

icapital.biz Berhad (674900 X)

2011 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 Market of Bursa Malaysia Securities Berhad (Bursa Securities) and the ACE 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) 2264 8888, at fax no (603) 2282 2733 or at info@my.tricorglobal.com

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

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

icapital.biz Berhad's Performance Review

(a) Letter to Share Owners

For the period ended 31 May 2011, your Fund recorded revenue of RM19.935 million, a decline of RM22.289 million or 53% when compared with the period ended 31 May 2010. Your Fund recorded a pretax profit of RM13.917 million for the period ended 31 May 2011, compared with a pretax profit of RM37.644 million for the last financial year. The decrease in pretax profit is due to lower profit levels from the sale of securities. Hence, compared with an after tax profit of RM36.250 million in the last financial year, your Fund recorded an after tax profit of RM11.458 million for the current financial year.

In appraising the performance of your Fund, its net asset value (NAV) is the key variable on which to focus. The NAV of your Fund rose from RM2.10 per share on 31 May 2010 to RM2.77 per share by 31 May 2011, a gain of 32%. The FTSE Bursa Malaysia KL Composite Index (FBMKLCI) increased 21% in the same period.

The nuclear disaster in Japan followed by the earthquake in New Zealand, the volcanic eruption in Iceland and the recent flooding in China and the USA have been a disturbing start to the year 2011. This has been followed by a financial crisis that has now fallen on Europe from Greece, similar to the earlier problem with Ireland. This has alerted a matter of concern in the major European countries as

the rest of the world looks on waiting to see whether this problem will be resolved without affecting the financial world economy. It is by no means certain as to how the situation with Greece will play out since if Greece does not fall into line after a second bail out there is a danger that Ireland, Portugal, Spain, Italy will all come under pressure. This will undoubtedly have a major influence on the world economy since it is important to appreciate that Europe still represents a significant interest and investment in international business and trade.

The most important issue at the present time is to continue to maintain the quality of investment in your Fund which has always been the policy followed by the Investment Adviser and Fund Manager since the day your Fund started. At the same time it is also important to have the capital in hand and available at the time when the opportunities for value buying investment come around and the Investment Adviser and Fund Manager have always been aware and ready for such opportunities.

I am looking forward to another successful and rewarding year that will see icapital.biz Berhad move into a One Malaysia market flowing with business opportunities into the future.

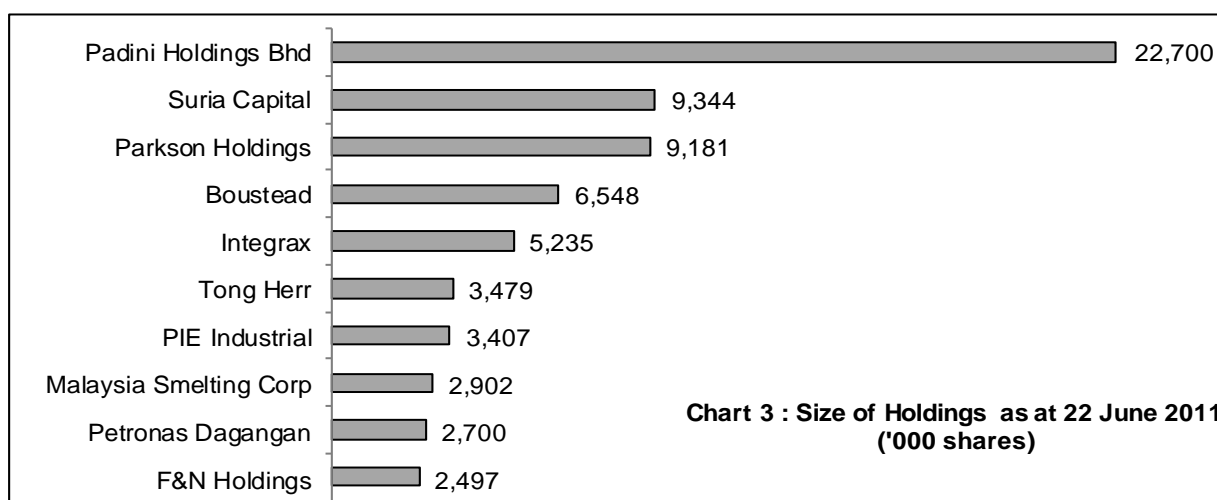
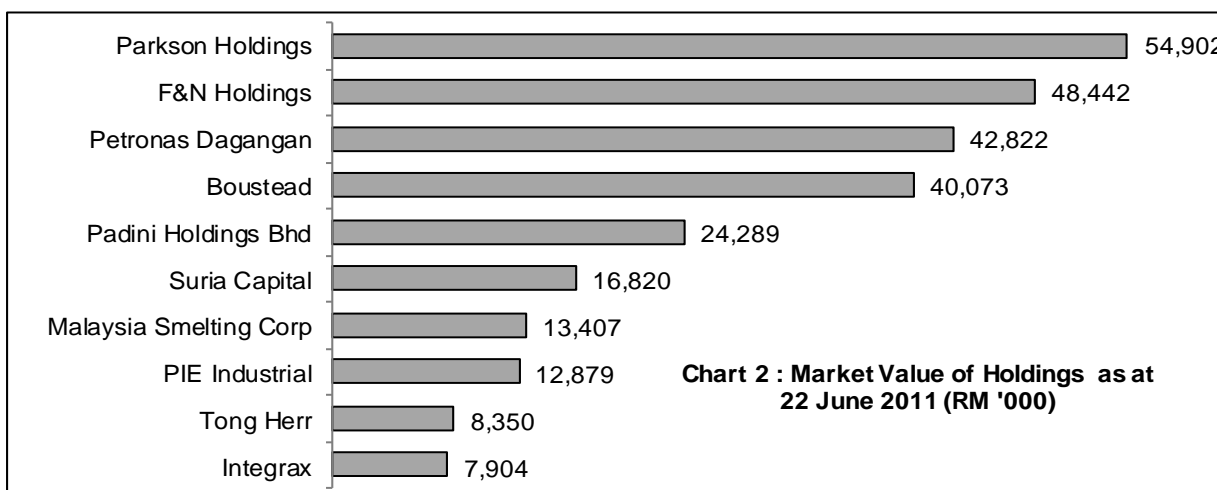
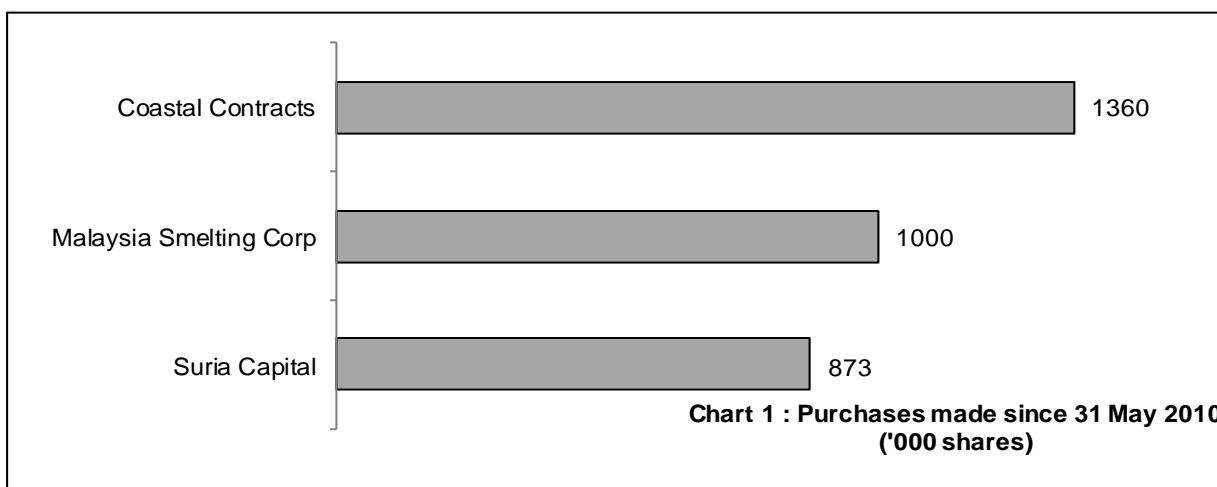
YM Tunku Tan Sri Dato' Seri Ahmad Bin
Tunku Yahaya
Chairman
22 June 2011

(b) What we have done with your funds

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

(i) Investment portfolio

The purchases made since 31 May 2010 and the current portfolio, in terms of quantity and the market value of each stock held, are shown in **charts 1, 2 and 3** below.



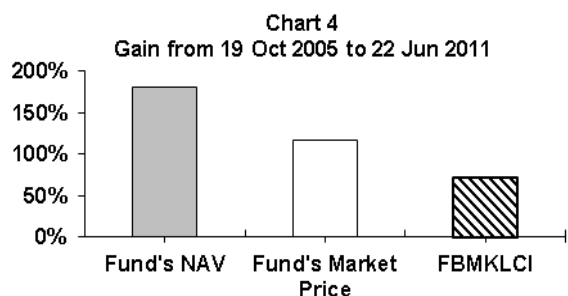
(ii) Investments sold

For the financial year ended 31 May 2011, your Fund sold its entire holdings in Hai-O Enterprise Berhad, Mico Chipboard Berhad and Coastal Contracts Bhd (its new investment for the year). In addition, it partially sold its holdings of Integrax Berhad. These sales generated realised gains of RM2.325 million with a cost of RM8.845 million.

As at 31 May 2011, your Fund invested RM128.580 million with a market value of RM270.507 million, giving unrealised gains of RM141.927 million. Of the Fund's investments as at 31 May 2011, Petronas Dagangan, Fraser & Neave and Parkson have substantial unrealised gains.

(iii) Investments made

In the year ending 31 May 2011, your Fund made a number of purchases. A new investment was Coastal Contracts Berhad but it was sold during the year. Your Fund also made additional investments in Malaysia Smelting Corporation Berhad and Suria Capital Holdings Berhad.



(iv) NAV and market price

Since its listing on 19 October 2005, the NAV per share of your Fund has risen from RM0.99 to RM2.77 by 31 May 2011. This represents a gain of 179.80%. Since its listing on 19 October 2005, the market price of your Fund has risen from RM1.01 to RM2.24 by 31 May 2011. This represents a gain of 121.78%. In the same period, FBMKLCI has risen by only 70.46%.

From 1 June 2010 to 31 May 2011, the NAV per share of your Fund has risen from RM2.10 to RM2.77 by 31 May 2011. This represents a gain of 31.90%. Since 1 June 2010, the market price of your Fund has risen from RM1.74 to RM2.24 by 31 May 2011 or a gain of 28.74%. In the same period, FBMKLCI has risen by 21.27%.

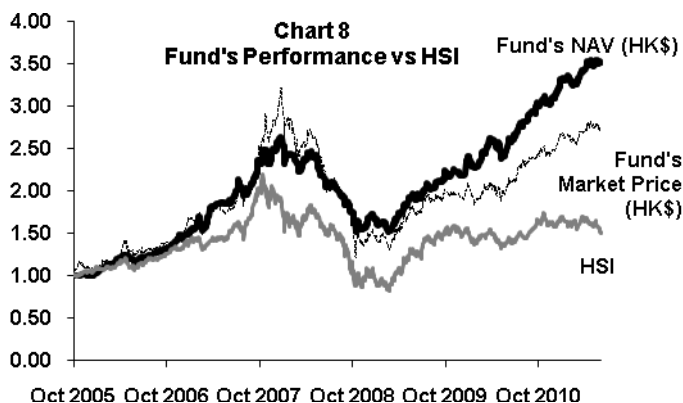
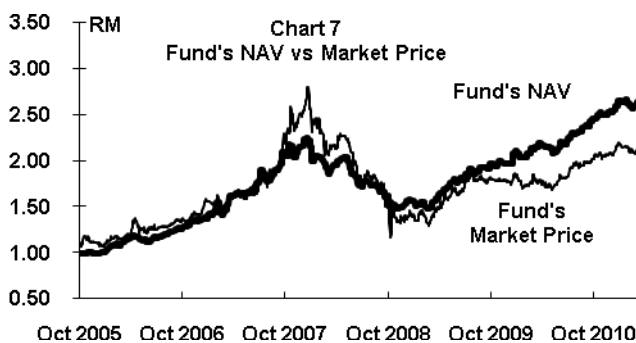
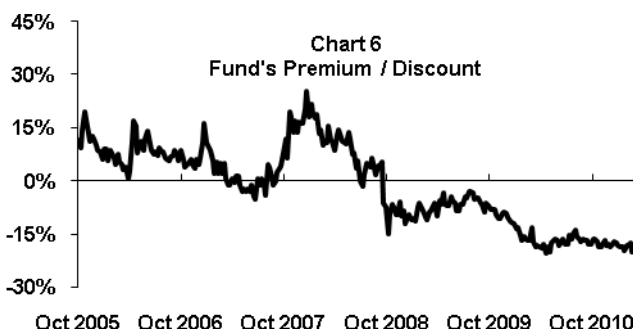
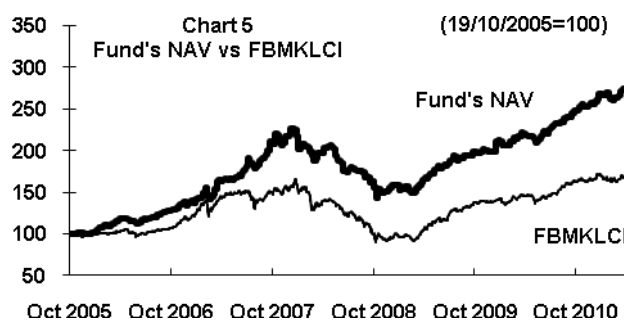
Chart 5 shows the performance of your Fund in comparison with the FBMKLCI.

