

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)
Company No: 674900 - X

FINANCIAL REPORT
for the financial year ended 31 May 2012

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ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)

Company No: 674900 - X

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 May 2012.

PRINCIPAL ACTIVITY

The Company 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.

The Company 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

RM

Profit after taxation for the financial year

15,731,710

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,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)

Company No: 674900 - X

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company 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 the Company.

CURRENT ASSETS

Before the financial statements of the Company 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 the Company, 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 the Company misleading or inappropriate.

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)
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DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

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

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

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company 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 the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company 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 the Company for the financial year.

DIRECTORS

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

YM TUNKU TAN SRI DATO' SERI AHMAD BIN TUNKU YAHAYA
DAVID LOO KEAN BENG
DATUK NG PENG HONG @ NG PENG HAY
HARUN BIN HALIM RASIP
DATO DR NORRAESAH BINTI MOHAMAD (APPOINTED ON 22.11.2011)
TUNKU ABDUL AZIZ BIN TUNKU IBRAHIM (APPOINTED ON 21.12.2011)

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)

Company No: 674900 - X

DIRECTORS' REPORT

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AT 1.6.2011	BOUGHT	SOLD	AT 31.5.2012
THE COMPANY				
<i>INDIRECT INTERESTS</i>				
YM TUNKU TAN SRI DATO' SERI AHMAD BIN				
TUNKU YAHAYA	3,489,000	-	-	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 the Company 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 the Company 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 17 to the financial statements.

Neither during nor at the end of the financial year, was the Company 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 the Company or any other body corporate.

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)
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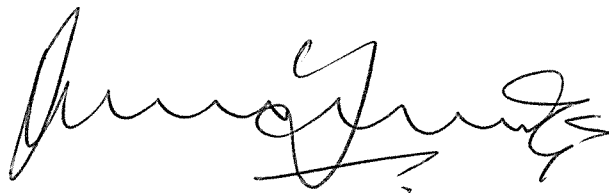
DIRECTORS' REPORT

AUDITORS

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

DATED 23 JUL 2012



YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya



Harun Bin Halim Rasip

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)
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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 9 to 40 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 2012 and of its results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 19, 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 23 JUL 2012

YM Tunku Tan Sri Dato' Seri
Ahmad Bin Tunku Yahaya

Harun Bin Halim Rasip

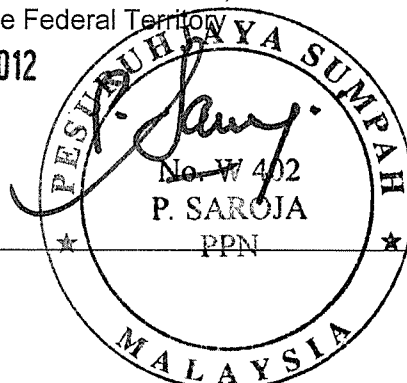
STATUTORY DECLARATION

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 9 to 40 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

23 JUL 2012

Before me



Tan Teng Boo

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ICAPITAL.BIZ BERHAD**

(Incorporated in Malaysia)
Company No: 674900 – X

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 2012, 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 9 to 40.

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 judgement, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ICAPITAL.BIZ BERHAD (CONT'D)

(Incorporated in Malaysia)
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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 2012 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 19 on page 41 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.



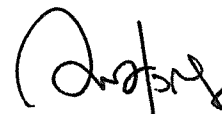
Crowe Horwath

Firm No: AF 1018

Chartered Accountants

23 JUL 2012

Kuala Lumpur



Chua Wai Hong

Approval No: 2974/09/13 (J)

Chartered Accountant

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)

Company No: 674900 - X

STATEMENT OF FINANCIAL POSITION AT 31 MAY 2012

	NOTE	2012 RM	2011 RM
ASSETS			
NON-CURRENT ASSET			
Investments	5	262,657,722	270,506,528
CURRENT ASSETS			
Other receivables	6	3,253,129	2,271,569
Current tax assets		375,844	178,320
Short-term deposits	7	133,571,466	115,704,397
Cash and bank balances		164,045	203,553
		<u>137,364,484</u>	<u>118,357,839</u>
CURRENT LIABILITY			
Other payables	8	263,009	635,446
NET CURRENT ASSETS		<u>137,101,475</u>	<u>117,722,393</u>
		<u>399,759,197</u>	<u>388,228,921</u>
FINANCED BY:-			
Share capital	9	140,000,000	140,000,000
Reserves	10	259,759,197	248,228,921
SHAREHOLDERS' EQUITY		<u>399,759,197</u>	<u>388,228,921</u>
Net assets per ordinary share (RM)	11	<u>2.86</u>	<u>2.77</u>
Net asset value per ordinary share (RM)	11	<u>2.86</u>	<u>2.77</u>

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)

