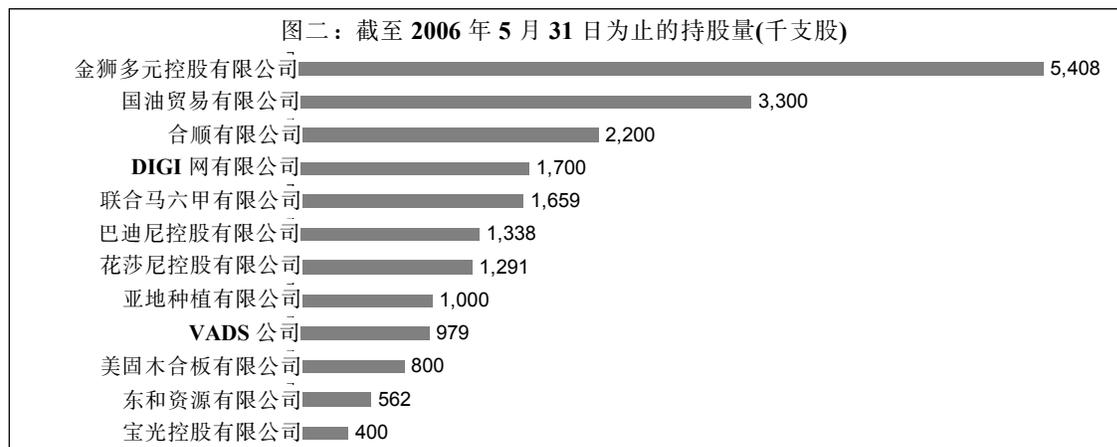
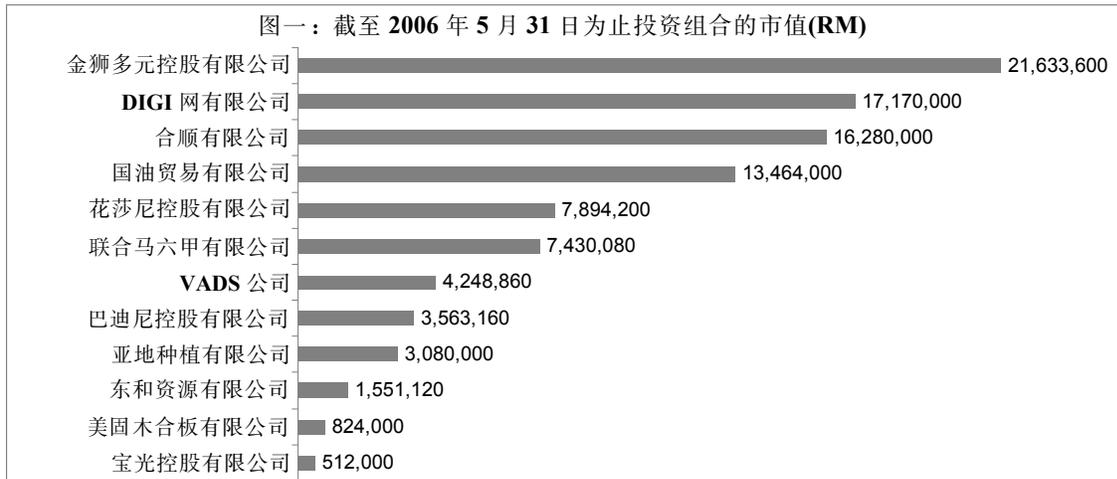
YM Tunku Tan Sri Dato' Ahmad
Bin Tunku Yahaya
董事局主席
2006 年 6 月 16 日

(b) 我们怎么处理您的资金

“当您把投资看待成投资于一盘生意时，这是最聪明的” — *Benjamin Graham*

(i) 已做出的投资

以下的图一与图二显示自 2005 年 10 月 19 日所购买的股票和目前的投资组合。在 2005 年 10 月 19 日至 2006 年 5 月 31 日期间，我们并没有售出任何的股票。



截至 2006 年 5 月 31 日为止，您的基金投资了 RM7 千 812 万 9 千而市值为 RM9 千 765 万 1 千，这意味着 RM1 千 952 万 2 千的未套现盈利。有关您的基金投资组合的详情，请翻阅第 27 页。

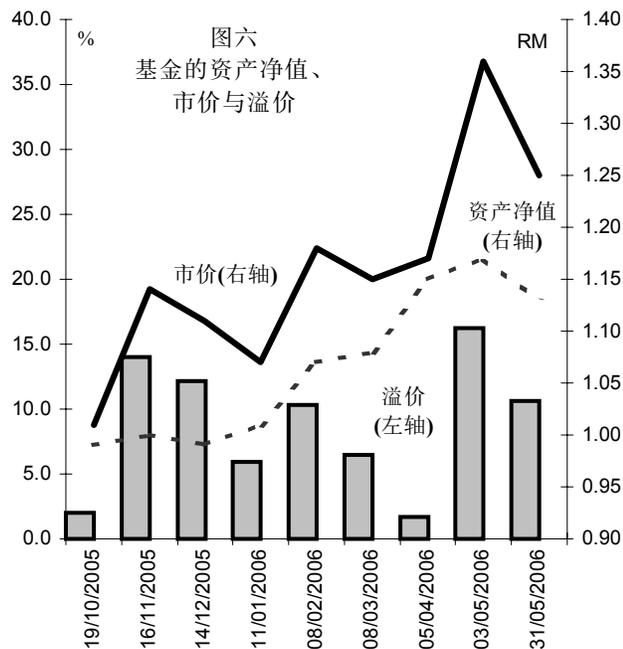
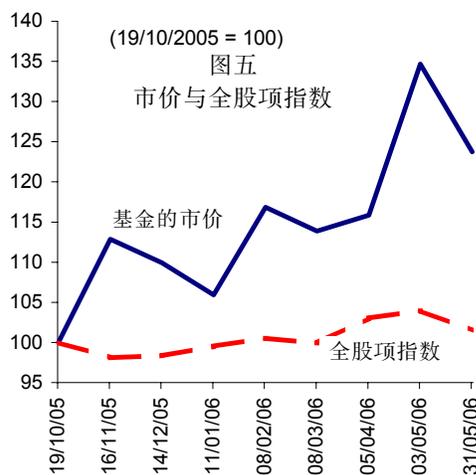
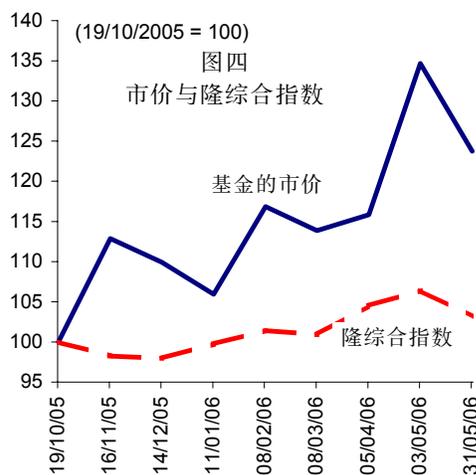
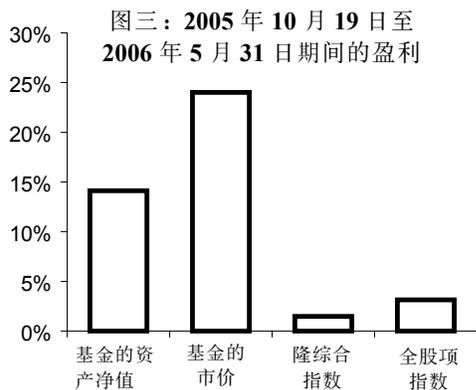
导致您的基金资产价值增值的主要贡献者为金狮多元控股有限公司、DIGI 网有限公司与合顺有限公司。相反，国油贸易有限公司则为主要负面贡献者。

(ii) 资产净值与市值

自其於 2005 年 10 月 19 日上市至 2006 年 5 月 31 日以来，基金的资产净值已从每股 RM0.99 上涨至每股 RM1.13。这代表着 14.14% 的上涨。