Chart 6 shows your Fund's

premium/discount to NAV and **chart 7** shows the NAV per share and market price.

(v) Comparative Performance

There is no doubt that the performance of icapital.biz Bhd has, since its listing in October 2005, beaten that of the KL stock market, whether measured in terms of NAV or market price. Perhaps unnoticed by investors is the fact that your Fund has also beaten the performance of other leading regional markets. This year, we share some insightful comparative charts.



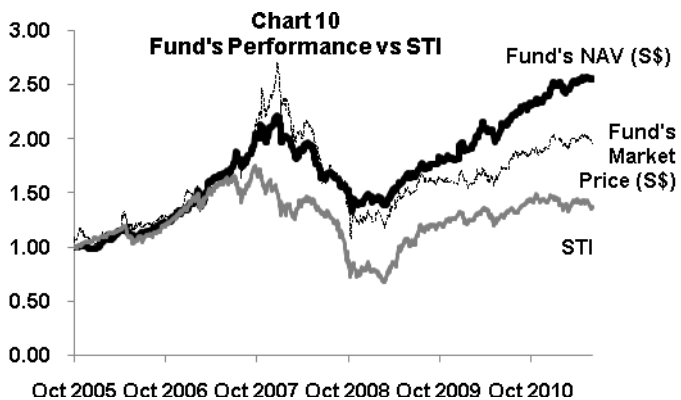
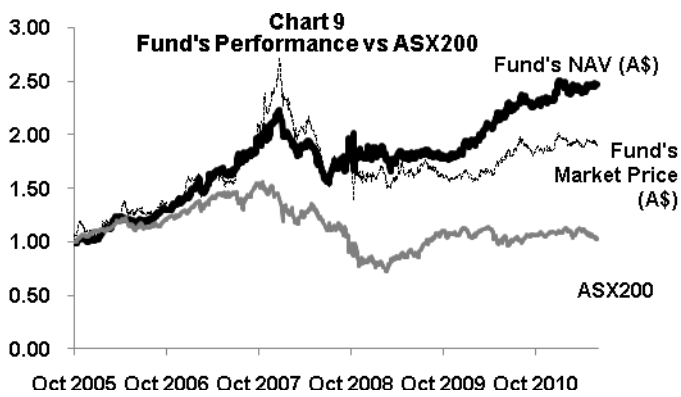


Chart 8 shows the performance of your Fund, in Hong Kong dollar terms, in comparison with the Hang Seng index. Next, **Chart 9** shows the performance of your Fund, in Australian dollar terms, in comparison with the ASX 200. This strong performance is despite the fact that the AUD has been one of the strongest currencies in the world. **Chart 10** shows the performance of your Fund, in Singapore dollar terms, in comparison with the Straits Times Industrial of the SGX.

Put simply, owning shares of icapital.biz Bhd for the long-term have been far more rewarding than in investing in Sydney, Hong Kong or Singapore.

(vi) What we think

2011 is about half way through and so far, it has been plagued with more turbulence and uncertainties. What lies ahead? Inflation in the emerging and developed economies has remained elevated without any signs that monetary tightening will be ending anytime soon. Yet, economic growth is suddenly

slowing down fast across the globe. With Greece approving the austerity measures, the European debt crisis is having a short respite but may come back to haunt global financial markets. The political uprising that started in smallish Tunisia has now spread to engulf most of North Africa and the Middle East. At the same time, Mother Nature continues to play havoc in all parts of the world, from volcanic eruptions in Iceland to Chile, from floods in the US to drought in China, from tsunami in Japan to earthquakes in Christchurch, and more.

In contrast, Malaysia seems to be like a safe haven with Bursa Malaysia holding its grounds relatively well. Still, as John Donne wrote, *“No man is an island, entire of itself.”* It is unlikely that Malaysia and Bursa Malaysia would escape unscathed if the global economy and equity markets slide further, the chances of which are not slim.

Given such persistent turbulence, your fund manager, Capital Dynamics Asset Management Sdn Bhd, would navigate this occasionally calm market of opportunities and frequently stormy market of risks with its “Intelligently Eclectic” value investing philosophy.

Shareowners of icapital.biz Berhad may want to know that this time tested philosophy has allowed your Fund’s NAV to surge 31.90% from 1 June 2010 to 31 May 2011 versus only a 21.27% rise from the FBMKLCI. At the same time, your Fund’s share price jumped 28.74% and all this while, your Fund has more than RM115 million in cash as “safety net”. Talk about having your cake and eating it.

Tan Teng Boo
Designated Person
Capital Dynamics Asset Management Sdn Bhd
22 June 2011

(a) Siapakah kami

icapital.biz Bhd (Dana anda) merupakan sebuah dana tertutup yang melabur di dalam syarikat-syarikat yang tersenarai di Pasaran Utama dan Pasaran ACE 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) 2264 8888, nombor faks (603) 2282 2733 atau e-mel info@my.tricorglobal.com

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

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

Tinjauan Prestasi icapital.biz Berhad

(a) Surat kepada Pemilik Saham

Bagi tahun berakhir 31 Mei 2011, Dana anda telah merekodkan perolehan sebanyak RM19.935 juta, menurun sebanyak RM22.289 juta atau 53% berbanding 31 Mei 2010. Dana anda telah merekodkan keuntungan sebelum cukai sebanyak RM13.917 juta bagi tempoh berakhir 31 Mei 2011, berbanding keuntungan sebelum cukai sebanyak RM37.644 juta pada tahun kewangan lepas. Penurunan bagi keuntungan sebelum cukai disebabkan oleh penurunan keuntungan daripada penjualan sekuriti. Dengan itu, berbanding keuntungan selepas cukai sebanyak RM36.250 juta pada tahun kewangan lepas, Dana anda merekodkan keuntungan selepas cukai sebanyak RM11.458 juta bagi tahun kewangan semasa.

Dalam menilai prestasi Dana anda, elemen utama yang perlu diberi fokus adalah nilai aset bersih (NAB). NAB Dana anda meningkat dari RM2.10 sesaham pada 31 Mei 2010 kepada RM2.77 sesaham pada 31 Mei 2011, keuntungan sebanyak 32%. Indeks Komposit Kuala Lumpur FTSE Bursa Malaysia (FBMKLCI) pula meningkat sebanyak 21% dalam tempoh yang sama.

Bencana nuklear di Jepun, diikuti dengan gempa bumi di New Zealand, letupan gunung berapi di Iceland dan yang terkini banjir yang melanda China dan Amerika Syarikat telah mengganggu permulaan tahun 2011. Ini juga diikuti dengan krisis kewangan yang sekarang ini menyerang Eropah dari Greece, sebagaimana masalah yang sebelum ini telah melanda Ireland. Ini telah menimbulkan kebimbangan bagi negara-negara

Eropah utama dimana seluruh dunia menunggu untuk melihat samada masalah ini akan dapat diselesaikan tanpa mempengaruhi ekonomi kewangan dunia. Situasi di Greece belum dapat dipastikan dan jika Greece tidak dapat pulih selepas ikat jamin kedua, ianya mendatangkan bahaya dimana Ireland, Portugal, Sepanyol dan Itali akan berada di bawah tekanan. Tidak disangsikan lagi ini akan mempengaruhi ekonomi dunia kerana ianya penting untuk dihargai memandangkan Eropah masih lagi menguasai kepentingan pelaburan dan faedah dalam perniagaan dan perdagangan antarabangsa.

Isu yang paling penting pada ketika ini adalah untuk terus mengekalkan kualiti pelaburan Dana anda yang mana ianya sentiasa mengikuti dasar Penasihat Pelaburan dan Pengurus Dana sejak Dana anda dimulakan. Pada masa yang sama, ianya adalah penting untuk mempunyai modal di tangan dan boleh didapati bila peluang untuk pembelian pelaburan bernilai tiba dan Penasihat Pelaburan dan Pengurus Dana sentiasa sedar dan bersedia untuk peluang-peluang seperti itu.

Saya berharap kepada satu tahun lagi kejayaan dan ganjaran yang akan memperlihatkan icapital.biz Berhad melangkah ke dalam pasaran Satu Malaysia dengan dilimpahi peluang-peluang perniagaan pada masa hadapan.

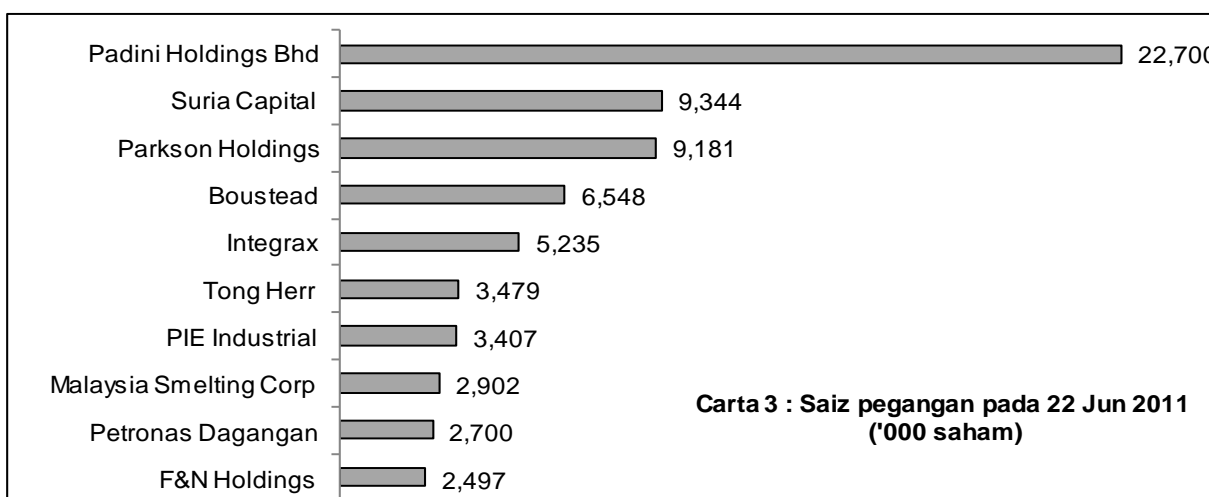
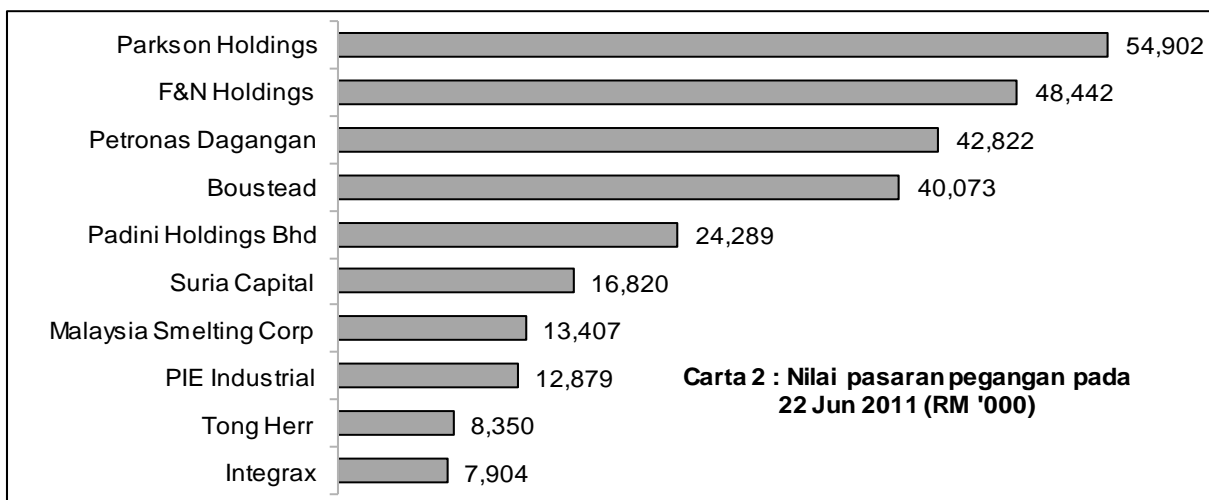
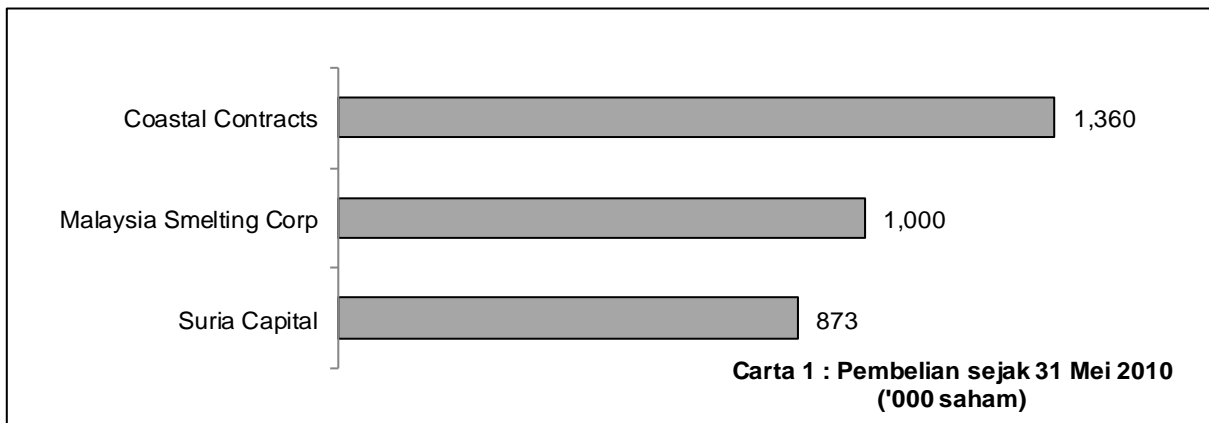
YM Tunku Tan Sri Dato' Seri Ahmad Bin
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Pengerusi
22 Jun 2011

