

ICAPITAL.BIZ BERHAD (674900-X)

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2010

CONDENSED BALANCE SHEET

	UNAUDITED AS AT 31/05/2010	AUDITED AS AT 31/05/2009
ASSETS	RM'000	RM'000
Non-current assets		
Investments (Note 1)	128,727	156,441
Current assets		
Other receivables and deposits	1,783	4,045
Tax recoverable	785	800
Short term deposits	103,677	37,420
Cash and bank balances	248	22
	<u>106,493</u>	<u>42,287</u>
TOTAL ASSETS	<u>235,220</u>	<u>198,728</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	140,000	140,000
Unappropriated profit	95,071	58,594
Total equity	<u>235,071</u>	<u>198,594</u>
Current liabilities		
Other payables and accruals	149	134
Provision for Taxation	-	-
	<u>149</u>	<u>134</u>
TOTAL EQUITY AND LIABILITIES	<u>235,220</u>	<u>198,728</u>
Net assets per share (RM) (Note 2)	1.68	1.42
Net asset value per share (RM) (Note 3)	2.10	1.77

Notes:

- Investments shown here as at 31 May 2010 are taken at book cost. On this date, these investments had a total market value of RM188,263,062.
- The investments taken for calculation of Net Assets ("NA") per share are at the lower of book cost (which was RM128,726,902.86 as at 31 May 2010) or market value.
- The investments taken for calculation of Net Asset Value ("NAV") per share are based on market value which was RM188,263,062 as at 31 May 2010. At that date, the total market value of the investment portfolio exceeded the total book value by RM59,536,159.14.
- Calculation of NA and NAV per share are based on 140,000,000 ordinary shares in issue.

(The Condensed Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009)

ICAPITAL.BIZ BERHAD (674900-X)

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2010

CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/05/2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/05/2009 RM'000	CURRENT YEAR TO DATE 31/05/2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/05/2009 RM'000
Revenue	33,227	(11,827)	42,224	11,414
Listing expenses	-	-	-	-
Operating expenses	(1,281)	(52)	(4,580)	(3,925)
Profit/(loss) from operations	31,946	(11,879)	37,644	7,489
Finance cost	-	-	-	-
Profit/(loss) before taxation	31,946	(11,879)	37,644	7,489
Taxation	(652)	279	(1,167)	(1,220)
Profit/(loss) for the period	31,294	(11,600)	36,477	6,269
Earnings/(loss) per share (sen)				
Basic	22.35	(8.29)	26.06	4.48
Diluted	N/A	N/A	N/A	N/A

Notes:

(The Condensed Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009)

ICAPITAL.BIZ BERHAD (674900-X)

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2010

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital RM'000	Unappropriated profit RM'000	Total RM'000
At 01.06.2009	140,000	58,594	198,594
Profit for the period	-	36,477	36,477
At 31.05.2010	<u>140,000</u>	<u>95,071</u>	<u>235,071</u>

	Share capital RM'000	Unappropriated profit RM'000	Total RM'000
At 01.06.2008	140,000	52,325	192,325
Profit for the period	-	6,269	6,269
At 31.05.2009	<u>140,000</u>	<u>58,594</u>	<u>198,594</u>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009)

ICAPITAL.BIZ BERHAD (674900-X)

FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2010

CONDENSED CASH FLOW STATEMENT

	12 MONTHS ENDED 31/05/2010 RM'000	12 MONTHS ENDED 31/05/2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before working capital changes	37,644	7,489
Changes in working capital		
Disposal/(purchase) of investments - net	27,714	(24,303)
Other receivable and deposits	2,262	(2,322)
Other payables and accruals	15	(2,587)
CASH FROM/(USED IN) OPERATIONS	<u>67,635</u>	<u>(21,723)</u>
Taxes paid	(1,152)	(2,067)
Net cash generated from/(used in) operating activities	<u>66,483</u>	<u>(23,790)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	66,483	(23,790)
CASH AND CASH EQUIVALENTS AT 1 JUNE	37,442	61,232
CASH AND CASH EQUIVALENTS AT 31 MAY	<u><u>103,925</u></u>	<u><u>37,442</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash on hand and at banks	248	22
Deposits with licensed financial institutions	103,677	37,420
	<u><u>103,925</u></u>	<u><u>37,442</u></u>

(The Condensed Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009)

NOTES TO THE INTERIM FINANCIAL REPORT

PART A - EXPLANATORY NOTES

A1 Basis of preparation

The financial report of icapital.biz Berhad ("the Company" or "the Fund") is prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. The figures have not been audited.