Company No: 674900 - X

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2012**

	NOTE	2012 RM	2011 RM
REVENUE			
Interest income		3,827,981	2,937,970
Dividend income		12,664,958	14,672,719
Net gain on disposal of quoted investments		8,328,803	2,324,761
		<u>24,821,742</u>	<u>19,935,450</u>
LESS: OPERATING EXPENSES			
Accounting and administrative fees		91,000	91,000
Annual general meeting expenses		267,515	187,656
Audit fee			
- for the financial year		21,000	10,000
- underprovision in previous financial year		11,000	-
Custodian expenses		104,041	102,282
Directors' fee		198,904	168,219
Fund management fee		2,894,863	2,552,673
Investment advisory fee		2,894,863	2,552,673
Professional fee		109,743	112,982
Service tax		11,568	7,954
Others		527,479	233,081
		<u>7,131,976</u>	<u>6,018,520</u>
PROFIT BEFORE TAXATION		17,689,766	13,916,930
INCOME TAX EXPENSE	12	(1,958,056)	(2,458,477)
PROFIT AFTER TAXATION		15,731,710	11,458,453
OTHER COMPREHENSIVE INCOME	13	(4,201,434)	82,390,225
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>11,530,276</u>	<u>93,848,678</u>
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-			
Owners of the Company		<u>15,731,710</u>	<u>11,458,453</u>

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)

Company No: 674900 - X

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2012 (CONT'D)

	NOTE	2012 RM	2011 RM
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:- Owners of the Company		11,530,276	93,848,678
Basic earnings per ordinary share (RM)	14	0.11	0.08

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)
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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

	NON-DISTRIBUTABLE		DISTRIBUTABLE	TOTAL EQUITY RM
	SHARE CAPITAL RM	FAIR VALUE RESERVE RM	RETAINED PROFITS RM	
Balance at 1.6.2010	140,000,000	59,536,159	94,844,084	294,380,243
Total comprehensive income for the financial year	-	82,390,225	11,458,453	93,848,678
Balance at 31.5.2011/1.6.2011	140,000,000	141,926,384	106,302,537	388,228,921
Total comprehensive income for the financial year	-	(4,201,434)	15,731,710	11,530,276
Balance at 31.5.2012	140,000,000	137,724,950	122,034,247	399,759,197

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)

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**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2012**

	NOTE	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		17,689,766	13,916,930
Adjustment for:-			
Net gain on disposal of quoted investments		(8,328,803)	(2,324,761)
Operating profit before working capital changes		9,360,963	11,592,169
Increase in other receivables		(981,560)	(488,340)
(Decrease)/Increase in other payables		(372,437)	486,203
Proceeds from disposal of quoted investments		11,976,175	11,169,837
Purchase of quoted investments		-	(8,698,317)
CASH FROM OPERATIONS		19,983,141	14,061,552
Net income tax paid		(1,023,243)	(795,000)
Income tax deducted at source		(1,132,337)	(1,283,862)
NET CASH FROM OPERATING ACTIVITIES		17,827,561	11,982,690
NET INCREASE IN CASH AND CASH EQUIVALENTS		17,827,561	11,982,690
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		115,907,950	103,925,260
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	15	133,735,511	115,907,950

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)
Company No: 674900 - X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company 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 23 July 2012.

2. PRINCIPAL ACTIVITY

The Company 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.

The Company 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 the Company 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, the Company has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (Including the Consequential Amendments)

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)

Company No: 674900 - X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

3. BASIS OF PREPARATION (CONT'D)

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

FRSs and IC Interpretations (Including the Consequential Amendments)

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvement to FRSs (2010)

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)
Company No: 674900 - X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

3. BASIS OF PREPARATION (CONT'D)

- (a) The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Company's financial statements, other than the following:-
- (i) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy, if necessary. Comparatives are not presented by virtue of the exemption given in the amendments.
 - (ii) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments have no material impact on the financial statements of the Company upon their initial application.

Furthermore, the amendments to FRS 101 (Revised) clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Company has chosen to present the items of other comprehensive income in the notes to financial statements.

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(Incorporated in Malaysia)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

3. BASIS OF PREPARATION (CONT'D)

- (b) The Company 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 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 1 (Revised): Government Loans	1 January 2013
Amendments to FRS 7: Disclosures – Transfers of Financial Assets	1 January 2012
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)

Company No: 674900 - X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

3. BASIS OF PREPARATION (CONT'D)

(b) FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
The Company's next set of financial statements for the annual period beginning on 1 June 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRS"). As a result, the Company will not be adopting the above accounting standards and interpretations (including the consequential amendments) that are effective for annual periods beginning on or after 1 June 2012.	

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)

Company No: 674900 - X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

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 the Company'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. The Company 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*

The Company reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Company 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, the Company 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 the Company is the currency of the primary economic environment in which the Company operates.