自其於 2005 年 10 月 19 日上市至 2006 年 5 月 31 日以来，您的基金的市价已从 RM1.01 上涨至 RM1.25。这代表着 24% 的上涨。

以下图三、图四和图五展示了您的基金相较于隆综合指数与全股项指数的表现。



图六显示每股资产净值、市价以及其溢价。

(iii) 我们的见解

世界经济正经历显著的结构转变。因此，经济与标价环境比以往更起伏不定。在不久前，大家都在担心着通缩。如今则担心通胀。早前对于全球股市的乐观情绪已消散。如今恐惧迅速地取代了贪婪的态度。

我们对经济状况的看法可简略如下：“周期性通胀，长期性涨势”（源自：《资本投资®》第十七册第二十四期）。有鉴于此，加上您的基金仍有大笔资金可做投资，现今各股市的反复无常呈现了有趣的投资机会。

陈鼎武
指定基金经理
资威资产管理私人有限公司
2006年6月16

Profile of Directors

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya

Chairman/Non-Independent Non-Executive Director, 77 years of age – Malaysian

Tunku Ahmad Yahaya was appointed to your Board of Directors on 29 June 2005. He obtained his BA (Econ) from the University of Bristol and is a fellow of the Association of Chartered Certified Accountants, United Kingdom. He was the Group Chief Executive Officer of the Sime Darby Berhad Group from 1982 to 1993 before assuming his current position as Deputy Chairman of Sime Darby Berhad.

Tunku Ahmad Yahaya started his career with Dunlop Estates Berhad in 1959 before moving on

to join DMIB Berhad in 1962 and becoming managing director. In 1979, he joined Sime Darby Berhad. He was a Director of Bank Negara Malaysia from 1966 to 1995 and the Chairman of the Audit Committee from 1989 to 1995.

Tunku Ahmad Yahaya also sits on the Board of KLCC (Holdings) Berhad, Chairman of KLCC Property Holdings Berhad and several other limited companies in Malaysia. He is also a director and shareholder of Capital Dynamics Asset Management Sdn. Bhd.

Dato' Raja Nong Chik Bin Raja Zainal Abidin

Independent Non-Executive Director, 53 years of age – Malaysian

Dato' Raja Nong Chik Bin Raja Zainal Abidin was appointed to your Board of Directors on 29 June 2005. He obtained his Bachelor of Economics (Honours) from the University of Wales and is a member of the Chartered Institute of Management Accountants, Malaysia Institute of Accountants and Institute of Chartered Secretaries and Administrators.

He started his career at Federal Land Consolidation and Rehabilitation Authority (FELCRA) in 1978 before becoming the Manager,

Corporate Planning and Finance of Kumpulan FIMA Bhd. He subsequently joined OYL Industries Berhad (OYL) in 1982 and was the executive director of OYL from 1982 to 1990. After nine (9) years, he left to start Rasma Corporation Sdn. Bhd., a Class A mechanical and electrical contractor, where he is the managing director and major shareholder.

Presently, Dato' Raja Nong Chik Bin Raja Zainal Abidin also sits on the board of Pharmaniaga Berhad.

Michael Vitus Wong Kuan Lee

Non-Independent Non-Executive Director, 68 years of age – Malaysian

Michael Vitus Wong Kuan Lee was appointed to your Board of Directors on 11 December 2004. He holds a Law Degree from the University of Singapore. He joined Messrs Shook Lin & Bok in 1964 and resigned in 1991 as its Chief Executive Partner but remains as a consultant. He previously served as a Senator in Parliament Malaysia and director of Bank Negara Malaysia.

Michael Vitus Wong Kuan Lee was a director of Sime Darby Berhad from 1991 to 2005 and Tractors Malaysia Holdings Berhad from 2004 to 2005. He currently sits on the board of Keck Seng (M) Berhad and Malaysia Deposit Insurance Corporation. He is also a director and shareholder of Capital Dynamics Asset Management Sdn. Bhd.

Yeoh Ah Tu

Independent Non-Executive Director, 55 years of age – Malaysian

Yeoh Ah Tu was appointed to your Board of Directors on 29 June 2005. He holds a degree in Accountancy from the University of Singapore and is a fellow member of the Certified Practising Accountants of Australia.

He started his career in 1975 as a tutor in financial accounting and cost accounting in a

private institution in Singapore. In 1977, he founded the Systematic group of colleges. Under his guidance, the company was listed on the Second Board of Bursa Malaysia Securities Berhad. He remained a director of the company until 2000. Currently, he also sits on the board of several other private limited companies in Malaysia.

Note:-

- *Save as disclosed none of the Directors have any family relationship(s) with any Director and/or substantial shareholders of your Fund nor conflict of interest involving your Fund.*
- *None of the Directors have been convicted for any offences within the past 10 years other than traffic offences (if any).*

Statement of Corporate Governance

The Code

Your Board of Directors (your Board) supports the Principles of Corporate Governance as laid out in the Malaysian Code on Corporate Governance (the Code) and recognises that the adoption of the high standards of corporate governance is imperative for the performance of icapital.biz Berhad ("your Fund") and enhancement of shareholders' values.

Your Board is pleased to disclose your Fund's application of the Principles and the extent to which your Fund has complied with the Best Practices of the Code during the year ended 31 May 2006. Your Board is of the opinion that it has, in all material respects, complied with the Principles and Best Practices of the Code.

1. Board of Directors

1.1 Composition

Your Board comprises four (4) non-executive Directors; two (2) of whom are independent. This is in compliance with the Listing Requirements of Bursa Securities, which requires two (2) or at least one-third of your Board, whichever is higher, to be independent directors.

1.2 Duties and Responsibilities

The primary responsibilities of your Board include, amongst others, determining your Fund's investment policies and ensuring that the financial and operational objectives of your Fund are met.

2. Board Balance

Your Fund is led by an experienced Board. Members of your Board, who are professionals from varied backgrounds, bring depth and diversity in experience, expertise and perspectives to your Fund. Their profiles are presented on page 12 of this Annual Report.

Your Board is ensured of a balanced view at all board deliberations, as all directors are non-executive and therefore not involved in the day-to-day operations of your Fund. The management of your Fund's investments, the adviser for your Fund's investments and custodian of its assets have been outsourced to Capital Dynamics Asset Management Sdn Bhd (the Fund Manager), Capital Dynamics Sdn. Bhd. (the Investment Adviser) and Deutsche Bank (Malaysia) Berhad (the Custodian) respectively. Your Board has expressed its satisfaction and confidence in the services provided by various parties involved in the operations of your Fund.

Your Board has not appointed a senior independent non-executive director to whom concerns can be conveyed as all Members of your Board participate actively during Board meetings.

3. Board Meetings

During the year ended 31 May 2006, a total of two (2) Board meetings were held and the attendance of each Director is as shown below:-

Name	Number of meetings attended
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	2 out of 2
Dato' Raja Nong Chik Bin Raja Zainal Abidin	2 out of 2
Michael Vitus Wong Kuan Lee	2 out of 2
Yeoh Ah Tu	2 out of 2

4. Supply of Information

The Directors of your Fund have unrestricted access to all information of your Fund's business and affairs, whether on an individual basis or as a full board, so as to enable them to discharge their responsibilities. In addition, Board papers containing the full details of the agenda are given to all Directors in advance of meetings, in order to allow for sufficient time for review and obtain explanation.

Your Directors also have access to independent professional advice in furtherance of their duties.

5. Appointments and Re-Election of the Directors

In accordance with your Fund's Articles of Association, at least one-third of the Directors, or if their number is not three (3), then the number nearest to one-third, shall retire from office at every Annual General Meeting provided always that all Directors shall retire from office once in every three (3) years but shall be eligible for re-election.

Directors who are appointed by your Board to fill a casual vacancy during the year shall hold office only until the next Annual General Meeting following their appointment and shall be eligible for re-election.

Section 129 of the Companies Act 1965 provides that Directors who are over the age of seventy (70) shall retire at every Annual General Meeting but may offer themselves for re-appointment.