The financial report should be read in conjunction with the audited financial statements for the year ended 31 May 2009. The accounting policies and methods of computation adopted in this financial report are consistent with those adopted in the preparation of the audited financial statements for the year ended 31 May 2009.

The Company has not applied in advance the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

FRSs/IC Interpretations	Effective date
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision In Relation To Compound Instruments	1 January 2010/ 1 March 2010
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of preparation (Cont'd)

FRSs/IC Interpretations (Cont'd)

IC Interpretation 15 Agreements for the Construction of Real Estate	1 July 2010
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
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010
Annual Improvements to FRSs (2009)	1 January 2010

The above FRSs, IC Interpretations and amendments are not relevant to the Company's operations except as follows:

- a. The possible impacts of FRS 7 (including the subsequent amendments) and the revised FRS 139 (2010) on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.
- b. The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. 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 reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Company's financial statements in the next financial year.
- c. IC Interpretation 9 requires embedded derivatives to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date the entity first became a party to the contract. The possible impacts of IC Interpretation 9 on the financial statements upon its initial application are not disclosed by virtue of the exemptions given under the revised FRS 139 (2010).
- d. Amendments to IC Interpretation 9 are a consequential amendment from the revised FRS 3 (2010). These amendments are expected to have no material impact on the financial statements of the Company upon its initial application.
- e. Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Company upon their initial application.

A2 Auditors' opinion on preceding annual financial statements

The Company's Financial Statements for the financial year ended 31 May 2009 were not qualified by the auditors.

A3 Seasonality or cyclicity of operations

As the Company is a closed-end fund, it is dependent on the performance of the companies in which it has invested. In general, therefore, there is no seasonality or cyclicity of operations.

A4 Individually significant items

There are no significant items affecting the assets, liabilities, equity, net income or cash flows during the current financial year-to-date.

A5 Changes in estimates

There were no significant changes in estimates that have a material effect on the current financial year to-date.

NOTES TO THE INTERIM FINANCIAL REPORT

A6 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

A7 Dividend paid

There was no dividend paid during the current financial year-to-date.

A8 Segmental reporting

No segmental reporting is presented as the Company is a closed-end fund based in Malaysia and the principal activity is to invest in a diversified portfolio of quoted securities.

A9 Valuations of property, plant and equipment

No valuation was carried out as the Company does not have any property, plant and equipment.

A10 Subsequent event

There were no material events subsequent to the end of the interim period reported on that have not been reflected in the financial statements for the said period.

A11 Changes in the composition of the Company

There were no changes in the composition of the Company during the current financial year-to-date.

A12 Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets pending as at the date of this report.

PART B - AS REQUIRED BY THE LISTING REQUIREMENTS

B1 Review of performance

For the twelve months ended 31 May 2010, the Company recorded a profit before tax of RM37.644 million, compared with a profit before tax of RM7.489 million in the corresponding period of last year.

As the company is a closed-end fund, a better indication of its performance would be the movement of its NAV. The NAV per share as at 31 May 2010 was RM2.10, compared with NAV per share of RM1.77 as at 31 May 2009.

In the fourth quarter ended 31 May 2010, the Company's NAV increased by 19% from 31 May 2009.

B2 Comparison with immediate preceding quarter's results

In the fourth quarter ended 31 May 2010, the Company recorded a profit after tax of RM31.294 million, compared with RM3.509 million in the preceding quarter. The difference between the two quarters' performance is due mainly to the sales of its holdings in Astro All Asia Networks Plc, Kuala Lumpur Kepong Berhad, Lion Diversified Holdings Bhd, Poh Kong Holdings Berhad and Swee Joo Berhad as well as substantial holdings in Hai-O Enterprise Berhad. The costs of purchasing these disposed shares were RM48.980 million and the sales proceeds were RM79.801 million, resulting in a net gain of RM30.821 million.

The NAV per share increased by 1% in the fourth quarter ended 31 May 2010 to RM2.10, compared with the preceding quarter of RM2.07.

NOTES TO THE INTERIM FINANCIAL REPORT

B3 Prospects for the next financial year

As the Company is a closed-end fund, its prospects are dependent on the performance of the Malaysian stock market in general and in particular, the performance of the investments held.