(b) Apa yang telah kami lakukan dengan dana anda

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

(i) Portfolio Pelaburan

Carta 1, 2 dan 3 menunjukkan pembelian yang dibuat sejak 31 Mei 2010 dan portfolio semasa, dalam bentuk kuantiti dan nilai pasaran bagi setiap saham yang dipegang.



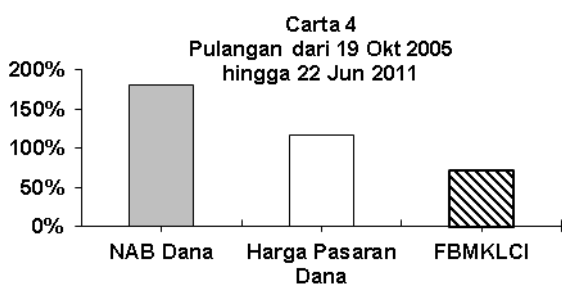
(ii) Pelaburan yang telah dijual

Bagi tahun kewangan berakhir 31 Mei 2011, Dana anda telah menjual seluruh pegangannya dalam Hai-O Enterprise Berhad, Mieco Chipboard Berhad dan Coastal Contracts Bhd (pelaburan barunya bagi tahun ini). Selain itu, ia juga menjual sebahagian pegangannya dalam Integrax Berhad. Penjualan ini menghasilkan keuntungan yang direalisasikan sebanyak RM2.325 juta dengan kos sebanyak RM8.845 juta.

Pada 31 Mei 2011, Dana anda telah melabur sejumlah RM128.580 juta dengan nilai pasaran sebanyak RM270.507 juta, memberikan keuntungan yang belum direalisasi sebanyak RM141.927 juta. Di antara pelaburan Dana anda pada 31 Mei 2011, Petronas Dagangan, Fraser & Neave dan Parkson mencatat keuntungan yang belum direalisasi terbesar.

(iii) Pelaburan yang telah dibuat

Pada tahun berakhir 31 Mei 2011, Dana anda telah membuat beberapa pembelian. Pelaburan baru adalah Coastal Contracts Bhd tetapi telah dijual pada tahun yang sama. Dana anda juga telah menambah pelaburannya dalam Malaysia Smelting Corporation Berhad dan Suria Capital Holdings Berhad.



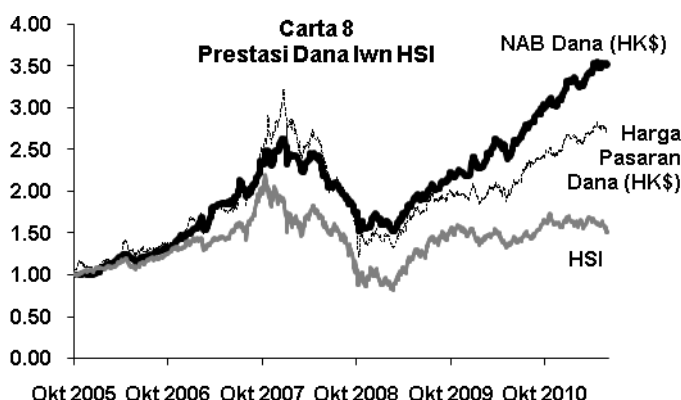
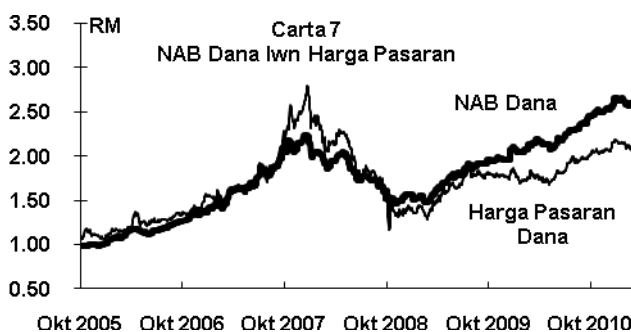
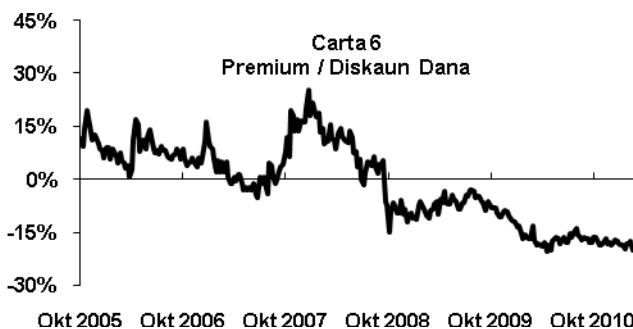
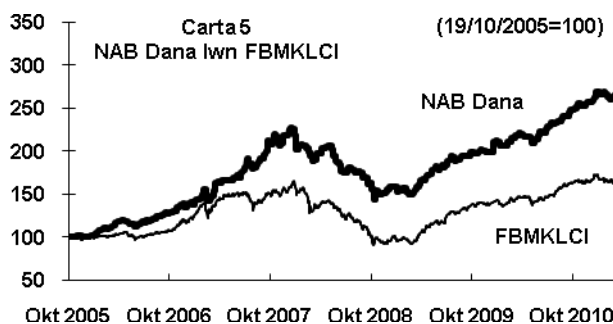
(iv) NAB dan harga pasaran

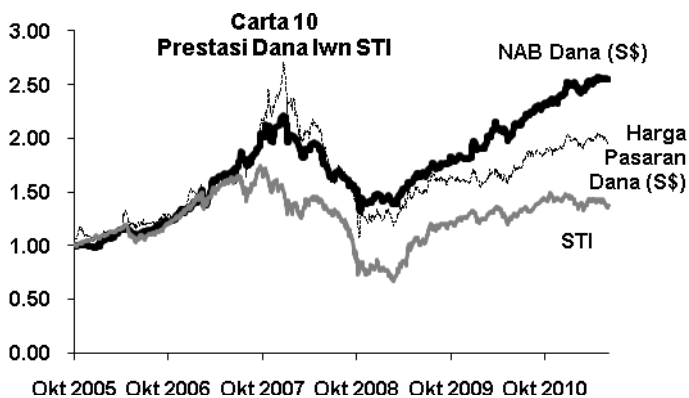
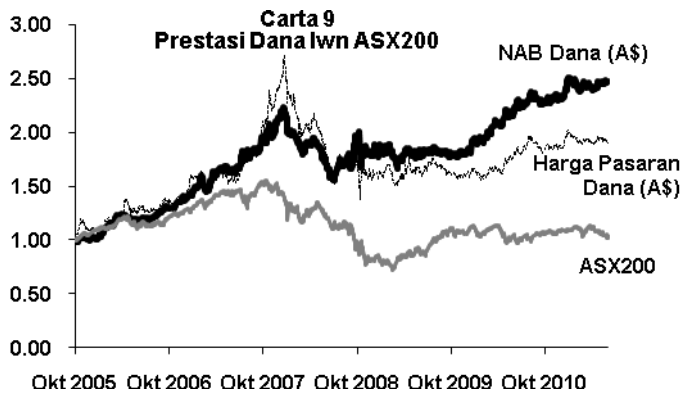
Sejak disenaraikan pada 19 Oktober 2005, NAB sesaham Dana anda telah meningkat dari RM0.99 kepada RM2.77 pada 31 Mei 2011. Ini merupakan keuntungan sebanyak 179.80%. Sejak penyenaiaannya pada 19 Oktober 2005, harga pasaran Dana anda telah meningkat dari RM1.01 kepada RM2.24 pada 31 Mei 2011. Ini merupakan keuntungan sebanyak 121.78%. Dalam tempoh yang sama, FBMKLCI hanya meningkat sebanyak 70.46%.

Dari 1 Jun 2010 sehingga 31 Mei 2011, NAB sesaham Dana anda telah meningkat dari RM2.10 kepada RM2.77 pada 31 Mei 2011. Ini merupakan keuntungan sebanyak 31.90%. Sejak 1 Jun 2010, harga pasaran Dana anda telah meningkat dari RM1.74 kepada RM2.24 menjelang 31 Mei 2011

atau keuntungan sebanyak 28.74%. Dalam tempoh yang sama, FBMKLCI telah meningkat sebanyak 21.27%.

Carta 5 menunjukkan perbandingan prestasi Dana anda dengan FBMKLCI. **Carta 6** menunjukkan premium/diskaun Dana anda ke atas NAB, manakala **Carta 7** menunjukkan NAB sesaham dan harga pasaran.





(v) Perbandingan Prestasi

Tiada lagi keraguan bahawa prestasi icapital.biz Berhad, sejak disenaraikan pada Oktober 2005, telah mengatasi pasaran saham Kuala Lumpur (KL), sama ada diukur berdasarkan NAB atau harga pasaran. Mungkin tanpa disedari oleh para pelabur adalah fakta bahawa Dana anda telah mengatasi prestasi pasaran-pasaran utama yang lain. Pada tahun ini, kami ingin berkongsi beberapa carta perbandingan yang berguna.

Carta 8 menunjukkan prestasi Dana anda, dalam matawang Hong Kong, dibandingkan dengan Indeks Hang Seng. Kemudian, **Carta 9** menunjukkan prestasi Dana anda, dalam matawang Australia, dibandingkan dengan ASX 200. Prestasi yang teguh ini adalah fakta yang menunjukkan bahawa matawang Australia (AUD) merupakan matawang yang terkuat di dunia. **Carta 10** menunjukkan prestasi Dana anda, dalam matawang Singapura, dibandingkan dengan Straits Times Industrial di Bursa Saham Singapura (SGX).

Dengan mudah menyatakan, memiliki saham icapital.biz Bhd untuk jangka masa panjang adalah jauh lebih bermanfaat daripada melabur di Sydney, Hong Kong atau Singapura.