6. Directors' Training

All Members of your Board have successfully completed the Mandatory Accreditation Programme as required by the Listing Requirements of Bursa Securities. Your Board will evaluate and determine the training needs of its Members on a continuous basis.

7. Board Committees

In order to ensure the effective discharge of its fiduciary duties, your Board has delegated certain responsibilities to Board Committees, namely, the Audit Committee and the Nomination Committee. These Committees have their written terms of reference approved by your Board. Your Board, however, retains full responsibility for the direction and control of your Fund.

7.1 Audit Committee

The functions, composition, terms of reference and the summary of activities of the Audit Committee are laid down on pages 15 to 17 of this Annual Report.

7.2 Nomination Committee

The Nomination Committee was established on 19 June 2006 and comprises the following members:-

Chairman: Yeoh Ah Tu - *(Independent Non-Executive Director)*

Members:

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya - *(Non-Independent Non-Executive Director)*

Dato' Raja Nong Chik Bin Raja Zainal Abidin - *(Independent Non-Executive Director)*

The Nomination Committee is empowered by your Board to, amongst others, recommend to your Board, suitable candidates for appointment as directors. In addition, the Nomination Committee assesses the effectiveness of your Board and the Committees of your Board to ensure that your Board has an appropriate balance of skills, expertise and core competencies.

8. Directors' Remuneration

Your Board is of the opinion that the need for the establishment of a Remuneration Committee does not arise as there are no Executive Directors on your Board. The determination of fees of the Non-Executive Directors is a matter for your Board as a whole and the fees payable are presented to the shareholders of your Fund at every Annual General Meeting for approval.

An analysis of the aggregate Directors' remuneration for the year ended 31 May 2006 is as below:-

Directors	Fees (RM)
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	20,000
Dato' Raja Nong Chik Bin Raja Zainal Abidin	20,000
Michael Vitus Wong Kuan Lee	20,000
Yeoh Ah Tu	20,000
Total	80,000

9. Communication with Shareholders and Investors

Your Fund recognises the importance of maintaining transparency and accountability to its shareholders and investors. An important channel used to reach shareholders and investors is the Annual Report. Timely release of financial results on a quarterly basis also enables shareholders to have an overview of the performance of your Fund.

Your Fund's Annual General Meeting is also an important forum for communication and dialogue with its shareholders. Your Board encourages shareholders to attend and participate in the Annual General Meeting. Your Board and relevant advisers are on hand to answer questions raised and give clarifications required. Contacts for the fund manager and investment adviser can be found on the inside back cover.

Weekly updates on the fund's NAV per share can be found in www.bursamalaysia.com and www.icapital.biz.

10. Accountability and Audit

10.1 Financial Reporting

Your Board aims to provide and present a clear, balanced and comprehensive assessment of your Fund's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly results as well as your Letter to Share Owners in the Annual Report.

Your Board is assisted by the Audit Committee to oversee the financial reporting process and the quality of its financial reporting.

10.2 Statement of Directors' Responsibility

Directors are required pursuant to Section 169(15) of the Companies Act 1965 to state whether the Fund's Financial Statements for the financial year are drawn up in accordance with approved accounting standards so as to give a true and fair view of the Fund's state of affairs and of the results of your Fund's business operations for the financial year.

In preparing the Financial Statements, your Directors have:-

- applied the appropriate and relevant accounting policies on a consistent basis;
- ensured that applicable accounting standards have been followed;
- made judgements and estimates that are prudent and reasonable;
- ensured that proper accounting records are kept so as to enable the presentation of the Financial Statements with reasonable accuracy; and
- prepared the Financial Statements on an ongoing basis.

The Statement by Directors pursuant to Section 169(15) of the Companies Act 1965 is set out on page 19 of this Annual Report.

10.3 Internal Control

Your Board acknowledges that it is responsible for maintaining a sound system of internal controls. Your Fund's Statement on Internal Control, which provides an overview of the state of internal control is set out on page 15 of this Annual Report.

10.4 Internal Auditors

Your Fund has appointed AL Wong & Co., a public accounting firm, to carry out your Fund's Internal Audit function. As the Internal Auditors report directly to the Audit Committee, they are independent of your Fund's activities and perform with professionalism and impartiality.

10.5 Relationship with External Auditors

The Audit Committee and your Board communicate regularly with the External Auditors and they are invited to attend Audit Committee meetings, whenever appropriate. During the said meetings, the External Auditors will be invited to present their audit findings, if any, for the discussion of the members of the Audit Committee.

The role of the Audit Committee in relation to the External Auditors is set out on page 16 of this Annual Report.

Statement of Internal Control

Board responsibilities

Your Board recognises the importance of maintaining sound internal control and effective risk management practices in your Fund. Your Board acknowledges its overall responsibility and reviews the adequacy and integrity of the system on internal control.

Nonetheless, it recognises that such a system can only provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

As a closed-end fund, your Fund employs an external management structure, whereby all of your Fund's functions are undertaken by external service providers. Your Board's main internal control responsibilities are to oversee and review the function of these parties, in particular, the Fund Manager, the Investment Adviser, the Custodian Bank and the Administrator.

In achieving these objectives, your Board has outsourced its internal audit function to an independent professional firm that provides independent and objective reports directly to the Audit Committee, which assists the Audit Committee in discharging its duties and responsibilities.

Your Fund's overall internal control system includes:-

(i) Control Environment

The Fund Manager is responsible for managing the investments of your Fund, while the Investment Adviser provides continuous advice and recommendations to your Fund as to the purchase, holding and disposal of investments. The Administrator is responsible for keeping the books and records relating to your Fund's portfolio. The custodian function is performed by an independent bank, which maintains custody of your Fund's investments and cash.

Reconciliation of cash and stock holdings is performed on a weekly and monthly basis by the

Administrator and verified by the Fund Manager. Quarterly and annual financial statements are prepared by the Administrator, reviewed by the Audit Committee and approved by your Board prior to submission to Bursa Securities and released to shareholders.

(ii) Information and communication

Your Board has the authority to assess the state of internal control as it deems necessary. In doing so, your Board has the right to enquire information and clarification from the service providers as well as seek inputs from the Audit Committee, external and internal auditors, and other experts at the expense of your Fund.

(iii) Audit committee

Your Board has established the Audit Committee, comprising three members of your Board. The present Audit Committee consists of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

Its terms of reference together with the Audit Committee Report are disclosed below.

(iv) Risk Management

Your Board recognises that to ensure the review process for identifying, evaluating and managing the significant risks affecting your Fund, the internal control procedures with clear lines of accountability and delegated authority have to be established. Your Board, throughout the current financial year, has identified and evaluated the significant risks faced by your Fund through the monitoring of your Fund's operational efficiency. As a closed-end fund, a significant portion of your Fund's risk are managed by your Fund Manager, Investment Adviser and the Custodian Bank.

Conclusion

No significant control failure or weaknesses that would result in material losses and require disclosure in your Fund's Annual Report were identified during the financial year under review.

Audit Committee Report

The Audit Committee was established by your Board on 30 June 2005.

Members and Attendance

The Audit Committee comprises the following members and the details of the attendance at Audit Committee Meetings held during the financial year are shown below:-

Audit Committee

Dato' Raja Nong Chik Bin Raja Zainal Abidin - Chairman *
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya - Member
Yeoh Ah Tu – Member

Status of Directorship	Attendance
Independent Non-Executive Director	2 out of 2
Chairman / Non-Independent Non-Executive Director	2 out of 2
Independent Non-Executive Director	2 out of 2

* Member of the Malaysian Institute of Accountants

Terms of Reference

1. Composition Of Audit Committee

The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall consist of at least three (3) members, the majority of whom are independent directors.

At least one (1) member of the Audit Committee:-

- must be a member of the Malaysian Institute of Accountants; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-

- (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or (ii) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountant Act 1967; or
- (c). fulfils such other requirements as prescribed by the Bursa Securities.