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

ICAPITAL.BIZ BERHAD

(Incorporated in Malaysia)
Company No: 674900 - X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments

Financial instruments are recognised in the statement of financial position when the Company 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 the Company 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, held-to-maturity investments, loans and receivables financial assets, 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *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 the Company'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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (Cont'd)

(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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Impairment (Cont'd)

(i) *Impairment of Financial Assets (Cont'd)*

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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Impairment (Cont'd)

(ii) *Impairment of Non-Financial Assets (Cont'd)*

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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Income Taxes (Cont'd)

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) Segmental Information

An operating segment is a component of the Company 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 the Company'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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Segmental Information (Cont'd)

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions. If the interest expense is included in segment result, the related interest-bearing liability is included in segment liabilities.

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

(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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Revenue Recognition

(i) *Sale of Investments*

The gain or loss on sale of investments is measured as the difference between the net disposal proceeds and the carrying amount of the investments.

(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

	2012 RM	2011 RM
At market value		
Quoted securities in Malaysia, at 1.6.2011/2010	270,506,528	188,263,062
Additions for the financial year	-	8,698,317
Disposals during the financial year	(3,647,372)	(8,845,076)
Fair value adjustments	(4,201,434)	82,390,225
Quoted securities in Malaysia, at 31.5.2012/2011	<u>262,657,722</u>	<u>270,506,528</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2012****6. OTHER RECEIVABLES**

	2012 RM	2011 RM
Other receivables	2,224,224	1,298,076
Deposit	500	500
Prepayments	521,036	493,330
Related party (Note 17)	507,369	479,663
	<u>3,253,129</u>	<u>2,271,569</u>

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

	2012 RM	2011 RM
Deposits with Licensed Financial Institutions	<u>133,571,466</u>	<u>115,704,397</u>

The deposits with licensed financial institutions of the Company at the end of the reporting period bore an effective interest rate of 2.83% (2011 - 3.44%) per annum. The average maturity period of the deposit is 49 days (2011 - 30 days).

8. OTHER PAYABLES

	2012 RM	2011 RM
Other payables	64,105	467,227
Accruals	198,904	168,219
	<u>263,009</u>	<u>635,446</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2012

9. SHARE CAPITAL

	2012 NUMBER OF SHARES	2011 NUMBER OF SHARES	2012 RM	2011 RM
ORDINARY SHARES OF RM1 EACH:-				
AUTHORISED	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
ISSUED AND FULLY PAID-UP	<u>140,000,000</u>	<u>140,000,000</u>	<u>140,000,000</u>	<u>140,000,000</u>

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, the Company 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, the Company 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, the Company 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, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

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11. NET ASSETS PER ORDINARY SHARE/NET ASSET VALUE PER ORDINARY SHARE

The net assets per ordinary share/net asset value per ordinary share of the Company is calculated based on the net assets at the end of the reporting period of RM399,759,197 (2011 - RM388,228,921) divided by the number of ordinary shares in issue at the end of the reporting period of 140,000,000 (2011 - 140,000,000).

12. INCOME TAX EXPENSE

	2012 RM	2011 RM
Current tax:		
- for the financial year	1,958,056	1,947,270
- underprovision in previous financial years	-	511,207
	<u>1,958,056</u>	<u>2,458,477</u>

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 the Company is as follows:-

	2012 RM	2011 RM
Profit before taxation	<u>17,689,766</u>	<u>13,916,930</u>
Tax at the statutory tax rate of 25% (2011 - 25%)	4,422,442	3,479,233
Tax effects of:-		
Non-taxable income	(2,082,201)	(581,190)
Tax-exempt dividends	(2,033,903)	(2,384,317)
Non-deductible expenses	1,651,718	1,433,544
Underprovision of current tax in previous financial years	-	511,207
Tax for the financial year	<u>1,958,056</u>	<u>2,458,477</u>

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13. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income are as follows:-

	2012 RM	2011 RM
Gain on measurement to fair value for the financial year	4,127,369	84,746,187
Reclassification adjustment for gain included in profit or loss	(8,328,803)	(2,355,962)
	<u>(4,201,434)</u>	<u>82,390,225</u>

14. EARNINGS PER SHARE

The basic earnings per ordinary share is arrived at by dividing the earnings for the financial year of RM15,731,710 (2011 - RM11,458,453) over the number of ordinary shares of the Company in issue during the financial year of 140,000,000 (2011 - 140,000,000).

15. CASH AND CASH EQUIVALENTS

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

	2012 RM	2011 RM
Short-term deposits with licensed financial institutions	133,571,466	115,704,397
Cash and bank balances	164,045	203,553
	<u>133,735,511</u>	<u>115,907,950</u>

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16. SEGMENTAL INFORMATION

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

The Company's investments are managed as a portfolio of equity investments. The fund manager of the Company 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 the Company's investments.