(vi) Pendapat kami

Tahun 2011 telah separuh jalan dilalui dan setakat ini, ia telah dilanda dengan banyak kegeloraan dan ketidakpastian. Apa yang akan berlaku? Inflasi dalam ekonomi-ekonomi maju dan baru muncul telah kekal tinggi tanpa sebarang petunjuk bahawa pengetatan kewangan akan berakhir bila-bila masa tidak lama lagi. Namun, pertumbuhan ekonomi secara tiba-tiba perlahan merentasi dunia. Dengan Greece membenarkan langkah-langkah berjimat cermat, krisis hutang Eropah mempunyai satu penanguhan yang pendek tetapi boleh kembali untuk menghantui pasaran-pasaran kewangan global. Pemberontakan politik yang bermula di Tunisia sekarang ini telah merebak untuk meliputi kebanyakan Afrika Utara dan Timur Tengah. Pada masa yang sama, Alam Semulajadi terus memusnahkan semua bahagian-bahagian dunia, dari letupan gunung berapi di Iceland ke Chile, dari banjir di AS seterusnya ke China, dari tsunami di Jepun ke gempa bumi di Christchurch, dan banyak lagi.

Sebaliknya, Malaysia seolah-olah menjadi seperti syurga yang selamat dengan Bursa Malaysia masih mempunyai pegangan dasar yang agak baik. Namun seperti yang ditulis oleh John Donne, "*Tiada manusia bagai sebuah pulau, mampu hidup bersendirian.*" Tidak mungkin Malaysia dan Bursa Malaysia dapat mengelak daripada turut menerima kesan jika ekonomi dan pasaran ekuiti global merudum lebih jauh, yang mana kebarangkaliannya tidak kecil.

Memandangkan gelora masih berterusan, Pengurus Dana anda, Capital Dynamics Asset Management Sdn Bhd, akan mengemudi peluang-peluang pasaran ini yang sekali-sekala tenang dan risiko-risiko pasaran yang sering bergelora dengan menghargai falsafah bernilai pelaburannya iaitu "Eklektik Pintar".

Pemilik-pemilik saham icapital.biz Berhad mungkin ingin tahu bahawa pada masa ini falsafahnya telah diuji yang membenarkan NAB Dana anda mencapai 31.90% dari 1 Jun 2010 ke 31 Mei 2011 melawan FBMKLCI yang hanya meningkat sebanyak 21.27%. Pada masa yang sama, harga pasaran Dana anda melonjak sebanyak 28.74% dan selama ini, Dana anda mempunyai lebih daripada RM115 juta tunai sebagai "jaring keselamatan." Bercakap tentang mempunyai kek dan memakannya.

Tan Teng Boo
Pegawai Lantikan Khas
Capital Dynamics Asset Management Sdn Bhd
22 Jun 2011

(a) 关于我们

资本投资有限公司（您的基金）是马来西亚最大的封闭式基金。我们专注于为投资者提供投资于非上市公司的机会。我们的基金资产由专业的基金经理管理，旨在实现长期增值。我们的基金投资于马来西亚的上市公司，其资产价值通常高于市场平均水平。我们的基金资产由专业的基金经理管理，旨在实现长期增值。我们的基金投资于马来西亚的上市公司，其资产价值通常高于市场平均水平。

您的基金资产由专业的基金经理管理，旨在实现长期增值。我们的基金投资于马来西亚的上市公司，其资产价值通常高于市场平均水平。我们的基金资产由专业的基金经理管理，旨在实现长期增值。我们的基金投资于马来西亚的上市公司，其资产价值通常高于市场平均水平。

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除非获得股东的同意，否则，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，是为了为您提供一个简单、透明且长期的投资平台。我们的基金投资于马来西亚的上市公司，其资产价值通常高于市场平均水平。我们的基金资产由专业的基金经理管理，旨在实现长期增值。我们的基金投资于马来西亚的上市公司，其资产价值通常高于市场平均水平。

(c) 谁管理您的基金

资本投资有限公司是根据马来西亚法律成立的。我们的基金由专业的基金经理管理，旨在实现长期增值。我们的基金投资于马来西亚的上市公司，其资产价值通常高于市场平均水平。我们的基金资产由专业的基金经理管理，旨在实现长期增值。我们的基金投资于马来西亚的上市公司，其资产价值通常高于市场平均水平。

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信托基金与封闭式基金有天渊之别。欲知这方面详情，请联络我们。 www.icapital.biz 或 www.icapitaleducation.biz

(d) 如何联络我们

您可以通过 (603) 2264 8888 或 (603) 2282 2733 (传真号码) 抑或电邮至 info@my.tricorglobal.com 以联络公司秘书。

您可以通过 (603) 2070 2106 或 (603) 2070 6653 (传真号码) 抑或 cdam@cdam.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。

(a) 给股东们的信

截至 2011 年 5 月 31 日为止，您的基金报上了 RM1 千 993 万 5 千的营业额。与 2010 年 5 月 31 日相比，这下跌了 53% 或 RM2 千 228 万 9 千。与上个财政年度 RM3 千 764 万 4 千的税前盈利相比，您的基金截至 2011 年 5 月 31 日的税前盈利是 RM1 千 391 万 7 千。这下跌是鉴于出售证券所获得的较低盈利所致。因此，相较于上个财政年度的 RM3 千 625 万税后盈利，您的基金在本财政年度报上了 RM1 千 145 万 8 千的税后盈利。

在评估您的基金业绩时，资产净值是需要关注的主要变量。您的基金资产净值从 2010 年 5 月 31 日的每股 RM2.10 增长 32% 至 2011 年 5 月 31 日的每股 RM2.77。同期的隆综合指数增长了 21%。

日本的核灾难、纽西兰的地震、冰岛的火山爆发以及中美近期的水灾已使到 2011 年拥有一个令人不安的开始。紧随的有从希腊散播至欧洲的金融危机，即类似早前发生于爱尔兰的问题。这引起了欧洲主要国家的关注，因为全球其它国家皆正拭目以待究竟

此问题可否在不影响全球金融经济的前提下被解决。希腊的局势将会如何仍是一个未知之数，因为希腊的经济若在得到第二笔的救助贷款后仍未出现好转，那么爱尔兰、葡萄牙、西班牙及意大利将有可能全部遭殃。无疑这将为全球经济带来重大的影响，因为欧洲仍然在国际商贸的利益与投资上扮演着一个举足轻重的角色。

目前最重要的课题是继续维持您基金的投资品质，而这乃是投资顾问及基金经理从您基金成立的首日开始便一直在实践着的策略。同时，拥有资本在手也是重要的，以便在价值买进的投资机会来临时可派上用场。您的基金投资顾问及基金经理一直为这种机会准备就绪。

我期待着另一个成功及丰收的一年，并且认为资本投资有限公司在未来将迁入一个商机不断的一个大马市场。

YM Tunku Tan Sri Dato' Seri
Ahmad Bin Tunku Yahaya
董事局主席

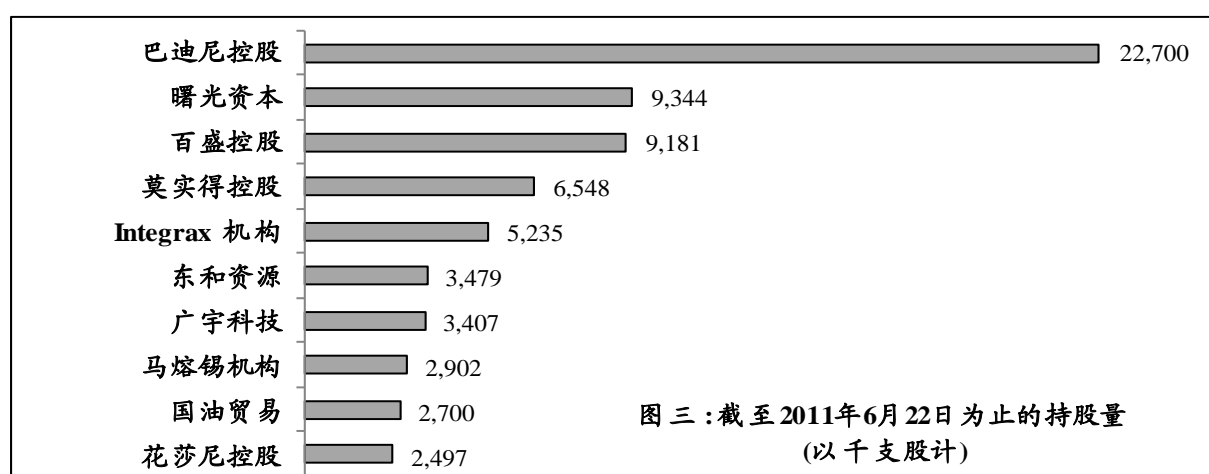
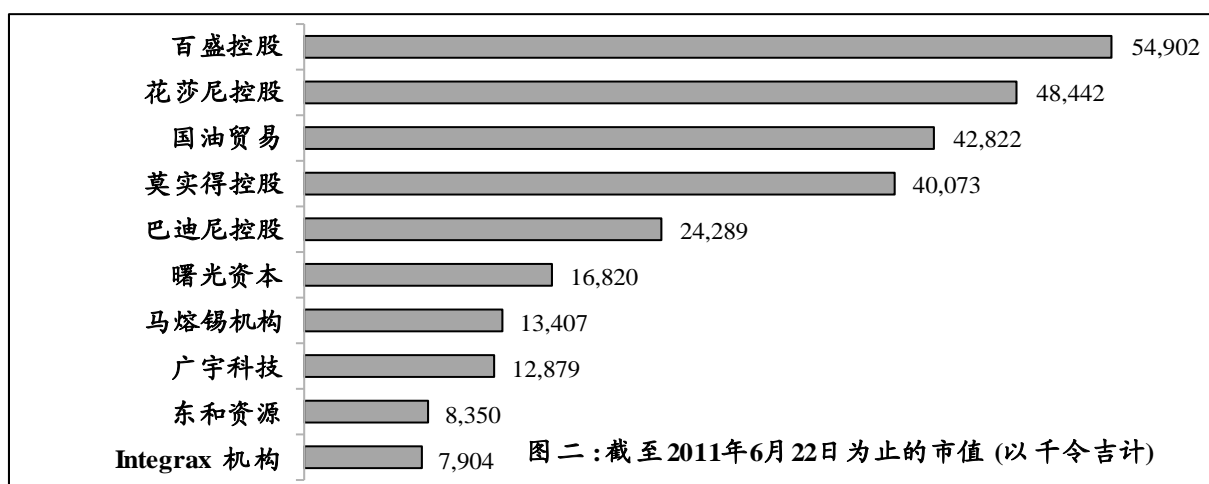
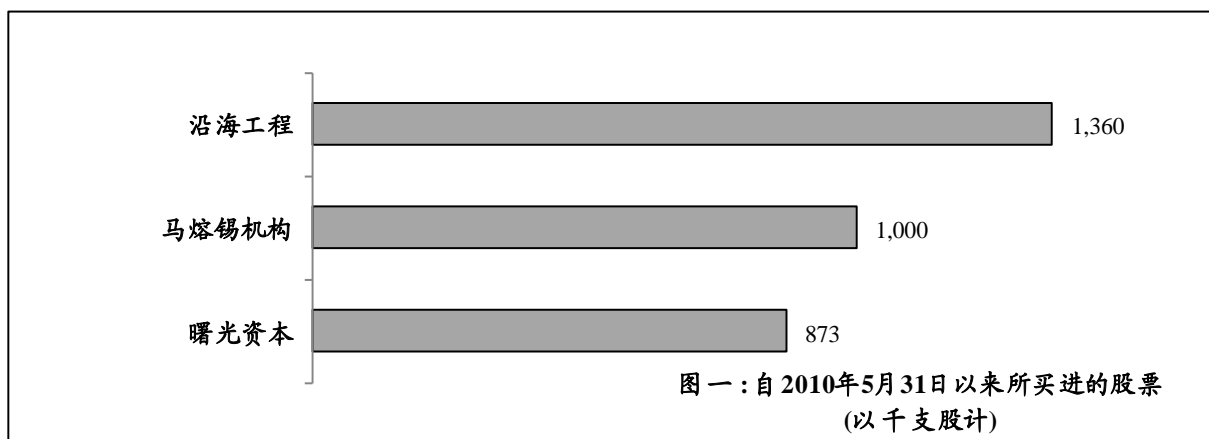
2011 年 6 月 22 日