No alternate Director(s) shall be appointed as member(s) of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from amongst its members, who shall be an Independent Director.

2. Meetings

The quorum for meeting of the Audit Committee shall be two (2) members of which the majority of members present must be Independent Directors.

The Audit Committee shall meet not less than four (4) times a year and as many times as the Audit Committee deems necessary with due notice of issues to be discussed.

The Company Secretary shall be the Secretary of the Audit Committee.

The presence of external auditors and internal auditors (if any) at any meeting of the Audit Committee can be requested if required by the Audit Committee.

Other members of your Board and officers of your Fund may attend the meeting (specific to the relevant meeting) upon the invitation of the Audit Committee.

3. Authority

The Audit Committee shall in accordance with the procedure determined by the Board and at the cost of your Fund:-

- (a). have authority to investigate any matter within the terms of reference;
- (b). have the resources which the Audit Committee requires to perform its duties;
- (c). have full and unrestricted access to any information, which the Audit Committee requires in the course of performing its duties.
- (d). have direct communication channels with the external auditors and persons carrying out the internal audit function (if any);
- (e). be able to obtain independent professional or other advice in the performance of its duties at the cost of your Fund; and
- (f). be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Audit Committee, whenever deemed necessary.

4. Duties And Responsibilities

The duties and responsibilities of the Audit Committee are to review the following and report the same to the Board of Directors:-

- (a). Matters relating to External Audit
 - To review the nomination of external auditors and the external audit fee;

- To discuss with the external auditors, the nature, scope and quality of external audit plans/arrangements;
- To review the evaluation of the systems of internal control with the external auditors;
- To review quarterly results and year end financial statements of your Fund, prior to approval by your Board, focusing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues and unusual events arising from the audit and major judgement issues;
- To review the external auditors' audit report on the financial statements;
- To review any management letter sent by the external auditors to your Fund and the management's response to such letters;
- To review any letter of resignation from the external auditors;
- To consider and review whether there is reason (supported by grounds) to believe that your Fund's external auditors are not suitable for re-appointment;
- To review the assistance given by your Fund's officers to the external auditors; and
- To discuss problems and reservations arising from the interim and final audits, and any matter that the external auditors may wish to discuss.

(b). Matters relating to Internal Audit function, if any exists

- To review the effectiveness of the internal audit function (if any);
- To review the internal audit programme and results of the internal audit process or investigation undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;
- To review the follow up actions by the management on the weaknesses of internal accounting procedures and controls;
- To review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
- To review the assistance and co-operation given by your Fund and its officers to the internal auditors;
- To review any appraisal or assessment of the performance of staff of the internal audit function, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues arising from the audit and major judgement issues; and
- To review any letter of resignation from internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(c). Roles and Rights of the Audit Committee

- To consider and review any significant transactions, which are not within the normal course of business and any related party transactions that may arise within your Fund;
- To report to Bursa Securities on any matter reported by the Board of your Fund which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities; and
- To carry out any other function that may be mutually agreed upon by the Audit Committee and your Board which would be beneficial to your Fund and ensure the effective discharge of the Audit Committee's duties and responsibilities.

(d). Retirement and Resignation of Member of Audit Committee

- A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to your Fund so that a replacement may be appointed before he leaves. In the event of any vacancy in the Audit Committee, your Fund shall fill the vacancy not later than three (3) months.

Summary of Activities of the Audit Committee

The activities of the Committee for the financial year included:-

- reviewing the quarterly results before submission to your Board for approval, focusing on the key changes to the accounting policies, compliance to regulatory requirements and the new introduction of the financial reporting standards ("FRS");
- reviewing the nomination of internal auditors and the internal audit fee;

- discussing with the internal auditors on its nature, scope and quality of internal audit and approving the internal audit strategy, plans and arrangements thereof;
- discussing with the external auditors on its nature, scope and quality of external audit and the compliance with the revised FRS;
- approving the audit planning memorandum of the external auditors; and
- reviewing any related party transactions that may arise in your Fund.

Internal Audit Function

Your Fund has outsourced its Internal Audit function to a public accounting firm to assist the Audit Committee in discharging its duties and responsibilities more effectively. The priority of the Internal Auditors is to focus on the review of internal controls implemented by the service providers of your Fund to ensure that the assets of your Fund are adequately safeguarded.

Directors' Report

The Directors hereby submit their report and the audited financial statements of your Fund for the financial year ended 31 May 2006.

Principal Activity

Your Fund is a closed-end fund and is principally engaged in investing in a diversified portfolio of quoted securities. There has been no significant change in the nature of this activity during the financial year.

Your Fund is managed by a fund manager, Capital Dynamics Asset Management Sdn. Bhd. ("the Fund Manager"), a company incorporated in Malaysia. The principal activity of the Fund Manager is the provision of fund management.

Results

Loss after taxation for the financial year

RM (1,217,069)

Dividends

No dividend was paid since the end of the previous financial period and the Directors do not recommend the payment of any dividend for the current financial year.

Options Granted Over Unissued Shares

During the financial year, no options were granted by your Fund to any person to take up any unissued shares in your Fund.

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year.

Bad and Doubtful Debts

Before the financial statements of your Fund were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there are no known bad debts and that no allowance for doubtful debts is required.

Issues of Shares and Debentures

During the financial year, your Fund completed the following transactions involving changes to its share capital in conjunction with your Fund's listing on the Main Board of Bursa Malaysia Securities Berhad:-

- (a) your Fund increased its authorised share capital from RM100,000 comprising 100,000 ordinary shares of RM1.00 each to RM1,000,000,000 comprising 1,000,000,000 ordinary shares of RM1.00 each by the creation of 999,900,000 new ordinary shares of RM1.00 each;
- (b) your Fund increased its issued and paid-up share capital from RM2 to RM140,000,000 by way of a Public Issue of 139,999,998 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share for cash consideration. The new shares issued rank pari passu in all respects with the existing shares of your Fund except that they shall not rank for any dividends, rights, allotments and/or distributions declared or paid prior to the allotment thereof; and
- (c) there were no issues of debentures by your Fund.

At the date of this report, the Directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for doubtful debts in the financial statements of your Fund.

Current Assets

Before the financial statements of your Fund were made out, the Directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of your Fund, have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

Valuation Methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of your Fund misleading or inappropriate.

Contingent and Other Liabilities

At the date of this report, there does not exist:-

- (a) any charge on the assets of your Fund that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of your Fund, which has arisen since the end of the financial year.

No contingent or other liability of your Fund 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 substantially affect the ability of your Fund to meet its obligations when they fall due.

Directors

The Directors who served since the date of the last report are as follows:-

1. YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya - (appointed on 29 June 2005)
2. Dato' Raja Nong Chik bin Raja Zainal Abidin - (appointed on 29 June 2005)
3. Michael Vitus Wong Kuan Lee
4. Yeoh Ah Tu - (appointed on 29 June 2005)
5. Tan Teng Boo - (resigned on 30 June 2005)

Pursuant to Article 96 of the Articles of Association of your Fund, Michael Vitus Wong Kuan Lee, Dato' Raja Nong Chik Bin Raja Zainal Abidin and Yeoh Ah Tu retired at the annual general meeting held on 30 August 2005 and, being eligible, were re-elected thereat.

Pursuant to Section 129(2) of the Companies Act, 1965, YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya, who is over the age of seventy years old, retired at the annual general meeting held on 30

Change of Circumstances

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 of your Fund which would render any amount stated in the financial statements misleading.

Items of an Unusual Nature

The results of the operations of your Fund 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.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of your Fund for the financial year.

August 2005 and, being eligible, were re-elected thereat.

Pursuant to Article 96 of the Articles of Association of your Fund, Michael Vitus Wong Kuan Lee retires by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya, who is over the age of seventy years old, retires at the forthcoming annual general meeting and offers himself for re-election.

