

ICAPITAL.BIZ BERHAD (674900-X)
 CONDENSED STATEMENT OF FINANCIAL POSITION
 FOR THE PERIOD ENDED 31ST MAY 2014

	UNAUDITED AS AT 31/05/2014 RM'000	AUDITED AS AT 31/05/2013 RM'000
ASSETS		
Non-current assets		
Investments (Note 1)	185,732	209,700
Current assets		
Other receivables and prepayments	2,342	1,950
Short term deposits	239,709	207,034
Cash and bank balances	681	971
	<u>242,732</u>	<u>209,955</u>
TOTAL ASSETS	<u>428,464</u>	<u>419,655</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	140,000	140,000
Fair value adjustment reserve	84,846	100,071
Unappropriated profit	202,319	178,848
Total equity attributable to holders of the Company	<u>427,165</u>	<u>418,919</u>
Current liabilities		
Other payables and accruals	339	329
Provision for taxation	960	407
	<u>1,299</u>	<u>736</u>
TOTAL EQUITY AND LIABILITIES	<u>428,464</u>	<u>419,655</u>
Net assets per share (RM) (Note 2)	3.05	2.99
Net asset value per share (RM) (Note 2)	3.05	2.99

Notes:

- Investments shown here as at 31 May 2014 are taken at market value.
- The net assets per share/net asset value per share of the Company is calculated based on the net assets at the end of the reporting period of RM427,165,393 (2013 - RM418,918,563) divided by the number of shares in issue at the end of the reporting period of 140,000,000 (2013 - 140,000,000).

(The Condensed Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 May 2013)

ICAPITAL.BIZ BERHAD (674900-X)
 CONDENSED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 31ST MAY 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/05/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/05/2013 RM'000	CURRENT YEAR TO DATE 31/05/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/05/2013 RM'000
Revenue (Note B1)	9,278	49,684	43,682	65,954
Operating expenses (Note B2)	(2,496)	(2,062)	(8,637)	(6,977)
Profit from operations	6,782	47,622	35,045	58,977
Finance cost	-	-	-	-
Profit before taxation	6,782	47,622	35,045	58,977
Taxation	(375)	(502)	(1,599)	(2,163)
Profit for the period	6,407	47,120	33,446	56,814
Other comprehensive income:				
Net fair value changes in available-for-sale investments	2,989	(35,319)	(15,225)	(37,654)
Total comprehensive income for the period	9,396	11,801	18,221	19,160
Earnings per share (sen)				
- Basic	4.58	33.66	23.89	40.58
- Diluted	N/A	N/A	N/A	N/A

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 May 2013)

ICAPITAL.BIZ BERHAD (674900-X)
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31ST MAY 2014

	Share Capital RM'000	Fair Value Adjustment Reserve RM'000	Unappropriated Profit RM'000	Total Equity RM'000
At 01.06.2013	140,000	100,071	178,848	418,919
Total comprehensive income for the period	-	(15,225)	33,446	18,221
Special dividend	-	-	(9,975)	(9,975)
At 31.05.2014	140,000	84,846	202,319	427,165
At 01.06.2012	140,000	137,725	122,034	399,759
Total comprehensive income for the period	-	(37,654)	56,814	19,160
At 31.05.2013	140,000	100,071	178,848	418,919

(The Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2013)

**ICAPITAL.BIZ BERHAD (674900-X)
CONDENSED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31ST MAY 2014**

	12 MONTHS ENDED 31/05/2014 RM'000	12 MONTHS ENDED 31/05/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before working capital changes	35,045	58,977
Changes in working capital		
Purchase of investments - net	(1,227)	(293)
Disposal of investments - net	9,457	15,597
Other receivable and prepayments	(392)	1,303
Other payables and accruals	10	66
Impairment loss on quoted investments	514	-
CASH GENERATED FROM OPERATIONS	43,407	75,650
Dividend paid	(9,975)	-
Taxes paid	(1,047)	(1,380)
NET CASH GENERATED FROM OPERATING ACTIVITIES	32,385	74,270
NET INCREASE IN CASH AND CASH EQUIVALENTS	32,385	74,270
CASH AND CASH EQUIVALENTS AT 1 JUNE	208,005	133,735
CASH AND CASH EQUIVALENTS AT 31 MAY	240,390	208,005
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash on hand and at banks	681	971
Deposits with licensed financial institutions	239,709	207,034
	240,390	208,005

(The Condensed Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 May 2013)

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2014

NOTES TO THE INTERIM FINANCIAL REPORT

PART A - EXPLANATORY NOTES

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 May 2013. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the year ended 31 May 2013. The transition to MFRS has no material impact on the Company's reported financial position, financial performance and cash flows.