(b) 我们如何善用您的基金

“当您投资看待成投资于一门生意时，这是最聪明的” - Benjamin Graham

(i) 投资组合

以下的图一、图二与图三显示自 2010 年 5 月 31 日以来所买进的股票和投资组合内所持有的股项数量以及各自的市值。



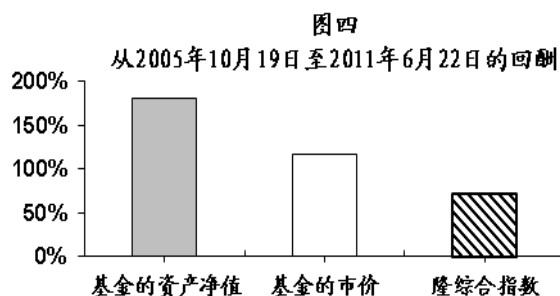
(ii) 售出的股项投资

截至 2011 年 5 月 31 日为止的财政年度，您的基金售出了在海鸥企业、美国木合板以及沿海工程 (本财政年度的新投资) 的所有持有股。另外，其也售出在 Integrax 机构的一部分持有股。这些出售带来了 RM232 万 5 千的收益，投资成本则为 RM884 万 5 千。

截至 2011 年 5 月 31 日为止，您的基金共作出了 RM1 亿 2 千 858 万的投资，而市值为 RM2 亿 7 千零 50 万 7 千，这意味着 RM1 亿 4 千 192 万 7 千的未套现盈利。截至 2011 年 5 月 31 日为止，您基金大部分未套现的盈利主要来自国油贸易、花莎尼控股以及百盛控股的投资。

(iii) 所作出的投资

您基金在截至 2011 年 5 月 31 日为止的财政年度里作出了一些购买。一项新投资为沿海工程的投资，但该股项已在该财政年度内被售出。您基金也增加其在马熔锡机构以及曙光控股的投资。



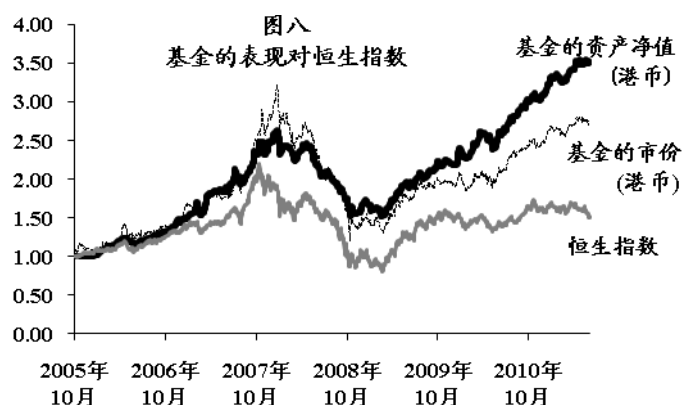
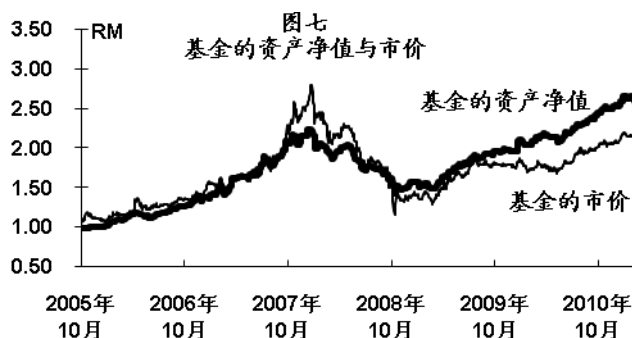
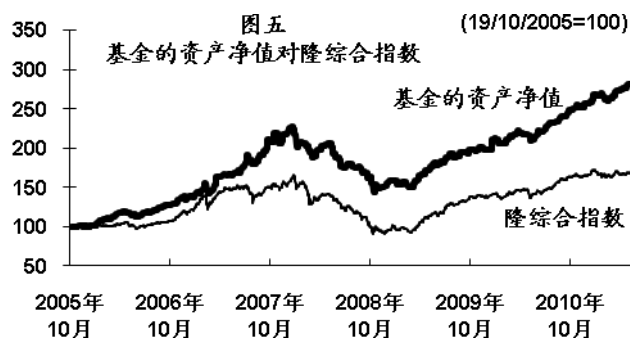
(iv) 资产净值与市价

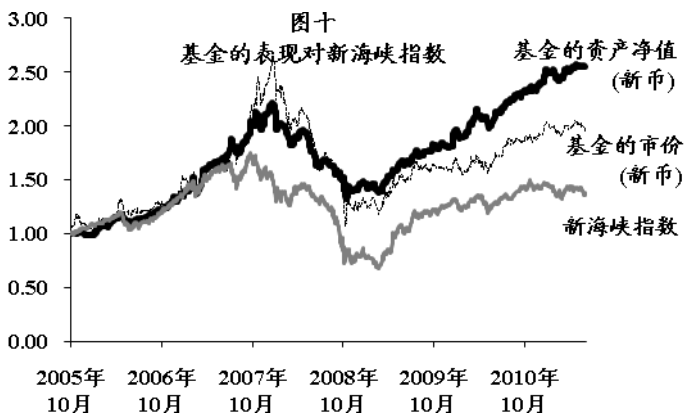
自 2005 年 10 月 19 日上市以来至 2011 年 5 月 31 日为止，您的基金的每股资产净值已从 RM0.99 上涨至 RM2.77。这代表着 179.80% 的增长。另外，自其于 2005 年 10 月 19 日上市以来至 2011 年 5 月 31 日为止，您基金的市价已从 RM1.01 上扬至 RM2.24。这代表着 121.78% 的上扬。隆综合指数在同期里仅报上了 70.46% 的增长。

从 2010 年 6 月 1 日至 2011 年 5 月 31 日，您基金于 2011 年 5 月 31 日的每股资产净值从 2010 年 6 月 1 日的 RM2.10 上扬至 RM2.77。这代表着 31.90% 的盈利。您基金的市价从 2010 年 6 月 1 日的 RM1.74 上扬至 2011 年 5 月 31 日的 RM2.24，或相等于

28.74% 的上升。隆综合指数在同期里仅上扬了 21.27%。

图五显示您的基金与隆综合指数的表现相比较。图六显示了您基金资产净值的溢价/折价，而图七则显示每股资产净值以及市价。





(v) 表现的比较

无论是以资产净值或市价而言，资本投资有限公司自其于2005年10月份上市以来的表现无可否认皆已超越了隆股市。或许投资者们没发现到，其实您的基金也超越其它主要区域市场的表现。今年，我们欲分享一些拥有深刻见地的比较图表。

以港币计算，图八显示您基金与恒生指数的表现之比较。此外，图九以澳币作单位展示了您基金与ASX200指数的表现之比较。尽管澳币一直是全球强劲货币之一，您基金仍拥有强劲表现。以新币计算，图十显示了您基金与新加坡证券交易所新海峡时报指数的表现之比较。

简而言之，长期持有资本投资有限公司的股票已远远超越投资于悉尼、香港或新加坡的投资回酬。

(vi) 我们的见解

2011年已过了半年左右，而至今其一直被许多动荡及不确定因素所困扰着。前景会如何？新兴以及发达经济

体的通胀依然保持高企，而且没有任何迹象显示货币紧缩政策会在近期内结束。然而，经济增长突然在全球各地急速放缓下来。随着希腊政府通过紧缩政策方案，欧洲债务危机总算有一个短暂喘息的机会，但其仍然有可能会再次困扰全球金融市场。早前从微小的突尼斯所发起的政治动荡目前已蔓延，甚至将北非及中东大部分的地区席卷在内。与此同时，大自然持续在世界各地发挥其威力，从冰岛的火山爆发、从美国的洪水到中国的干旱、从日本的海啸到基督城的地震等等。

反观，大马证券交易所相对地维持其表现，以致大马看似一个相当安全的避风港。虽然如此，正如约翰邓恩所写的，“没有人是一座孤岛，可以自全”。若全球经济及股市进一步下滑下去（而且这发生的机率并不渺茫），大马以及大马证券交易所是不可能逃过一劫的。

鉴于如此持续的动荡，您的基金经理——资威资产投资有限公司将以其“精明地知性折衷”价值投资理念来为其在此时而风平浪静的市场寻找机会，并且避开此市场频密暴风雨的风险。

资本投资有限公司的股东们也许想知道，这历经时间考验的理念已让您的基金截至2011年5月31日为止的资产净值从2010年6月1日上涨31.90%，相较于隆综合指数仅上涨的21.27%。与此同时，您基金的股价已上扬了28.74%，而且您基金在这期间已累积超过RM1亿1千500万的现金以作为“安全网”。这真是“鱼与熊掌，两者兼得”。

陈鼎武
指定基金经理
资威资产管理私人有限公司
2011年6月22日

Profile of Directors

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya

Chairman/Non-Independent Non-Executive Director, Member of the Audit Committee and Nomination Committee, 82 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.

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. On 4 January 1979 he joined Sime Darby Berhad and resigned as Deputy Chairman on 27 November 2007. 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 is also a Director and has indirect shareholding in Capital Dynamics Asset Management Sdn. Bhd.

David Loo Kean Beng

Independent Non-Executive Director, Member of the Audit Committee and Chairman of Nomination Committee, 48 years of age – Malaysian

David Loo Kean Beng was appointed to your Board of Directors on 15 May 2008. He holds a Bachelor of Arts (Honours). He started his career with Sime Darby Berhad in 1987 and was Senior Legal Adviser prior to leaving in

1997. David Loo Kean Beng is a partner of Messrs Wong-Cheng Kiat -Loh. He also sits on the board of Boustead REIT Managers Sdn. Bhd., the manager of Al-Hadharah Boustead REIT.

Datuk Ng Peng Hong @ Ng Peng Hay

Independent Non-Executive Director, 59 years of age – Malaysian

Datuk Ng Peng Hong was appointed to your Board of Directors on 26 April 2010. He was the State Assemblyman for Tengkeru Constituency of Barisan Nasional between 1982 and 1986. He then served as a Senator in the Malaysian Parliament from 1987 to 1993. His first involvement in social activities was upon completing his secondary education. He has been appointed as the Investment Coordinator by the Melaka State Development Corporation to handle direct investments in the State of Melaka since 1988. Together with his team of officials and his excellent public relations, he has helped in attracting numerous Taiwanese, Singaporean and Chinese investors to the State of Melaka.

In recognition of his efforts and dedication, he was conferred the Darjah Mulia Seri Melaka by his Excellency, the Governor of Melaka in 1992. On 17 July 1999, the Taiwanese Government awarded him the Economics Medal.

He is the Chairman of MCA, 7th Branch Melaka since 1982 and Chairman of Malacca State Malaysia Crime Prevention Foundation. He is also a Board member of Malaysian Industrial Development Authority and Chairman of Koperasi Jayadiri Malaysia Berhad.

He currently sits on the board of Bonia Corporation Berhad, Komarkcorp Berhad, Ta Win Holdings Berhad, Farm's Best Berhad and Wellcall Holdings Berhad.

Harun Bin Halim Rasip

Independent Non-Executive Director, Chairman of the Audit Committee and Member of Nomination Committee, 57 years of age – Malaysian

Harun Bin Halim Rasip was appointed to your Board of Directors on 21 May 2010. He graduated from the University of Western Australia with a Bachelor of Commerce Degree (Accounting). He articulated with Price Waterhouse in Perth, Western Australia for admission and acceptance into the Institute of Chartered Accountants in Australia. He joined Price Waterhouse, Kuala Lumpur in 1978 and left in 1983. Thereafter, he was appointed as Managing Director of Halim Rasip Holdings Sdn Bhd, solely responsible for the functions of project promotion, finance and corporate matters, business development, project development and management to date.

He has been a member of the Executive Committee of the Federation of Public Listed Companies Bhd since 2004 and has been serving as a member of its Technical and Regulatory Committee and Accounting Standards Sub-Committee since 2003.

Harun Bin Halim Rasip is also the President Director of P.T. Indoexchange Tbk, a company listed on the Indonesia Stock Exchange engaged in marine services and port development activities in Indonesia.

Note:-

- None of the Directors have any family relationship with any Director of your Fund nor conflict of interest involving your Fund. Your Fund does not have any substantial shareholder.
- 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 share owners' 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 financial year ended 31 May 2011. 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; three (3) of whom are independent. This is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (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.