Directors' Interest

According to the register of directors' shareholdings, the interests of Directors holding office at the end of the financial year in shares in your Fund during the financial year are as follows:-

Your Fund

Direct Interest

YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya

Deemed Interests

Dato' Raja Nong Chik bin Raja Zainal Abidin

Michael Vitus Wong Kuan Lee

	Number of Ordinary Shares at RM1 each			
	At 1.6.2005	Allotment	Sold	At 31.5.2006
YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya	1	3,000,000	(1)	3,000,000
Dato' Raja Nong Chik bin Raja Zainal Abidin	-	524,100	(10,000)	514,100
Michael Vitus Wong Kuan Lee	-	387,400	(10,000)	377,400

The other Director holding office at the end of the financial year had no interest in shares in your Fund during the financial year.

Directors' Benefits

Since the end of the previous financial period, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements, or the fixed salary of a full-time employee of your Fund) by reason of a contract made by your Fund or a related corporation with the director or with a firm of which the Director is a member, or with a company in which the director has a substantial

financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with a company in which certain directors have substantial financial interests as disclosed in Note 14 to the financial statements.

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

Auditors

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

Signed in Accordance with a Resolution of the Directors Dated 29 June 2006.

Dato' Raja Nong Chik Bin Raja Zainal Abidin

Yeoh Ah Tu

Statement by Directors

We, Dato' Raja Nong Chik Bin Raja Zainal Abidin and Yeoh Ah Tu, being two of the directors of icapital.biz Berhad, state that, in the opinion of the directors, the financial statements set out on pages 20 to 26 are drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company at 31 May 2006 and of its results and cash flows for the financial year ended on that date.

Signed in Accordance with a Resolution of the Directors Dated 29 June 2006.

Dato' Raja Nong Chik Bin Raja Zainal Abidin

Yeoh Ah Tu

Statutory Declaration

I, Tan Teng Boo, I/C No. 540211-02-5441, being the director of Capital Dynamics Asset Management Sdn. Bhd. primarily responsible for the financial management of icapital.biz Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 20 to 26 are, to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by
Tan Teng Boo, I/C No. 540211-02-5441,
at Kuala Lumpur in the Federal Territory
on this 29 June 2006

Before me

Tan Teng Boo

P.Saroja (PPN)
(W402)
Commissioner For Oaths

Financial Statements

Report of the Auditors to the Members of icapital.biz Berhad

We have audited the financial statements set out on pages 20 to 26. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i). the state of affairs of the Company at 31 May 2006 and its results and cash flows for the financial year ended on that date; and
 - (ii). the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

Horwath
Firm No: AF 1018
Chartered Accountants
Kuala Lumpur
29 June 2006

Onn Kien Hoe
Approval No: 1772/11/06 (J/PH)
Partner

Balance Sheet at 31 May 2006 (RM)

	Notes	2006	2005
Non-current assets			
Investments	6	78,128,785	-
Current assets			
Other receivables, deposit & prepayments		696,689	1,280
Amount owing by a related party	14	205,661	-
Short-term deposits	7	60,227,620	-
Cash and bank balances		356,239	2
		61,486,209	1,282
Current liabilities			
Other payables and accruals		625,512	140,013
Provision for taxation		345,284	-
		970,796	140,013
Net current assets/(Liabilities)		60,515,413	(138,731)
		138,644,198	(138,731)
Financed/(Represented) by:-			
Share capital	8	140,000,000	2
Accumulated losses		(1,355,802)	(138,733)
Shareholders' equity		138,644,198	(138,731)
Net assets/(liabilities) per ordinary share (RM)	9	0.99	(69,366)
Net asset/(liability) value per ordinary share (RM)	10	1.13	(69,366)

Statement of Changes in Equity for the Financial Year Ended 31 May 2006 (RM)

	Share Capital	Accumulated Losses	Total
At 11.12.2004 (date of incorporation)	2	-	2
Loss for the financial period	-	(138,733)	(138,733)
Balance at 31 May 2005/1 June 2005	2	(138,733)	(138,731)
Issuance of shares	139,999,998	-	139,999,998
Loss after taxation for the financial year	-	(1,217,069)	(1,217,069)
Balance as at 31 May 2006	140,000,000	(1,355,802)	138,644,198

Income Statement for the Financial Year Ended 31 May 2006 (RM)

	Notes	1.6.2005 to 31.5.2006	11.12.2004 to 31.5.2005
Interest Income		2,328,418	-
Dividend Income		1,019,040	-
Revenue		3,347,458	-
Less: Operating expenses			
Accounting and administration fees		70,750	-
Audit fee		10,000	2,000
Custodian expenses		29,821	-
Directors' fee		80,000	-
Fund management fee		638,479	-
Investment advisory fee		638,479	-
Listing expenses written off:			
- advertising expenses		249,900	-
- legal fee		115,000	45,000
- listing application fee		340,250	-
- printing expenses		244,200	-
- professional fees			
- placement commission		150,000	-
- underwriting commission		260,000	-
- listing of the proposed closed-end fund		100,000	-
- placement management fee		615,000	-
- others		146,000	68,300
- reporting accountants' fee		15,000	-
Pre-operating expenses written off		191,361	-
Professional fee		34,359	6,250
Service tax		5,428	6,078
Others		28,086	11,105
Loss before taxation		(614,655)	(138,733)
Taxation	11	(602,414)	-
Loss after taxation		(1,217,069)	(138,733)
Basic loss per ordinary share (RM)	12	(0.01)	(69,366)

Cash Flow Statement for the Financial Year Ended 31 May 2006 (RM)

	Notes	1.6.2005 to 31.5.2006	11.12.2004 to 31.5.2005
Loss before taxation		(614,655)	(138,733)
Adjustments for: Listing expenses		2,235,350	-
Operating profit/(loss) before working capital changes		1,620,695	(138,733)
Changes in working capital:			
Increase in other receivables		(695,409)	(1,280)
Increase in other payables		485,499	140,013
Increase in amount owing by a related party		(205,661)	-
Capital repayment from quoted investments		1,275,000	-
Purchase of investments		(79,403,785)	-
Cash used in operations		(76,923,661)	-
Income tax paid		(257,130)	-
Net cash from operating activities		(77,180,791)	-
Proceeds from issuance of shares		139,999,998	2
Listing expenses paid		(2,235,350)	-
Net cash from financing activities		137,764,648	2
Net increase in cash and cash equivalents		60,583,857	2
Cash and cash equivalents at beginning of the financial year/period		2	-
Cash and cash equivalents at end of the financial year/period	13	60,583,859	2

Notes to the Financial Statements for the Year Ended 31 May 2006

1. General Information

Your Fund is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965. The domicile of your Fund is Malaysia. The registered office, which is also the principal place of business, is at Level 14, Uptown 1, No.1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 June 2006.

2. Principal Activity

Your Fund is a closed-end fund and is principally engaged in investing in a diversified portfolio of quoted securities. There has been no significant change in the nature of this activity during the financial year.

Your Fund is managed by a fund manager, Capital Dynamics Asset Management Sdn. Bhd. ("the Fund Manager"), a company incorporated in Malaysia. The principal activity of your fund manager is the provision of fund management.

3. Financial Risk Management Policies

Your Fund's financial risk management policy seeks to ensure that adequate financial resources are available for the development of your Fund's business whilst managing its single issuer, foreign currency, interest rate, market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

(a) Single Issuer Risk

The investment of your Fund in any quoted securities shall not exceed 10% of its net assets value or 10% of the issued capital of the issuer, whichever is lower. Under such restriction, the exposure risk to the securities of any issuer is minimised.

(b) Foreign Currency Risk

Your Fund does not have material foreign currency transactions, assets or liabilities and hence is not exposed to any significant or material currency risks.

(c) Interest Rate Risk

Your Fund does not have any interest-bearing borrowings. Surplus funds are placed with licensed financial institutions at the most favourable interest rates.

(d) Market Risk

Your Fund has investments in quoted equity shares under fund management, which are subject to market risk as the market values of these investments are affected by changes in market prices. Your fund manager manages its exposure to market risk by maintaining a portfolio of equities with different risk profiles.