In the fourth quarter, your Fund continued to invest in a new security, which in the interest of your Fund, will only be disclosed at an appropriate stage. At the same time, your Fund made further investments in Boustead Holdings Berhad.

Since the last report, worries in the global economy have shifted from a possible devastating currency and trade war between the US and China to the Greek debt problem and the possible contagion that this crisis may create for the many vulnerable European economies. Added on to these was an unusual list of worries – ranging from fears that China may be overheating and may face a hard landing to the disruptive volcano eruption from Iceland to tension in the Korean Peninsula to unprecedented riots in Bangkok and so on.

While the global stock markets rattled, your Fund Manager stuck steadfast to its “Intelligently Eclectic” value investing philosophy. As such, your Fund Manager and Investment Adviser of your Fund are continuously seeking stocks that are attractively priced.

B4 Profit forecast / guarantee

The Company has not given any profit forecast or profit guarantee for the year.

B5 Taxation

	Current Quarter Ended		Cumulative Quarter Ended	
	31/05/2010	31/05/2009	31/05/2010	31/05/2009
	RM'000	RM'000	RM'000	RM'000
Current tax expense	<u>(652)</u>	<u>279</u>	<u>(1,167)</u>	<u>(1,220)</u>

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

	CURRENT QUARTER ENDED	CURRENT QUARTER ENDED
	31/05/2010	31/05/2009
	RM'000	RM'000
Profit before taxation	31,946	(11,879)
Tax at the statutory rate of 25%	7,987	(2,970)
Tax effects of:		
- Non-taxable income	(7,705)	-
- Tax-exempt dividends	(111)	(42)
- Non-deductible expenses	481	3,196
- Overprovision of tax expense in prior years	-	(463)
Tax for the financial period	<u>652</u>	<u>(279)</u>
	CUMULATIVE QUARTER ENDED	CUMULATIVE QUARTER ENDED
	31/05/2010	31/05/2009
	RM'000	RM'000
Profit before taxation	37,644	7,489
Tax at the statutory rate of 25%	9,411	1,872
Tax effects of:		
- Non-taxable income	(8,180)	(3,596)
- Tax-exempt dividends	(1,039)	(592)
- Non-deductible expenses	975	3,999
- Overprovision of tax expense in prior years	-	(463)
Tax for the financial period	<u>1,167</u>	<u>1,220</u>

NOTES TO THE INTERIM FINANCIAL REPORT

B6 Profit on sale of unquoted investments and/or properties

There was no profit on the sale of unquoted investments and/or properties during the current financial year-to-date.

B7 Quoted securities

This note is not applicable to the Company.

B8 Status of corporate proposals

There was no corporate proposal announced during the current quarter or the current financial year-to-date.

B9 Borrowings and debt securities

There were no group borrowings and debt securities outstanding as at the end of the reporting period.

B10 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk.

B11 Changes in material litigation

There was no material litigation pending as at the date of this report.

B12 Dividend

The Directors did not declare any dividend for the current quarter ended 31 May 2010.

B13 Earnings per share

a) Basic earnings per share

The basic earnings per share for the current quarter under review and cumulative year to-date are computed as follows:

	Current Quarter Ended 31.05.2010	Cumulative To-Date Ended 31.05.2010
Profit after tax (RM'000)	31,294	36,477
No. of ordinary share capital in issue during the current quarter/current year to-date ('000 of shares of RM1.00 each)	140,000	140,000
Basic earnings per share (sen)	22.35	26.06

b) Diluted earnings per share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the current quarter.

B14 Net asset value

The net asset value per share is calculated in accordance with the Securities Commission's Guidelines for Public Offerings of Securities of Closed-end Funds.

**ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2010**

NOTES TO THE INTERIM FINANCIAL REPORT

B15 Investments

As at 31 May 2010, the Company did not have any investments in:

- (1) securities listed on other stock exchanges;
- (2) other investment vehicles;
- (3) securities of unlisted companies; and
- (4) derivatives other than warrants, transferable subscriptions rights and convertible loan stocks.

**BY ORDER OF THE BOARD
KUAN HUI FANG (MIA 16876)
THAM WAI YING (MAICSA 7016123)**

SECRETARIES

**Kuala Lumpur
Date: 21st June 2010**