A2 Changes in Accounting Policies

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

MFRSs and IC Interpretations (Including The Consequential Amendments)

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 (2011) Employee Benefits

MFRS 127 (2011) Separate Financial Statements

MFRS 128 (2011) Investments in Associates and Joint Ventures

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to MFRSs 2009 – 2011 Cycle

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 except as follows:-

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. MFRS 13 has been applied prospectively as of the beginning of the current financial year.

NOTES TO THE INTERIM FINANCIAL REPORT

A2 Changes in Accounting Policies (Cont'd)

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

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 (2009) Financial Instruments	To be announced by MASB
MFRS 9 (2010) Financial Instruments	To be announced by MASB
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)	To be announced by MASB
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	To be announced by MASB
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

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

MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss.

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities.

NOTES TO THE INTERIM FINANCIAL REPORT

A3 Auditors' opinion on preceding annual financial statements

The Company's Financial Statements for the financial year ended 31 May 2013 were not qualified by the auditors.

A4 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.

A5 Individually significant items

There is impairment loss on quoted investments of RM513,988 in the current quarter.

A6 Changes in estimates

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

A7 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.

A8 Dividend paid

Since the end of previous financial year, the Company paid a special dividend of 9.5 sen per ordinary share less 25% tax amounting to RM9,975,003 in respect of the financial year ended 31 May 2013.

The directors do not recommend the payment of any dividend for the current financial year.

A9 Segmental reporting

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.

A10 Valuations of property, plant and equipment

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

A11 Subsequent event

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

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2014

NOTES TO THE INTERIM FINANCIAL REPORT

A12 Changes in the composition of the Company

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

A13 Contingent liabilities or contingent assets

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

A14 Significant related party transactions

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 of CDAM.

The amount transacted with CDAM during the current quarter and cumulative year to-date is as follows:

	Current Quarter Ended		Cumulative Quarter Ended	
	31/05/2014	31/05/2013	31/05/2014	31/05/2013
	RM'000	RM'000	RM'000	RM'000
Fund management fees	<u>788</u>	<u>765</u>	<u>3,109</u>	<u>3,090</u>

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2014

NOTES TO THE INTERIM FINANCIAL REPORT

PART B - AS REQUIRED BY THE LISTING REQUIREMENTS

B1 Review of performance

For the twelve months ended 31 May 2014, the Company recorded a profit before tax of RM35.0 million, compared with a profit before tax of RM59.0 million in the corresponding period of last year.

The lower profit before tax is mainly due to lower revenue as shown in the following table :

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.05.2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.05.2013 RM'000	CURRENT YEAR TO DATE 31.05.2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.05.2013 RM'000
Revenue Consist of :				
INTEREST				
Interest amount	1,650	1,205	5,942	4,163
DIVIDEND INCOME				
Dividend received	1,594	3,553	6,993	12,665
GAIN/(LOSS) ON DISPOSAL OF QUOTED INVESTMENT				
Gain on disposal of securities	6,034	44,926	30,747	49,126
	<u>9,278</u>	<u>49,684</u>	<u>43,682</u>	<u>65,954</u>

As the company is a closed-end fund, a better indication of its performance would be the movement of its Net Assets Value (NAV). The NAV per share as at 31 May 2014 was RM3.05, compared with NAV per share of RM2.99 as at 31 May 2013.

In the fourth quarter ended 31 May 2014, the Company's NAV increased by 2.0% from 31 May 2013.

NOTES TO THE INTERIM FINANCIAL REPORT

B2 Comparison with immediate preceding quarter's results

In the fourth quarter ended 31 May 2014, the Company recorded a profit after tax of RM6.4 million, compared with RM20.2 million in the preceding quarter. The difference between the two quarters' performance is due mainly to higher profit on disposal of securities in the preceding quarter and impairment loss on quoted investments in the current quarter. For the current quarter, the revenue and operating expenses were RM9.3 million and RM2.5 million respectively, compared with RM23.3 million and RM2.9 million for the preceding quarter.

The NAV per share increased by 2.3% in the fourth quarter ended 31 May 2014 to RM3.05, compared with the preceding quarter of RM2.98.