(e) Credit Risk

Your Fund's exposure to credit risks, or the risk of counterparties defaulting, arises from the timely payments of interest, principals and proceeds from realisation of investments.

(f) Liquidity and Cash Flow Risk

Your Fund's exposure to liquidity and cash flow risks arises mainly from general funding and business activities. It practises prudent liquidity risk management by maintaining sufficient cash balances.

4. Basis of Preparation

The financial statements of your Fund are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The Malaysian Accounting Standards Board standards nomenclature has been changed to Financial Reporting Standards ("FRS") nomenclature for financial periods beginning on or after 1 January 2005. This change to the new nomenclature did not result in any change in the accounting policies adopted by your Fund and has no financial effects on the financial statements for the financial year ended 31 May 2006.

5. Significant Accounting Policies

(a) Financial Instruments

Financial instruments are recognised in the balance sheet when your Fund has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when your Fund has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(b) Investments

Investments are stated at the lower of cost and market value on an aggregate portfolio basis. Cost is determined on the weighted average of purchase price of quoted securities basis while market value is determined based on market values at balance sheet date. Increases or decreases in the carrying amount of quoted investments are recognised in the income statement. On disposal of quoted investments, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(c) Impairment of Assets

The carrying amounts of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(d) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(e) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(f) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date but as an appropriation from retained earnings and treated as a separate component of equity. Upon the approval of the proposed dividend, it will be accounted for as a liability.

(g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Taxation

Taxation for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(i) Revenue Recognition

i Investments

The realised gain or loss on sale of investments is measured as the difference between the net disposal proceeds and the carrying amount of the investments, calculated on the weighted average cost basis.

ii Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

iii Dividend Income

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

6. Investments

	2006	2005
Quoted shares in Malaysia, at cost	RM78,128,785	-
Market value of quoted investments in Malaysia	RM97,651,020	-

7. Short-term Deposits

	2006	2005
Licensed financial institutions	RM60,227,620	-

The weighted average effective interest rate of short-term deposits at the balance sheet date was 3.28% (2005 - Nil) per annum and the average maturity period was 51 days (2005 - Nil).

8. Share Capital

	2006	2005	2006	2005
Ordinary shares of RM1 each: -	Number of shares		RM	RM
<u>Authorised</u>				
At 1.6.2005/11.12.2004	100,000	100,000	100,000	100,000
Increase during the financial year/period	999,900,000	-	999,900,000	-
At 31.5.2006/31.5.2005	1,000,000,000	100,000	1,000,000,000	100,000
<u>Issued and fully paid-up</u>				
At 1.6.2005/11.12.2004	2	2	2	2
Issuance of shares during the financial year/period	139,999,998	-	139,999,998	-
At 31.5.2006/31.5.2005	140,000,000	2	140,000,000	2

9. Net Assets/(Liabilities) per Ordinary Share

The net assets/(liabilities) per ordinary share of your Fund is calculated based on the net assets/(liabilities) at the balance sheet date of RM138,644,198 (2005 - (RM138,731)) divided by the number of ordinary shares in issue at the balance sheet date of 140,000,000 (2005 - 2).

10. Net Assets/(Liabilities) Value per Ordinary Share

Net assets/(liabilities) value represents the net asset of your Fund after taking into consideration the surplus of the market value over the carrying value of the quoted investments as at the balance sheet date, calculated as follows:-

In RM	2006	2005
Net assets/(liabilities)	138,644,198	(138,731)
Surplus of market value over carrying value of quoted investments	19,522,235	-
Net assets/(liabilities) value	158,166,433	(138,731)
Number of ordinary share of RM1 each, issued and fully paid	140,000,000	2
Net assets/(liabilities) value per ordinary share (RM)	1.13	(69,366)

11. Taxation

	1.6.2005 to 31.5.2006	11.12.2004 to 31.5.2005
Current tax expense for the financial year/period	RM602,414	-

A reconciliation of income tax expense applicable to the loss for the financial year/period at the statutory tax rate to income tax expense at the effective tax rate of your Fund is as follows:-

In RM	1.6.2005 to 31.5.2006	11.12.2004 to 31.5.2005
Loss for the financial year/period	(614,655)	(138,733)
Tax at the statutory tax rate of 28%	(172,103)	(38,845)
Tax effects of: Tax-exempt dividends	(28,202)	-
Non-deductible expenses	802,719	-
Deferred tax assets not recognised during the year	-	38,845
Tax for the financial year/period	602,414	-

12. Loss per Ordinary Share

The basic loss per ordinary share is arrived at by dividing the loss for the year of RM1,217,069 (2005 - RM138,733) over the weighted average number of ordinary shares in issue during the financial year of 86,301,371 (2005 - 2).

13. Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:-

In RM	2006	2005
Short-term deposits	60,227,620	-
Cash and bank balances	356,239	2
	60,583,859	2

14. Significant Related Party Transaction and Balance

Nature of transaction (in RM)	Note	1.6.2005 to 31.5.2006	11.12.2004 to 31.5.2005
Fund management fee paid to a related party: - Capital Dynamics Asset Management Sdn. Bhd.	(a)	638,479	-
Balance as at balance sheet date: - Capital Dynamics Asset Management Sdn. Bhd.	(a)	205,661	-

(a) YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya and Michael Vitus Wong Kuan Lee are Directors and substantial shareholders of Capital Dynamics Asset Management Sdn. Bhd., the Fund Manager of your Fund.

The Directors are of the opinion that the above transaction has been entered into in the ordinary course of business and has been established under terms that were mutually agreed between the parties.

15. Segmental Information

No segmental information is presented as your Fund is a closed-end fund and operates primarily in Malaysia.

16. Directors' Remuneration

The amount of emolument receivable by the Directors of your Fund during the financial year/period was as follows:-

	<u>1.6.2005 to 31.5.2006</u>	<u>11.12.2004 to 31.5.2005</u>
Non-executive Directors' fees	RM80,000	NA

Details of Directors' emoluments receivable for the financial year/period in bands of RM50,000 are as follows:-

	<u>1.6.2005 to 31.5.2006</u>	<u>11.12.2004 to 31.5.2005</u>
Non-executive Directors: Below RM50,000	4	NA

17. Number of Employees

There were no employees at the balance sheet date (2005 - Nil). Your Fund outsourced all its operations to third parties.

18. Fair Value of Financial Instruments

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments :

(a) Quoted Investments

The fair values of quoted investments of your Fund at the balance sheet date is as follows:-

	<u>Carrying amount</u>	<u>Fair value</u>
Quoted investments	RM78,128,785	RM97,651,020*

* based on the closing market price of the quoted securities at the balance sheet date.

(b) Bank Balance and Other Short-term Receivables/Payables

The carrying amounts approximated their fair values due to the relatively short term maturity of these instruments.

19. Comparative Figures

The comparative figures are in respect of the financial period from 11 December 2004 (date of incorporation) to 31 May 2005.

Investment Portfolio

As of 16 June 2006, details of the investment portfolio of your Fund are as follows:

Companies	Shares	Cost (RM)	Value (RM)	Unrealised Profit/(Loss)(RM)
1 DiGi.Com Berhad Mobile communication operator	1,700,000	11,447,192	16,915,000	5,467,808
2 Fraser & Neave Holdings Berhad Manufacturing drinks, glass, etc	1,338,000	7,803,999	8,094,900	290,901
3 Lion Diversified Holdings Berhad Retailing, investment, etc	5,408,400	12,525,622	20,551,920	8,026,298
4 Mieco Chipboard Berhad Makes chipboard	800,000	1,063,008	800,000	(263,008)
5 United Malacca Berhad Plantation, investment, etc	1,658,500	6,797,800	6,965,700	167,900
6 UMW Holdings Berhad Distribution of automobiles, etc	2,200,000	13,191,140	16,280,000	3,088,860
7 Padini Holdings Berhad Apparel and shoes retailing, etc	1,431,100	3,899,775	4,007,080	107,305
8 Asiatic Development Berhad Plantations, etc	1,000,000	2,315,745	2,930,000	614,255
9 VADS Berhad Manages network services, etc	979,000	3,668,596	4,072,640	404,044
10 Petronas Dagangan Berhad Marketing of petroleum products	3,300,000	13,529,217	12,804,000	(725,217)
11 Poh Kong Holdings Berhad Trading of gold ornaments, etc	400,000	557,144	464,000	(93,144)
12 Tong Herr Resources Berhad Manufacturing fasteners	733,000	2,174,598	1,979,100	(195,498)
Total		78,973,836	95,864,340	16,890,504

As of 16 June 2006, no provision for diminution in value was made and there was no disposal made in respect of the above investments since the date they were acquired.