17. RELATED PARTY DISCLOSURES

(a) Identities of related parties

- (i) The Company has a related party relationship with Capital Dynamics Asset Management Sdn. Bhd. ("CDAM"), the fund manager of the Company. A Director of the Company, YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya, is a director and a substantial shareholder of CDAM; and
- (ii) Key management personnel of the Company.

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17. RELATED PARTY DISCLOSURES (CONT'D)

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

	Note	2012 RM	2011 RM
Fund management fees paid to CDAM		<u>2,894,863</u>	<u>2,552,673</u>
Amount owing by a related party	6	<u>507,369</u>	<u>479,663</u>

- (c) Key management personnel compensation

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

	2012 RM	2011 RM
Directors of the Company - Short-term employee benefits	<u>198,904</u>	<u>168,219</u>

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

	2012 No. OF DIRECTORS	2011 No. OF DIRECTORS
Non-executive Directors' fees - Below RM50,000	<u>6</u>	<u>5</u>

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18. FINANCIAL INSTRUMENTS

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company'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 the Company 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*

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

Equity price risk sensitivity analysis

The Company is exposed to price risk of listed equity securities quoted on Bursa Malaysia Securities Berhad. This arises from investments held by the Company for which prices in the future are uncertain. All equity security investments present a risk of loss of capital.

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18. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Market Risk (Cont'd)

(i) Equity Price Risk (Cont'd)

The table below summarises the impact of an increase/decrease of market prices of quoted securities of the Company's net assets value at 31 May 2012. The analysis is based on the assumption that the market prices of the quoted securities in which the Company invested changes by +/-10% (2011: +/-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 realized 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.

	IMPACT ON OTHER COMPREHENSIVE INCOME/NET ASSETS VALUE	
	PRICE RISK	
	-10% RM	+10% RM
31 May 2012	(26,265,772)	26,265,772
31 May 2011	(27,050,653)	27,050,653

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18. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Market Risk (Cont'd)

(ii) Foreign Currency Risk

The Company does not have any transactions or balances denominated in foreign currencies, 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. The Company's exposure to interest rate risk arises mainly from its interest-earning financial assets. The Company'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:-

	2012 Increase/ (Decrease) RM	2011 Increase/ (Decrease) RM
Effects on profit after taxation		
Increase of 100 basis points (bp)	1,001,786	867,783
Decrease of 100 bp	(1,001,786)	(867,783)
Effects on equity		
Increase of 100 bp	1,001,786	867,783
Decrease of 100 bp	(1,001,786)	(867,783)

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18. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Credit Risk

The Company'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 the Company's policy to monitor the financial standing of those counterparties on an ongoing basis to ensure that the Company is exposed to minimal credit risk.

Credit risk concentration profile

The Company does not have any major concentration of credit risk related to any individual or counterparty.

Exposure to credit risk

As the Company 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

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

The following table sets out the maturity profile of the financial liability as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM	OVER 5 YEARS RM
2012						
Other payables and accruals	-	263,009	263,009	263,009	-	-

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18. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iv) Liquidity Risk (Cont'd)

	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM	OVER 5 YEARS RM
2011						
Other payables and accruals	-	635,446	635,446	635,446	-	-

(b) Capital Risk Management

The Company manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Company 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.

The Company manages its capital based on debt-to-equity ratio. The Company's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

As the Company has no external borrowings as at the end of the reporting period, the debt-to-equity ratio is not presented.

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18. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments

	2012 RM	2011 RM
Financial Assets		
<u>Available-for-sale financial asset</u>		
Investments, at fair value	262,657,722	270,506,528
<u>Loans and receivables financial assets</u>		
Other receivables	2,732,093	1,778,239
Short-term deposits	133,571,466	115,704,397
Cash and bank balances	164,045	203,553
	136,467,604	117,686,189
Financial Liability		
<u>Other financial liability</u>		
Other payables	263,009	635,446

(d) Fair Value Hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:-

- Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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18. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Hierarchy (Cont'd)

As at 31 May 2012, the Company's financial instruments carried at fair values are analysed as below:-

	LEVEL 1 RM	LEVEL 2 RM	LEVEL 3 RM	TOTAL RM
Financial assets				
Other investments:				
- quoted shares in Malaysia	262,657,722	-	-	262,657,722

(e) Fair Values 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 value of quoted investments is estimated based on their quoted market prices as at the end of the reporting period.

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19. SUPPLEMENTARY INFORMATION

The breakdown of the retained profits of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with 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:-

	2012 RM	2011 RM
Total retained profits of the Company		
Realised	122,034,247	106,302,537
Unrealised	-	-
Total retained profits as per statement of financial position	<u>122,034,247</u>	<u>106,302,537</u>