Name	Number of meetings attended
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	4 out of 4
David Loo Kean Beng	4 out of 4
Datuk Ng Peng Hong @ Ng Peng Hay	4 out of 4
Harun Bin Halim Rasip	4 out of 4

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 explanations.

Your Directors also have access to the Company Secretary and 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.

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 15 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 financial year ended 31 May 2011, a total of four (4) Board meetings were held and the attendance of each Director is as shown below:-

6. Directors' Training

Your Board acknowledges the fact that continuous education is vital for your Board members to keep abreast with the developments of the economy and further enhance their knowledge to discharge their duties and responsibilities more effectively.

During the financial year ended 31 May 2011, the Directors' continuing education programme included the following:-

- Corporate Directors Conference 2011.
- Corporate Governance Guide – Towards Boardroom Excellence.
- Continuous Obligations of A Listed Issuer and Directors.
- Briefings by the Company Secretary, Internal Auditors and External Auditors on the relevant updates on statutory and regulatory requirements.

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 18 to 20 of this Annual Report.

7.2 Nomination Committee

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

Chairman: David Loo Kean Beng - (*Independent Non-Executive Director*)

Members:

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

Harun Bin Halim Rasip - (*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 annually 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 share owners of your Fund at every Annual General Meeting for approval.

An analysis of the aggregate Directors' remuneration for the financial year ended 31 May 2011 is as below:-

<u>Directors</u>	<u>Fees (RM)</u>
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	40,000
Michael Vitus Wong Kuan Lee (Retired on 14 August 2010)	8,219
David Loo Kean Beng	40,000
Datuk Ng Peng Hong @ Ng Peng Hay	40,000
Harun Bin Halim Rasip	40,000
Total	<u>168,219</u>

9. Communication with Share Owners and Investors

Your Fund recognises the importance of maintaining transparency and accountability to its share owners and investors. An important channel used to reach share owners and investors is the Annual Report. Timely release of financial results on a quarterly basis also enables share owners 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 share owners. Your Board encourages share owners 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 your Fund's NAV per share can be found in www.bursamalaysia.com, www.icapital.my 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 your 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 your 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 21 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 18 of this Annual Report.

10.4 Internal Auditors

Your Fund has appointed Advent Corporate Advisory Sdn Bhd, a professional service 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 their duties 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 yearly audit plans and 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 19 on 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 because of limitations inherent in any system of internal control against material misstatements or fraud and 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 services firm that provides independent and objective reports directly to the Audit Committee, which assists the Audit Committee in discharging its duties and responsibilities.

Internal Control Elements

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 accounting records relating to your Fund's portfolio. The custodian function is performed by an independent custodian bank, which maintains custody of your Fund's investments and cash.

The Internal Auditors adopt a risk-based approach in evaluating the effectiveness of your Fund's system of internal control.

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 share owners.

(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 request information and clarification from the service providers as well as seek inputs from the Audit Committee, external and internal auditors, and other experts at your Fund's expense.

(iii) Audit Committee

Your Board has established the Audit Committee, comprising two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Details of composition, terms of reference and report of the Audit Committee 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 is complete, 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 risks is managed by your Fund Manager, Investment Adviser and the Custodian Bank.

Conclusion

After due consideration and review of the information provided, your Board is satisfied that there is no significant control failure or weaknesses that would result in material losses or require disclosure in your Fund's Annual Report identified during the financial year ended 31 May 2011.

Audit Committee Report

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

Members and Meetings

The members of the Audit Committee and details of attendance of each member at committee meetings during the financial year ended 31 May 2011 are set out below:-

Audit Committee

Harun Bin Halim Rasip*

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya

David Loo Kean Beng

Status of Directorship	Attendance
Chairman / Independent Non-Executive Director	4 out of 4
Member / Non-Independent Non-Executive Director	4 out of 4
Member / Independent Non-Executive Director	4 out of 4

* 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, all of them must be non-executive directors with a majority of them being 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:
 - 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 Accountants Act 1967; or

- (c). fulfils such other requirements as prescribed or approved by 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 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;
- (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, internal auditors or both without the attendance of other Directors and service providers of your Fund, whenever deemed necessary. Other Directors may attend only at the Audit Committee's invitation.

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 service providers' 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 and service providers to external auditors; and
- To discuss problems and reservations arising from the interim and final audits and any matters that the external auditors may wish to discuss.

(b). Matters relating to Internal Audit function

- To review the effectiveness and competency of the internal audit function;
- 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 service providers 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's officers and service providers 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 ended 31 May 2011 included:-

- reviewing the quarterly results and audited financial statements before submission to your Board for approval, focusing on the key changes (if any) to the accounting policies, compliance to regulatory requirements and the new introduction of the financial reporting standards ("FRS");
- reviewing 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/arrangements thereof;
- reviewing the audit findings and recommendations by the internal auditors, representations made and corrective actions taken by the relevant service providers in addressing and resolving issues;
- 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 an independent professional services 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 and to report any audit findings directly to the Audit Committee. The costs incurred for the Internal Audit function in respect of the financial year was RM12,000.

Directors' Report

The Directors hereby submit their report and the audited financial statements of your Fund for the financial year ended 31 May 2011.

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 services.

Results

Profit after taxation for the financial year	RM 11,458,453
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Dividends

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

Reserves and Provisions

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

Issues of Shares and Debentures

During the financial year,

- there were no changes in the authorised and issued and paid-up share capital of your Fund; and
- there were no issues of debentures by your Fund.

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.

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 impairment losses on receivables, and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

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 impairment losses on receivables 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:-

- 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
- 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.

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.

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
2. David Loo Kean Beng
3. Datuk Ng Peng Hong @ Ng Peng Hay
4. Harun Bin Halim Rasip
5. Michael Vitus Wong Kuan Lee (retired on 14 August 2010)

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	Number of Ordinary Shares of RM1 each			
	At 1.6.2010	Bought	Sold	At 31.5.2011
<u>Indirect Interests</u>				
YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya	3,789,000	-	300,000	3,489,000 (1)
Harun Bin Halim Rasip	39,900	-	-	39,900 (2)

Notes:

1. Deemed interest by virtue of his daughter's direct shareholding and he and his daughter's indirect shareholding in Capital Dynamics Asset Management Sdn Bhd.
2. Deemed interest by virtue of his shareholding in Halim Rasip Holdings Sdn Bhd.

The other Directors 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 year, 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) 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 companies in which certain Directors have substantial financial interests as disclosed in Note 18 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. Crowe Horwath, have expressed their willingness to continue in office.

Signed in Accordance with a Resolution of the Directors dated 5 July 2011.

YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya

Harun Bin Halim Rasip

Statement by Directors

We, YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya and Harun Bin Halim Rasip, being two of the Directors of icapital.biz Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 23 to 34 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Company at 31 May 2011 and of its results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 20, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in Accordance with a Resolution of the Directors dated 5 July 2011.

YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya

Harun Bin Halim Rasip

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 financial statements set out on pages 23 to 34 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 5th day of July 2011.

Before me

Tan Teng Boo

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

Financial Statements

Independent Auditors' Report to the Members of icapital.biz Berhad Report on the Financial Statements

We have audited the financial statements of icapital.biz Berhad, which comprise the statement of financial position as at 31 May 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 23 to 34.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 May 2011 and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The supplementary information set out in Note 20 on page 34 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants
Kuala Lumpur
5 July 2011

Onn Kien Hoe
Approval No: 1772/11/12(J/PH)
Chartered Accountant

Statement of Financial Position at 31 May 2011 (RM)

	Notes	2011	2010
ASSETS			
Non-current asset			
Investments	5	270,506,528	128,726,903
Current assets			
Other receivables	6	2,271,569	1,783,229
Current tax assets		178,320	557,935
Short-term deposits	7	115,704,397	103,677,127
Cash and bank balances		203,553	248,133
		118,357,839	106,266,424
Current liability			
Other payables	8	635,446	149,243
Net current assets			
		117,722,393	106,117,181
		388,228,921	234,844,084
Financed by:-			
Share capital	9	140,000,000	140,000,000
Reserves	10	248,228,921	94,844,084
Shareholders' equity		388,228,921	234,844,084
Net assets per ordinary share (RM)	11	2.77	1.68
Net asset value per ordinary share (RM)	12	2.77	2.10

Statement of Changes in Equity for the Financial Year Ended 31 May 2011 (RM)

Notes	Non-Distributable		Distributable	Total Equity
	Share Capital	Fair Value Reserve	Retained Profits	
Balance at 1 June 2009	140,000,000	-	58,593,818	198,593,818
Total comprehensive income for the financial year	-	-	36,250,266	36,250,266
Balance at 31 May 2010/1 June 2010	140,000,000	-	94,844,084	234,844,084
Effect of adopting FRS139	3(a)(iii)	59,536,159	-	59,536,159
Total comprehensive income for the financial year	-	82,390,225	11,458,453	93,848,678
Balance at 31 May 2011	140,000,000	141,926,384	106,302,537	388,228,921

Statement of Comprehensive Income for the Financial Year Ended 31 May 2011 (RM)

	Notes	2011	2010
Revenue			
Interest income		2,937,970	964,749
Dividend income		14,672,719	8,535,159
Net gain on disposal of quoted investments		2,324,761	32,723,629
		<u>19,935,450</u>	<u>42,223,537</u>
Less: Operating expenses			
Accounting and administrative fees		91,000	91,000
Annual general meeting expenses		187,656	95,630
Audit fee			
- for the financial year		10,000	10,000
- overprovision in previous financial years		-	(2,100)
Custodian expenses		102,282	98,558
Directors' fee		168,219	76,110
Fund management fee		2,552,673	2,018,555
Investment advisory fee		2,552,673	2,018,555
Professional fee		112,982	124,241
Service tax		7,954	9,660
Others		233,081	39,300
		<u>6,018,520</u>	<u>4,579,509</u>
Profit before taxation		13,916,930	37,644,028
Income tax expense	13	(2,458,477)	(1,393,762)
Profit after taxation		11,458,453	36,250,266
Other comprehensive income	14	82,390,225	-
Total comprehensive income for the financial year		<u>93,848,678</u>	<u>36,250,266</u>
Profit after taxation attributable to owners of your Fund		<u>11,458,453</u>	<u>36,250,266</u>
Total comprehensive income attributable to owners of your Fund		<u>93,848,678</u>	<u>36,250,266</u>
Basic earnings per ordinary share (RM)	15	0.08	0.26

Statement of Cash Flows for the Financial Year Ended 31 May 2011 (RM)

	Notes	2011	2010
Cash flows from operating activities			
Profit before taxation		13,916,930	37,644,028
Adjustment for: Net gain on disposal of quoted investments		(2,324,761)	(32,723,629)
Operating profit before working capital changes		<u>11,592,169</u>	<u>4,920,399</u>
(Increase)/Decrease in other receivables		(488,340)	2,261,705
Increase in other payables		486,203	15,396
Proceeds from disposal of quoted investments		11,169,837	86,495,436
Purchase of quoted investments		(8,698,317)	(26,057,463)
Cash from operations		<u>14,061,552</u>	<u>67,635,473</u>
Net income tax paid		(795,000)	(56,696)
Income tax deducted at source		(1,283,862)	(1,095,332)
Net cash from operating activities		<u>11,982,690</u>	<u>66,483,445</u>
Net increase in cash and cash equivalents		11,982,690	66,483,445
Cash and cash equivalents at beginning of the financial year		103,925,260	37,441,815
Cash and cash equivalents at end of the financial year	16	<u>115,907,950</u>	<u>103,925,260</u>

Notes to the Financial Statements for the Financial Year Ended 31 May 2011

1. General Information

Your Fund is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of your Fund is Malaysia. The registered office, which is also the principal place of business, is at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 5 July 2011.

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 the Fund Manager is the provision of fund management services.

3. 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 Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

(a) During the current financial year, your Fund has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (Including the Consequential Amendments)

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101 (Revised)	Presentation of Financial Statements
FRS 123 (Revised)	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Vesting Conditions and Cancellations
Amendments to FRS 7, FRS 139 and IC Interpretation 9	
Amendments to FRS 101 and FRS 132	Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to FRS 132	Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on your Fund's financial statements, other than the following:-

- (i) FRS 7 requires additional disclosures about the financial instruments of your Fund. Prior to 1 June 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 - Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

Your Fund has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

- (ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. Your Fund has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the statement.