Security Transaction Information

Total number of transactions in securities entered into for the year ended 31 May 2006 amounted to 215 trades with total brokerage paid of RM188,145.89.

Gross Revenue of the Closed-End Fund

The information on your Fund's gross revenue is presented on page 21 in the audited income statement for the year ended 31 May 2006 as attached in this Annual Report.

Additional Information

1. Share Buy-backs

Your Fund does not have any share buy-back programme in place.

2. Options, Warrants or Convertible Securities

Your Fund has not issued any options, warrants or convertible securities in respect of the year.

3. Non-Audit Fees

The non-audit fees and other services paid to the external auditors in respect of the year were RM15,000.00 for listing expenses and RM2,500.00 for the drafting of financial statements.

4. Sanctions and/or Penalties

There were no sanctions or penalties imposed on your Fund or its Directors by regulatory bodies.

5. Revaluation of Landed Properties

Your Fund does not own any landed properties.

6. Profit Estimation, Forecast or Projection

Your Fund has not made any profit estimation, forecast or projection in respect of the year.

7. Profit Guarantee

Your Fund has not given any profit guarantee for the year.

8. Material Contracts

Save as disclosed below, your Fund had not entered into any material contracts which involved Directors or major shareholders, either still subsisting at the end of the year, or which were entered into since the end of the previous year:-

Date	6 September 2005
Party	Capital Dynamics Asset Management Sdn. Bhd. (CDAM)
Nature	Fund Management Agreement
Consideration	RM638,479.08
Mode of settlement of consideration	Cash
Relationship	The Directors of your Fund namely YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya and Michael Vitus Wong Kuan Lee are the directors and major shareholders in CDAM. They do not hold any executive position in CDAM and are not involved in the daily operations and management of CDAM.

9. Utilisation of Proceeds

A public issue of 139,999,998 new ordinary shares of RM1.00 each at an issued price of RM1.00 per ordinary share payable in full upon application was allotted on 12 October 2005. The Public Issue has raised a total gross proceeds of RM139,999,998 for your Fund pursuant to the listing of your Fund on the Main Board of Bursa Securities. As at the date of this report, the said proceeds were utilised in the following manner.

In RM	Gross Proceeds	Amount Utilised	Balance
Investment in securities and other permitted assets	137,200,000	136,233,658	966,342
Listing expenses	2,800,000	2,235,350	564,650*
	140,000,000	138,469,008	1,530,992

* As disclosed in the Prospectus dated 26 September 2005 of your Fund, any unutilised amount shall be used towards investment in Securities and/or Other Permitted Assets.

10. Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature

Your Fund is seeking Shareholders' Ratification and Mandate in respect of the RRPT of a revenue or trading nature entered or to be entered into by your Fund as stated in Section 2.1.4 of the Circular to Shareholders dated 14 July 2006 at the forthcoming Annual General Meeting to be held on 5 August 2006.

11. Fund Manager's Interest in your Fund

As at 31 May 2006, the designated person has a direct interest in 10,000 shares and an indirect interest in 556,500 shares.

12. Employees Share Option Scheme (ESOS)

Your Fund has not implemented any ESOS in respect of the year.

Analysis of Shareholdings as at 16 June 2006

Authorised Share Capital	:	1,000,000,000 ordinary shares of RM1.00 each
Issued and Paid-up Capital	:	140,000,000 ordinary shares of RM1.00 each
Voting Rights per share	:	One

Distribution of Shareholdings

	Holdings	No. of Holders	%
Total Holdings			
Less than 100	100	2	0.076
100 to 1,000	553,500	596	22.653
1,001 to 10,000	5,511,100	1,177	44.736
10,001 to 100,000	17,948,933	523	19.878
100,001 and above	115,986,367	333	12.657
Total	140,000,000	2,631	100.00

Directors' Interest in the Company

	Direct		Indirect	
	No.	%	No.	%
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	3,000,000	2.143	-	-
Dato' Raja Nong Chik Bin Raja Zainal Abidin	-	-	514,100	0.367
Michael Vitus Wong Kuan Lee	-	-	377,400	0.270
Yeoh Ah Tu	-	-	-	-

Substantial Shareholders

Your Fund does not have any substantial shareholders.

Thirty Largest Shareholders

No	Name	No. of Shares	%
1.	Citigroup Nominees (Asing) Sdn. Bhd. Mellon Bank, N.A. for Cundill Global Value L.P.	3,000,000	2.143
2.	YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	3,000,000	2.143
3.	Lam Fook Shin	2,500,000	1.786
4.	Chieng Lee Hook	2,480,000	1.771
5.	Chong Chee Hiung	2,030,000	1.450
6.	AnnHow Holdings Sdn. Bhd.	2,000,000	1.429
7.	Top One Property Sdn. Bhd.	1,800,000	1.286
8.	Imej Warisan Sdn. Bhd.	1,500,000	1.071
9.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ch'ng Gim Chew	1,400,000	1.000
10.	Leow Kok Meow & Sons Sendirian Berhad	1,250,000	0.893
11.	Chia Swee Huat	1,200,000	0.857
12.	Tan Teo Ang	1,100,000	0.786
13.	Wong Yoon Tet	1,080,000	0.771
14.	Ocuvas Sdn. Bhd.	1,065,000	0.761
15.	Beh Heng Seong	1,000,000	0.714
16.	Goh Keng Boo	1,000,000	0.714
17.	HDM Nominess (Tempatan) Sdn. Bhd. Pledged Securities Account for Goh Seng Guan	1,000,000	0.714
18.	Soon Khiaat Voon	1,000,000	0.714
19.	Tan Yeow Guan	750,000	0.536
20.	Ong Seng Yow	726,300	0.519
21.	Chang Kwong Lit	710,000	0.507
22.	Crescendo Overseas Corporation Sdn. Bhd.	677,900	0.484
23.	HSBC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kasi a/l K L Palaniappan	677,900	0.484
24.	Patricia Sharmilla David	677,900	0.484
25.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Chong Chee Fan	581,100	0.415
26.	Yeo Eng Khean	581,100	0.415
27.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Nga Siu	542,900	0.388
28.	Chua Hang Kuang	537,400	0.384
29.	Tan Chee Lan @ Tan Kwi Lan	525,100	0.375
30.	Pang Kuan Soh	513,300	0.367

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Second Annual General Meeting of **icapital.biz Berhad** will be held at the Ballroom 1, Lower Ground, Eastin Hotel, 13 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Saturday, 5 August 2006 at 10.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 May 2006 and the Reports of the Directors and Auditors thereon. Resolution 1
2. To approve the payment of Directors' Fees of RM80,000 for the financial year ended 31 May 2006. Resolution 2
3. To re-elect Michael Vitus Wong Kuan Lee who retires by rotation pursuant to Article 96(1) of the Company's Articles of Association. Resolution 3
4. To re-appoint Messrs Horwath as Auditors of the Company and authorise the Directors to fix their remuneration. Resolution 4

As Special Business

5. To consider and if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

Resolution 5

"THAT YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya who is over the age of seventy years and retiring in accordance with Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company and to hold office until the next Annual General Meeting of the Company."