The following items are not applicable to the company :

- (a) Interest expense;
- (b) Depreciation and amortization;
- (c) Provision for and write off of receivables;
- (d) Provision for and write off of inventories;
- (e) Gain or loss on disposal of unquoted investments or properties
- (f) Foreign exchange gain or loss;
- (g) Gain or loss on derivatives; and
- (h) Exceptional items (with details).

B3 Commentary by Fund Manager - Prospects for the next financial year

By the quarter ending 31 May 2014, your Fund has sold a substantial part of its holdings in Petronas Dagangan Bhd before the share price fell. Your Fund bought a total of 3,300,000 Petronas Dagangan Bhd shares for a cost of RM13.499 million back in early 2006. It has received RM9.674 million in total dividends and has realised a profit of more than RM58 million. Your Fund currently has only a few thousand shares left in its portfolio.

Since the last commentary, the cash level of your Fund has risen to around RM240 million or about RM1.71 per share. Given the rich valuation of the Kuala Lumpur stock market, we have to say that finding attractive stocks at attractive prices continue to be a challenge. Sitting on cash is not easy. It gives the false impression that the fund manager is not doing anything even when the fund manager continues to work diligently in its search for attractively valued stocks.

Externally, the leads are uncertain as the US recovery silver lining is mixed with the monetary policy dark clouds. The US reported a strong employment report for June. Yet the New York stock market continues with its rally. This is puzzling and worrying as The Bank for International Settlements reminded us : *"Monetary policy is still struggling to normalise after so many years of extraordinary accommodation. Despite the euphoria in financial markets, investment remains weak. Instead of adding to productive capacity, large firms prefer to buy back shares or engage in mergers and acquisitions. And despite lacklustre long-term growth prospects, debt continues to rise"*. The Bank added ominously, *"looking forward, the issue of how best to calibrate the timing and pace of policy normalisation looms large. Navigating the transition is likely to be complex and bumpy, regardless of communication efforts. And the risk of normalising too late and too gradually should not be underestimated"*. As i Capital wrote recently about the Federal Reserve's monetary policy, *"the victory in its battle to stave off deflation is clear but the battle against rising inflation may soon be beginning"*.

Lars Peter Hanson, a professor at the University of Chicago and a Nobel prize-winning economist, told CNBC in an interview that *"forward guidance from the US Federal Reserve has been vague and the central bank should ensure its guidance on monetary policy is real."* Lars Peter Hanson warned that *"It seems that the commitments have been more and more vague and been open to more and more contingencies and it's opened the door to more and more discretion. That's one way you add more uncertainty to the economic environment."*

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2014

NOTES TO THE INTERIM FINANCIAL REPORT

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	
	31/05/2014 RM'000	31/05/2013 RM'000	31/05/2014 RM'000	31/05/2013 RM'000
Current tax expense	375	502	1,599	2,163

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		Cumulative Quarter Ended	
	31/05/2014 RM'000	31/05/2013 RM'000	31/05/2014 RM'000	31/05/2013 RM'000
Profit before taxation	6,782	47,622	35,045	58,977
Tax at the statutory rate of 25%	1,695	11,906	8,761	14,744
Tax effects of				
Non-taxable income	(1,508)	(11,231)	(7,687)	(12,281)
Tax-exempt dividends	(399)	(661)	(1,424)	(1,901)
Non-deductible expenses	587	488	2,015	1,601
Overprovision in prior years	-	-	(66)	-
Tax for the financial period	375	502	1,599	2,163

B6 Status of corporate proposals

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

B7 Borrowings and debt securities

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

B8 Changes in material litigation

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

B9 Dividend

The Directors did not declare any dividend for the current quarter ended 31 May 2014.

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2014

NOTES TO THE INTERIM FINANCIAL REPORT

B10 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 31/05/2014 RM'000	Cumulative To-Date Ended 31/05/2014 RM'000
Profit after tax (RM'000)	6,407	33,446
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)	4.58	23.89

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.

B11 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.

B12 Investments

As at 31 May 2014, 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.

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2014

NOTES TO THE INTERIM FINANCIAL REPORT

B13 Realised and unrealised profits.

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 dated 20 December 2010 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 Main Market Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	As at 31/05/2014 RM'000	As at 31/05/2013 RM'000
Total retained profits of the Company		
Realised	202,833	178,848
Unrealised	(514)	-
Total retained profits as per statement of financial position	<u>202,319</u>	<u>178,848</u>

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

SECRETARIES