FRS 101 (Revised) also requires your Fund to make new disclosures to enable users of the financial statements to evaluate your Fund's objectives, policies and processes for managing capital. This new disclosure is made in Note 19(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

- (iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

The financial impact to the financial statements is summarised as follows:-

In RM	Audited at 1 June 2010
<u>Fair value reserve: Fair value of quoted shares</u>	<u>59,536,159</u>

It was your Fund's accounting policy to measure investments at the lower of cost and market value, determined on an aggregate basis. In the previous financial year, the investments were stated at cost. Upon adoption of FRS 139 during the financial year, these investments are now classified as available-for-sale financial assets at fair value through profit or loss, measured at fair value.

The financial impacts are recognised as an adjustment to the opening balance of fair value reserve upon the adoption of FRS 139. Comparatives are not adjusted/presented by virtue of the exemption given in this standard.

- (b) Your Fund has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

FRSs and IC Interpretations (Including the Consequential Amendments)		Effective date
FRS 1 (Revised)	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised)	Business Combinations	1 July 2010
FRS 124 (Revised)	Related Party Disclosures	1 January 2012
FRS 127 (Revised)	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised)	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2	Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5	Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138	Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9	Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4	Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)		1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to your Fund's operations except as follows:-

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The possible impact of Amendments to FRS 7: Improving Disclosures about Financial Instruments on the financial statements upon its initial application is not disclosed by virtue of the exemption given in this standard.

Annual Improvements 2010

Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments are expected to have no material impact on the financial statements of your Fund upon their initial application.

4. Significant Accounting Policies

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of your Fund's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. Your Fund recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(ii) Impairment of Available-for-sale Financial Assets

Your Fund reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. Your Fund also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, your Fund evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(b) Functional and Presentation Currency

The functional currency of your Fund is the currency of the primary economic environment in which your Fund operates.

The financial statements of your Fund are presented in Ringgit Malaysia ("RM") which is the functional and presentation currency.

(c) Financial Instruments

Financial instruments are recognised in the statements of financial position 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 an 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.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

As at the end of the reporting period, there were no financial assets classified under this category.

- *Held-to-maturity Investments*

As at the end of the reporting period, there were no financial assets classified under this category.

- *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when your Fund's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

- (ii) *Financial Liabilities*

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

- (iii) *Equity Instruments*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Impairment

- (i) *Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

- (ii) *Impairment of Non-Financial Assets*

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period 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. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss 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 profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(e) Income Taxes

Income tax 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 substantively enacted at the end of the reporting period.

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 excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs 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. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period 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.

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 substantively enacted at the end of the reporting period.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(f) Cash and Cash Equivalents

Cash and cash equivalents comprise 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.

(g) Operating Segments

An operating segment is a component of your Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of your Fund's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(h) Related Parties

A party is related to an entity if:-

(a) directly, or indirectly through one or more intermediaries, the party:-

- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(b) the party is an associate of the entity;

(c) the party is a joint venture in which the entity is a venturer;

- (d) the party is a member of the key management personnel of the entity or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(i) Revenue Recognition

(i) Investments

The realised gain or loss on the 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.

5. Investments

In RM	2011	2010
Quoted securities in Malaysia, at 1.6.2010/2009		
- at market value	188,263,062	-
- at cost	-	156,441,247
Additions for the financial year	8,698,317	26,057,463
Disposals during the financial year	(8,845,076)	(53,771,807)
Fair value adjustments	82,390,225	-
Quoted securities in Malaysia, at 31.5.2011/2010		
- at market value	270,506,528	-
- at cost	-	128,726,903

6. Other Receivables

In RM	Note	2011	2010
Other receivables		1,298,076	988,638
Deposit		500	500
Prepayments		493,330	415,254
Related party	18	479,663	378,837
		2,271,569	1,783,229

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

7. Short-term Deposits

In RM	2011	2010
Deposits with licensed financial institutions	115,704,397	103,677,127

The deposits with licensed financial institutions of your Fund at the end of the reporting period bore an effective interest rate of 3.44% (2010 – 2.38%) per annum. The average maturity period of the deposits is 30 days (2010 – 20 days).

8. Other Payables

In RM	2011	2010
Other payables	467,227	31,333
Accruals	168,219	117,910
	635,446	149,243

9. Share Capital

	2011	2010	2011	2010
Ordinary shares of RM1 each: -	Number of shares		RM	
Authorised	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid-up	140,000,000	140,000,000	140,000,000	140,000,000

10. Reserves

(a) Fair Value Reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they are disposed of or impaired.

(b) Retained Profits

Subject to agreement with the tax authorities, at the end of the reporting period, your Fund has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax-exempt income to frank the payment of dividends out of its entire profits without incurring additional tax liabilities.

Effective 1 January 2008, your Fund has been given the option to make an irrevocable election to move to a single tier tax system or continue to use its tax credits under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credits are fully utilised or latest by 31 December 2013.

At the end of the reporting period, your Fund has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, your Fund will automatically move to the single tier tax system. Under the single tier tax system, tax on your Fund's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

11. Net Assets per Ordinary Share

The net assets per ordinary share of your Fund is calculated based on the net assets at the end of the reporting period of RM388,228,921 (2010 - RM234,844,084) divided by the number of ordinary shares in issue at the end of the reporting period of 140,000,000 (2010 – 140,000,000).

12. Net Asset Value per Ordinary Share

Net asset value represents the net assets of your Fund after taking into consideration the surplus of the market value over the carrying value of the quoted investments as at the end of the reporting period and is calculated as follows:-

In RM	2011	2010
Net assets	388,228,921	234,844,084
Surplus of market value over carrying value of quoted investments	-	59,536,159
Net asset value	388,228,921	294,380,243
Number of ordinary shares of RM1 each, issued and fully paid-up	140,000,000	140,000,000
Net asset value per ordinary share (RM)	2.77	2.10

13. Income Tax Expense

In RM	2011	2010
Current tax:-		
For the financial year	1,947,270	1,530,805
Under/(Over)provision in previous financial years	511,207	(137,043)
	2,458,477	1,393,762

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of your Fund is as follows:-

In RM	2011	2010
Profit before taxation	13,916,930	37,644,028
Tax at the statutory tax rate of 25% (2010 – 25%)	3,479,233	9,411,007
Tax effects of: Non-taxable income	(581,190)	(8,180,907)
Tax-exempt dividends	(2,384,317)	(661,952)
Non-deductible expenses	1,433,544	962,657
Under/(Over)provision of current tax in previous financial years	511,207	(137,043)
Tax for the financial year	2,458,477	1,393,762

14. Other Comprehensive Income

The components of other comprehensive income are as follows:-

In RM	2011	2010
Gain on measurement to fair value	84,746,187	-
Reclassification adjustment for gain included in profit or loss	(2,355,962)	-
	82,390,225	-

15. Earnings per Share

The basic earnings per ordinary share is arrived at by dividing the earnings for the financial year of RM11,458,453 (2010 – RM36,250,266) over the number of ordinary shares of your Fund in issue during the financial year of 140,000,000 (2010 – 140,000,000).

16. Cash and Cash Equivalents

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

In RM	2011	2010
Short-term deposits	115,704,397	103,677,127
Cash and bank balances	203,553	248,133
	115,907,950	103,925,260

17. Operating Segments

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

Your Fund's investments is managed as a portfolio of equity investments. The fund manager of your Fund is responsible for allocating resources for investment in accordance with the overall investment strategies as set out in the prospectus. The fund manager assesses the performance of the investments portfolio and provides updates to the Board of Directors on the financial performance of your Fund's investments.

18. Related Party Disclosures

(a) Identities of related parties

- (i) Your Fund has a related party relationship with Capital Dynamics Asset Management Sdn. Bhd. ("CDAM"), the Fund Manager of your Fund. A Director of your Fund, YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya, is a director and a substantial shareholders of CDAM; and
- (ii) key management personnel of your Fund.

(b) In addition to the transactions detailed elsewhere in the financial statements, your Fund carried out the following transactions with its related parties during the financial year:-

In RM	Note	2011	2010
Fund management fees paid to CDAM		2,552,673	2,018,555
Amount owing by a related party	6	479,663	378,837

(c) Key management personnel compensation

The amount of emoluments receivable by the key management personnel of your Fund during the financial year was as follows:-

In RM	2011	2010
Directors of your Fund		
- Short-term employee benefits	168,219	76,110

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

In number	2011	2010
Non-executive Directors' fees – Below RM50,000	5	6

19. Financial Instruments

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 market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

(a) Financial Risk Management Policies

The policies in respect of the major areas of treasury activity are as follows:-

(i) Single Issuer Risk

The investment of your Fund in any quoted securities shall not exceed 10% of its net asset 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 mitigated.

(ii) Market Risk

(i) Equity Price Risk

Your Fund's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Fund Manager manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Equity price risk sensitivity analysis

Your Fund is exposed to price risk of listed equity securities quoted on Bursa Malaysia Securities Berhad. This arises from investments held by your Fund for which prices in the future are uncertain. These investments are classified as available-for-sale financial assets at the end of the reporting period. All equity security investments present a risk of loss of capital.

The table below summarises the impact of an increase/decrease of the market prices of quoted securities on your Fund's net assets value at 31 May 2011. The analysis is based on the assumption that the market prices of the quoted securities in which your Fund invested changes by +/-10% (2010: +/-10%) with all other variables held constant. The selected 10% change does not reflect what could be considered the best or worst case scenarios. Market prices for equity securities are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may results from perceived changes in the underlying economics characteristics of the investee and general market conditions.

In RM	Impact on other comprehensive income / net asset value	
	-10%	+10%
31 May 2011	(27,050,653)	27,050,653
31 May 2010	(12,872,690)	12,872,690

(ii) Foreign Currency Risk

Your Fund does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Your Fund's exposure to interest rate risk arises mainly from its interest-earning financial assets. Your Fund's policy is to obtain the most favourable interest rate available.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

In RM	2011 Increase/(Decrease)
Effects on profit after taxation	
Increase of 100 basis points (bp)	72,315
Decrease of 100 bp	(72,315)
Effect on equity	
Increase of 100 bp	72,315
Decrease of 100 bp	(72,315)

(iii) Credit Risk

Your Fund's exposure to credit risks, or the risk of counterparties defaulting, arises from the ability to make timely payments of interest, principals and proceeds from realisation of investments. It is your Fund's policy to monitor the financial standing of those counterparties on an ongoing basis to ensure that your Fund is exposed to minimal credit risk.

Credit risk concentration profile

Your Fund does not have any major concentration of credit risk related to any individual or counterparty.

Exposure to credit risk

As your Fund does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

(iv) Liquidity Risk

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

(b) Capital Risk Management

Your Fund manages its capital by maintaining an optimal capital structure so as to support their businesses and maximise share owners' value. To achieve this objective, your Fund may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

Your Fund manages its capital based on debt-to-equity ratio. As your Fund has no external borrowings as at the end of the reporting period, the debt-to-equity ratio is not represented.

(c) Classification of Financial Instruments

In RM	2011
Financial assets	
<u>Available-for-sale financial asset</u>	
Investments, at fair value	270,506,528
<u>Loan and receivables financial assets</u>	
Other receivables	1,778,239
Short-term deposits	115,704,397
Cash and bank balances	203,553
	<u>117,686,189</u>
Financial liability	
<u>Other financial liability</u>	
Other payables	635,446

(d) Fair Value of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used to determine the fair values of the financial instruments:-

- (i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The fair values of quoted investments are estimated based on their quoted market prices as at the end of the reporting period.