To consider and if thought fit, to pass the following resolution, with or without any modification, as Ordinary Resolution of the Company:-

6. Proposed Shareholders' Ratification for the Past Recurrent Related Party Transactions and Proposed Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT all the recurrent party transactions of a revenue or trading nature entered into prior to the date of this resolution by the Company as stated in Section 2.1.4 of the Circular to Shareholders dated 14 July 2006, which were necessary for its day-to-day operations, be and are hereby approved and ratified on the basis that these transactions were entered into on terms which are not more favourable to the related parties involved than generally available to the public and are not detrimental to the minority shareholders of the Company (hereinafter referred to as the "Proposed Ratification");

Resolution 6

THAT approval be and is hereby given to the Company to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature and with specified class of the related party as stated in Section 2.1.4 of the Circular to Shareholders dated 14 July 2006, which are necessary for its day-to-day operations, to be entered into by the Company on the basis that these transactions are entered into on terms which are not more favourable to the related parties involved than generally available to the public and are not detrimental to the minority shareholders of the Company (hereinafter referred to as the "Proposed Mandate");

THAT the Proposed Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Mandate shall only continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company following the Second Annual General Meeting at which the resolution for the Proposed Mandate has been passed, at which time it will lapse, unless by a resolution passed at an Annual General Meeting whereby authority is renewed;

- (b). the expiration of the period within the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act 1965); or
 - (c). revoked or varied by a resolution passed by the shareholders in general meeting;
- whichever is the earlier.

By Order of The Board

Wong Wei Fong (MAICSA 7006751)
Tham Wai Ying (MAICSA 7016123)

Company Secretaries
Petaling Jaya
14 July 2006

Notes:

1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend and vote in his place. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply.*
2. *Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
4. *The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Level 14, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the Meeting or any adjournment thereof.*

Explanatory Notes on Special Businesses

5. **Resolution 5:-**
The re-appointment of YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya, a person over the age of 70 years as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company shall take effect if the proposed Resolution 5 is passed by a majority of not less than three-fourths (¾) of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than 21 days' notice specifying the intention to propose the resolution has been duly given.
6. **Resolution 6:-**
The proposed Resolution 6, if passed, will mean that:-
 - (a) *all recurrent related party transactions entered into by the Company from the date of listing, i.e. 19 October 2005 until the forthcoming Second Annual General Meeting of the Company shall deemed to be ratified and approved by the Shareholders of the Company. The particulars are set out in Section 2.1.4 of the Circular to Shareholders of the Company dated 14 July 2006; and*
 - (b) *a new mandate will be provided to the Company to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are set out in Section 2.1.4 of the Circular to Shareholders of the Company dated 14 July 2006. This authority, unless revoked or varied by the Company in a General Meeting, will expire at the next Annual General Meeting of the Company.*
7. **Presentation of Investment Portfolio of the Company**
In order to keep the shareholders abreast of the investments of the Company for the year ended 31 May 2006, the Board is pleased to invite the shareholders of the Company to attend the Presentation on the Company's Investment Portfolio by Tan Teng Boo, the Designated Person of the Fund Manager, i.e. Capital Dynamics Asset Management Sdn. Bhd., immediately after the conclusion of the Second Annual General Meeting.

Statement Accompanying the Notice of Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

1. Names of Directors Who Are Standing for Re-Election/Re-Appointment

- a. Director retiring pursuant to Article 96(1) of the Company's Articles of Association
- Michael Vitus Wong Kuan Lee
- b. Director who is over the age of seventy (70) and seeking re-appointment
-YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya

The details of the Directors who are standing for re-election / re-appointment are set out in the Directors' Profile on page 12 of this Annual Report. Their securities holdings in the Company are set out in the Analysis of Shareholdings on page 29 of this Annual Report.

2. Board Meetings Held During the Financial Year Ended 31 May 2006

A total of two (2) Board of Directors' Meeting are held during the financial year ended 31 May 2006. The attendance of your Directors at Board Meetings is set out on page 13 of this Annual Report.

3. Date, Time and Place of the Second Annual General Meeting

Date : Saturday, 5 August 2006
Time : 10.00 a.m.
Venue : Ballroom 1, Lower Ground, Eastin Hotel, 13 Jalan 16/11, Pusat Dagang Seksyen 16,
46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Notes

Notes

Proxy Form**icapital.biz Berhad (674900-X)**
(Incorporated in Malaysia)
PROXY FORM

No. of shares held

I/We _____ Tel: _____
of _____
[Full name in block, NRIC No./Company No. and telephone number]being a member/members of **icapital.biz Berhad**, hereby appoint:-

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (delete as appropriate)

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Second Annual General Meeting of the Company to be held at Ballroom 1, Lower Ground, Eastin Hotel, 13 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan on Saturday, 5 August 2006 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:-

No.	Resolution	For	Against
1	Audited Financial Statements		
2	Payment of Directors' Fees		
3	Re-election of Michael Vitus Wong Kuan Lee as Director		
4	Re-appointment of Messrs Horwath as Auditors		
5	Re-appointment of YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya as Director		
6	Proposed Ratification and Proposed Mandate		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____, 2006

Signature of Shareholder/Common Seal**Notes:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend and vote in his place. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply.
2. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Level 14, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the Meeting or any adjournment thereof.

Fold this flap for sealing

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AFFIX
STAMP

The Company Secretary
icapital.biz Berhad
Level 14, Uptown 1
No. 1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

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Corporate Information

Board of Directors

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya
(Chairman/Non-Independent Non-Executive Director)

Dato' Raja Nong Chik Bin Raja Zainal Abidin
(Independent Non-Executive Director)

Michael Vitus Wong Kuan Lee
(Non-Independent Non-Executive Director)

Yeoh Ah Tu
(Independent Non-Executive Director)

Audit Committee

Chairman: Dato' Raja Nong Chik Bin Raja Zainal Abidin

Members:

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya
Yeoh Ah Tu

Nomination Committee

Chairman: Yeoh Ah Tu

Members:

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya
Dato' Raja Nong Chik Bin Raja Zainal Abidin

Stock Exchange Listing

Main Board of Bursa Securities. Date of listing: 19 October 2005.

Stock Name: ICAP

Stock Code: 5108

Your Fund does not have any American Depository Receipt nor Global Depository Receipt programme in place.

Fund Manager

Capital Dynamics Asset Management Sdn. Bhd.
16.01B, 16th Floor, Plaza First Nationwide
161, Jalan Tun H.S. Lee, 50000 Kuala Lumpur.
Designated Person : Tan Teng Boo
Tel No. : (603) 2070 2106-8
Fax No.: (603) 2070 6653
Email : cdam@icapital.biz

Investment Adviser

Capital Dynamics Sdn. Bhd.
16.01A, 16th Floor, Plaza First Nationwide
161, Jalan Tun H.S. Lee,
50000 Kuala Lumpur.
Tel No. : (603) 2070 2104/5, 2070 1654/75
Fax No.: (603) 2070 2103
Email : cdsb@icapital.biz

Administrator

PFA Corporate Services Sdn. Bhd.
Level 14, Uptown 1, No. 1 Jalan SS21/58
Damansara Uptown, 47400 Petaling Jaya
Selangor Darul Ehsan.

Custodian

Deutsche Bank (Malaysia) Berhad
Level 18 Menara IMC, No. 8
Jalan Sultan Ismail, 50250 Kuala Lumpur.

Registered Office

Level 14, Uptown 1, No. 1 Jalan SS21/58
Damansara Uptown, 47400 Petaling Jaya
Selangor Darul Ehsan.
Tel No. : (603) 7725 2888
Fax No : (603) 7725 7791-3

Registrar

PFA Registration Services Sdn. Bhd.
Level 13 Uptown 1, No. 1 Jalan SS21/58
Damansara Uptown, 47400 Petaling Jaya
Selangor Darul Ehsan.
Tel No. : (603) 7725 4888
Fax No.: (603) 7722 2311

Secretaries

Wong Wei Fong (MAICSA 7006751)
Tham Wai Ying (MAICSA 7016123)

Auditors

Horwath (AF1018), Level 16, Tower C
Megan Avenue II, 12 Jalan Yap Kwan Seng
50450 Kuala Lumpur.

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