20. Supplementary Information

The breakdown of the retained profits of your Fund as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

In RM	2011	2010
Total retained profits of your Fund		
Realised	106,302,537	94,844,084
Unrealised	-	-
At 31 May	<u>106,302,537</u>	<u>94,844,084</u>

Investment Portfolio

As of 22 June 2011, details of the investment portfolio of your Fund are as follows:-

Companies	Shares	Cost (RM)	Value (RM)	Unrealised Profit/(Loss) (RM)
1 Boustead Holdings Berhad Conglomerate	6,547,900	24,139,980	40,073,148	15,933,168
2 Fraser & Neave Holdings Berhad Manufacturing drinks, glass, etc	2,497,000	15,885,366	48,441,800	32,556,434
3 Integrax Berhad Port operation, etc.	5,234,500	4,783,196	7,904,095	3,120,899
4 Malaysia Smelting Corporation Berhad Smelting of tin concentrates	2,902,000	10,082,424	13,407,240	3,324,816
5 Padini Holdings Berhad Apparel and shoes retailing, etc	22,700,000	6,423,435	24,289,000	17,865,565
6 Parkson Holdings Berhad Retailing	9,180,900	22,455,274	54,901,782	32,446,508
7 Petronas Dagangan Berhad Marketing of petroleum products	2,700,000	11,137,812	42,822,000	31,684,188
8 P.I.E. Industrial Berhad Contract electronics manufacturing, etc	3,407,200	10,242,055	12,879,216	2,637,161
9 Suria Capital Holdings Berhad Port operation, bunkering service, etc	9,344,400	15,575,290	16,819,920	1,244,630
10 Tong Herr Resources Berhad Manufacturing fasteners	3,479,300	7,855,311	8,350,320	495,009
Total		128,580,143	269,888,521	141,308,378

As of 22 June 2011, no provision for diminution in value was made in respect of the above investments since the date they were acquired. In addition, the following investments were disposed during the financial year ended 31 May 2011:-

Companies	Shares	Cost (RM)	Disposal Value (RM)	Realised Profit/(Loss) (RM)
1 Coastal Contract Berhad Provider of marine services and vessels	1,360,000	3,202,422	3,590,513	388,091
2 Hai-O Enterprise Berhad Retailing of herbs and medicine, etc	69,200	100,755	252,006	151,251
3 Mieco Chipboard Berhad Makes chipboard	1,632,100	2,103,832	857,876	-1,245,956
4 Integrax Berhad Port operation, etc.	3,895,200	3,438,067	6,469,442	3,031,375
Total		8,845,076	11,169,837	2,324,761

Security Transaction Information

Total number of transactions in securities entered into for the financial year ended 31 May 2011 amounted to 84 trades with total brokerage paid of RM39,954.37.

Gross Revenue of the Closed-end Fund

The information on your Fund's gross revenue is presented on page 24 in the audited income statement for the financial year ended 31 May 2011 as attached in this Annual Report.

Additional Information

1. Share Buy-backs

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

2. Options, Warrants or Convertible Securities

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

3. Non-Audit Fees

The non-audit fees and other services paid to the external auditors in respect of the financial year were RM5,000.00 for the reviewing of financial statements and statement of internal controls.

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 financial year. There is no material variance between the results for the financial year and the unaudited results previously announced.

7. Profit Guarantee

Your Fund has not given any profit guarantee for the financial 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 financial year, or which were entered into since the end of the previous financial year:-

Date	6 September 2005
Party	Capital Dynamics Asset Management Sdn. Bhd. (CDAM)
Nature	Fund Management Agreement
Consideration	RM2,552,672.81 (from 1 June 2010 – 31 May 2011)
Mode of settlement of consideration	Cash
Relationship	The Directors of your Fund namely YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya is a director and major shareholder in CDAM. He does not hold any executive position in CDAM and is not involved in the daily operations and management of CDAM.

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

Your Fund is seeking Shareholders' Mandate in respect of the RRPT of a revenue or trading nature to be entered into by your Fund as stated in Section 2.3 of the Circular to Shareholders dated 29 July 2011 at the Seventh Annual General Meeting to be held on 1 October 2011.

The aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year ended 31 May 2011 is disclosed on page 32 of the financial statements.

10. Fund Manager's Interest in your Fund

As at 31 May 2011, the designated person has a direct interest in 10,000 shares and an indirect interest in 428,912 shares, whilst the Fund Manager has a direct interest in 789,000 shares.

11. Employees Share Option Scheme (ESOS)

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

12. Utilisation of Proceeds

Your Fund did not raise funds through any corporate proposals during the financial year.

13. Corporate Social Responsibilities

Your Fund is mindful of its corporate social responsibilities towards its share owners, communities, and other stakeholders, as well as the environment. In order to keep the share owners abreast of the investments of your Fund and to enhance their knowledge on the investment in securities, your Fund has invited Mr. Tan Teng Boo, the Designated Person of the Fund Manager, to give a presentation to the share owners immediately after the conclusion of every Annual General Meeting.

Analysis of Shareholdings as at 22 June 2011

Class of Securities	:	Ordinary shares of RM1.00 each
Authorised Share Capital	:	RM1,000,000,000
Issued and Paid-up Capital	:	RM 140,000,000
Voting Rights	:	One vote per share

Distribution of Shareholdings

	Holdings	No. of Holders	%
Total Holdings			
Less than 100	463	13	0.407
100 to 1,000	525,400	669	20.932
1,001 to 10,000	6,730,600	1,412	44.180
10,001 to 100,000	27,638,746	811	25.376
100,001 to 6,999,999	105,104,791	291	9.105
7,000,000 and above	0	0	0
Total	140,000,000	3,196	100.00

Directors' Interest in your Fund

	<u>Direct</u>		<u>Indirect</u>	
	No.	%	No.	%
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	-	-	3,489,000	2.492
David Loo Kean Beng	-	-	-	-
Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-
Harun Bin Halim Rasip	-	-	39,900	0.029

Substantial Shareholders

Your Fund does not have any substantial shareholders.

Thirty Largest Shareholders

No	Name	No. of Shares	%
1.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for The Bank of New York Mellon (Melon ACCT)	2,784,500	1.988
2.	Tunku Sara Binti Tunku Ahmad Yahaya	2,700,000	1.928
3.	Lam Fook Shin	2,500,000	1.785
4.	HSBC Nominees (Asing) Sdn. Bhd. TNTC for Lockheed Martin Corporation Master Retirement Trust	2,207,300	1.576
5.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Credit Suisse Securities (Europe) Limited (CLTAC N-Treaty)	2,131,591	1.522
6.	Chong Ah Him @ Chong Kum Kwan	2,050,000	1.464
7.	AnnHow Holdings Sdn. Bhd.	2,000,000	1.428
8.	Citigroup Nominees (Tempatan) Sdn. Bhd. UBS AG Singapore for Pamela Ling Yueh	1,800,000	1.285
9.	Mayban Nominees (Tempatan) Sdn. Bhd. Yeoh Ah Tu	1,637,800	1.169
10.	Beh Heng Seong	1,567,200	1.119
11.	Ocuvas Sdn. Bhd.	1,370,000	0.978
12.	Leow Kok Meow & Sons Sendirian Berhad	1,250,000	0.892
13.	Lee Siew Lin	1,155,000	0.825
14.	Wong Yoon Tet	1,080,000	0.771
15.	Chua Hang Kuang	1,060,000	0.757
16.	Soon Khiat Voon	1,000,000	0.714
17.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kelvin Lee @ Lee Tien Se	715,000	0.510
18.	Yeoh Ah Tu	698,700	0.499
19.	Capital Dynamics Assets Management Sdn. Bhd.	689,000	0.492
20.	Wong Hui Beng	685,000	0.489
21.	HSBC Nominees (Asing) Sdn. Bhd. TNTC for Northwestern University	673,200	0.480
22.	Lai Hui Eng	671,900	0.479
23.	Goh Eng Ngai	659,400	0.471
24.	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kevin Lee @ Lee Tien Se	658,000	0.470
25.	Vohrah-Merican Sdn. Bhd.	643,200	0.459
26.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt an For Citibank NA, Singapore (Julius Baer)	637,500	0.455
27.	Lee Thiam Lai	605,000	0.432
28.	Soo Sing Fatt	600,000	0.428
29.	Lee Kek Siong	554,500	0.396
30.	Lee Hau Hian	519,200	0.370

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of **icapital.biz Berhad** will be held at Conference Hall 2, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, on Saturday, 1 October 2011 at 9.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 May 2011 and the Reports of the Directors and Auditors thereon. Resolution 1
2. To approve the payment of Directors' Fees of RM168,219.00 for the financial year ended 31 May 2011. Resolution 2
3. To re-elect David Loo Kean Beng who retires by rotation pursuant to Article 96(1) of the Company's Articles of Association. Resolution 3
4. To re-appoint Messrs Crowe 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:-

"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 conclusion of the next Annual General Meeting of the Company." Resolution 5

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

6. Ordinary Resolution

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE WHICH IS IN THE ORDINARY COURSE OF BUSINESS ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT")

"THAT approval be and is hereby given to the Company to enter into recurrent related party transaction of a revenue or trading nature as specified in Section 2.3 of the Circular to Shareholders dated 29 July 2011, provided that such arrangement and/or transaction which is necessary for the Company's day-to-day operations is undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company.

Resolution 6

THAT such approval shall continue to be in force until:-

- i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed; or
- ii) the expiration of the period within which the next AGM of the Company 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
- iii) revoked or varied by a resolution passed by the shareholders in general meeting;

whichever is the earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate for RRPT."

By Order of The Board

Kuan Hui Fang (MIA 16876)

Tham Wai Ying (MAICSA 7016123)

Company Secretaries

Kuala Lumpur

29 July 2011

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 at least one (1) proxy 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 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the Meeting or any adjournment thereof.

Explanatory Notes on Special Business

1. 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 this proposed Resolution is passed by a majority of not less than three-fourths ($\frac{3}{4}$) 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.
2. Resolution 6:-
This proposed Resolution, if passed, will enable the Company to enter into recurrent related party transaction of a revenue or trading nature, particulars of which are set out in Section 2.3 of the Circular to Shareholders of the Company dated 29 July 2011. This authority, unless revoked or varied by the Company in a General Meeting, will expire at the conclusion of the next Annual General Meeting of the Company.
3. **Presentation of Investment Portfolio of the company**
In order to keep the shareowners abreast of the investments of the Company for the year ended 31 May 2011, the Board is pleased to invite the shareowners 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 Seventh Annual General Meeting.

Statement Accompanying the Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

DIRECTORS WHO ARE STANDING FOR RE- APPOINTMENT:-

The details of YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya who is standing for re-appointment is set out in the Directors' Profile on page 15 of this Annual Report. His securities holding in the Company is set out in the Analysis of Shareholdings on page 35 of this Annual Report.

Proxy Form

icapital.biz Berhad (674900-X)
(Incorporated in Malaysia)

CDS Account No.

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 Seventh Annual General Meeting of the Company to be held at Conference Hall 2, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, on Saturday, 1 October 2011 at 9.00 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 David Loo Kean Beng as Director		
4	Re-appointment of Messrs Crowe Horwath as Auditors		
5	Re-appointment of YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya as Director		
6	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

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 _____, 2011

Signature of Shareholder/Common Seal

Notes:

- 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.
- 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.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- 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 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the Meeting or any adjournment thereof.

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**AFFIX
STAMP**

The Company Secretary
icapital.biz Berhad
Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan

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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)

David Loo Kean Beng

(Independent Non-Executive Director)

Datuk Ng Peng Hong @ Ng Peng Hay

(Independent Non-Executive Director)

Harun Bin Halim Rasip

(Independent Non-Executive Director)

Audit Committee

Chairman: Harun Bin Halim Rasip

Members:

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya

David Loo Kean Beng

Nomination Committee

Chairman: David Loo Kean Beng

Members:

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya

Harun Bin Halim Rasip

Stock Exchange Listing

Main Market of Bursa Securities: Date of listing: 19 October 2005

Stock Name: ICAP

Stock Code: 5108

Your Fund does not have any 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@cdam.biz

Website : www.cdam.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

Website : www.icapital.biz

Administrator

Tricor Business Services Sdn. Bhd.

Level 17, The Gardens North Tower

Mid Valley City, Lingkaran Syed Putra

59200 Kuala Lumpur

Custodian

Deutsche Bank (Malaysia) Berhad

Level 18 Menara IMC

No. 8 Jalan Sultan Ismail

50250 Kuala Lumpur

Registered Office

Level 18, The Gardens North Tower

Mid Valley City, Lingkaran Syed Putra

59200 Kuala Lumpur

Tel No.: (603) 2264 8888

Fax No.: (603) 2282 2733

Email: info@my.tricorglobal.com

Registrar

Tricor Investor Services Sdn. Bhd.

Level 17, The Gardens North Tower

Mid Valley City, Lingkaran Syed Putra

59200 Kuala Lumpur

Tel No. : (603) 2264 3883

Fax No.: (603) 2282 1886

Secretaries

Kuan Hui Fang (MIA 16876)

Tham Wai Ying (MAICSA 7016123)

Auditors

Crowe Horwath (AF1018), Level 16, Tower C

Megan Avenue II, 12 Jalan Yap Kwan Seng

50450 Kuala Lumpur

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