

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

	UNAUDITED AS AT 31/08/2014 RM'000	AUDITED AS AT 31/05/2014 RM'000
ASSETS		
Non-current assets		
Investments (Note 1)	186,455	185,732
Current assets		
Other receivables and prepayments	1,721	2,342
Short term deposits	241,425	239,709
Cash and bank balances	1,047	681
	<u>244,193</u>	<u>242,732</u>
TOTAL ASSETS	<u><u>430,648</u></u>	<u><u>428,464</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	140,000	140,000
Fair value adjustment reserve	85,570	84,846
Unappropriated profit	204,491	202,319
Total equity attributable to holders of the Company	<u>430,061</u>	<u>427,165</u>
Current liabilities		
Other payables and accruals	410	339
Provision for taxation	177	960
	<u>587</u>	<u>1,299</u>
TOTAL EQUITY AND LIABILITIES	<u><u>430,648</u></u>	<u><u>428,464</u></u>
Net assets per share (RM) (Note 2)	3.07	3.05
Net asset value per share (RM) (Note 2)	3.07	3.05

Notes:

- Investments shown here as at 31 August 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 RM430,061,647 (2014 - RM427,165,393) divided by the number of shares in issue at the end of the reporting period of 140,000,000 (2014 - 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 2014)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/08/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/08/2013 RM'000	CURRENT YEAR TO DATE 31/08/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/08/2013 RM'000
Revenue (Note B1)	3,526	3,401	3,526	3,401
Operating expenses (Note B2)	(1,756)	(1,608)	(1,756)	(1,608)
Profit from operations	1,770	1,793	1,770	1,793
Finance cost	-	-	-	-
Profit before taxation	1,770	1,793	1,770	1,793
Taxation	402	(589)	402	(589)
Profit for the period	2,172	1,204	2,172	1,204
Other comprehensive income:				
Net fair value changes in available-for-sale investments	724	(10,595)	724	(10,595)
Total comprehensive income for the period	2,896	(9,391)	2,896	(9,391)
Earnings per share (sen)				
- Basic	1.55	0.86	1.55	0.86
- 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 2014)

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

	Share Capital RM'000	Fair Value Adjustment Reserve RM'000	Unappropriated Profit RM'000	Total Equity RM'000
At 01.06.2014	140,000	84,846	202,319	427,165
Total comprehensive income for the period	-	724	2,172	2,896
At 31.08.2014	140,000	85,570	204,491	430,061
At 01.06.2013	140,000	100,071	178,848	418,919
Total comprehensive income for the period	-	(10,595)	1,204	(9,391)
Special dividend	-	-	(9,975)	(9,975)
At 31.08.2013	140,000	89,476	170,077	399,553

(The Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2014)

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

	3 MONTHS ENDED 31/08/2014 RM'000	3 MONTHS ENDED 31/08/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before working capital changes	1,770	1,793
Changes in working capital		
Purchase of investments - net	-	(463)
Other receivable and prepayments	621	97
Other payables and accruals	71	(11)
Dividend payable	-	9,975
CASH GENERATED FROM OPERATIONS	<u>2,462</u>	<u>11,391</u>
Dividend paid	-	(9,975)
Taxes paid	(380)	(316)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>2,082</u>	<u>1,100</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,082	1,100
CASH AND CASH EQUIVALENTS AT 1 JUNE	240,390	208,005
CASH AND CASH EQUIVALENTS AT 31 AUG	<u><u>242,472</u></u>	<u><u>209,105</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash on hand and at banks	1,047	852
Deposits with licensed financial institutions	241,425	208,253
	<u><u>242,472</u></u>	<u><u>209,105</u></u>

(The Condensed Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 May 2014)

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

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 119: Defined Benefit Plans – Employee Contributions	1 July 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.

A3 Auditors' opinion on preceding annual financial statements

The Company's Financial Statements for the financial year ended 31 May 2014 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.

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

NOTES TO THE INTERIM FINANCIAL REPORT

A5 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.

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

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

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.

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	
	31/08/2014 RM'000	31/08/2013 RM'000	31/08/2014 RM'000	31/08/2013 RM'000
Fund management fees	<u>813</u>	<u>768</u>	<u>813</u>	<u>768</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT

PART B - AS REQUIRED BY THE LISTING REQUIREMENTS

B1 Review of performance

For the three months ended 31 August 2014, the Company recorded a profit before tax of RM1.8 million, similar with a profit before tax of RM1.8 million in the corresponding period of last year.

The revenue are as shown in the following table :

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.08.2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.08.2013 RM'000	CURRENT YEAR TO DATE 31.08.2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.08.2013 RM'000
Revenue Consist of :				
INTEREST				
Interest amount	1,730	1,437	1,730	1,437
DIVIDEND INCOME				
Dividend received	1,796	1,964	1,796	1,964
	<u>3,526</u>	<u>3,401</u>	<u>3,526</u>	<u>3,401</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 August 2014 was RM3.07, compared with NAV per share of RM3.05 as at 31 May 2014.

In the first quarter ended 31 August 2014, the Company's NAV increased by 0.66% from 31 May 2014.

B2 Comparison with immediate preceding quarter's results

In the first quarter ended 31 August 2014, the Company recorded a profit after tax of RM2.2 million, compared with RM6.4 million in the preceding quarter. The difference between the two quarters' performance is due mainly to profit on disposal of securities in the preceding quarter. For the current quarter, the revenue and operating expenses were RM3.5 million and RM1.8 million respectively, compared with RM9.3 million and RM2.5 million for the preceding quarter.

The NAV per share increased by 0.66% in the first quarter ended 31 August 2014 to RM3.07, compared with the preceding quarter of RM3.05.

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).

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

NOTES TO THE INTERIM FINANCIAL REPORT

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

Since my last commentary dated 9 July 2014, the cash level of your Fund has gone up by a couple of millions. My fears over the rich valuation of the stock markets remain. We are in a high risk, low return environment. Does this cause sleepless nights to us? Far from it.

Many people have heard of Warren Buffett (in fact, there appears to be a Buffett-bubble phenomenon) but few have heard of Irving Kahn. What may also be surprising to you is that investment veteran Irving Kahn, who has weathered every financial storm since the 1920s, is 108 years old.

I have in the past mentioned that value investors have a tendency to live up to 100 years old. This makes sense because individuals who invest based on value for the long-term sleep soundly even when the market plunges, consequently experiencing a considerably less amount of stress than the typical investor. When asked on his advice on longevity, Irving Kahn pointed out how people's lack of wisdom and lack of ability to control impulses contribute to their unwholesome lifestyles.

Why not come to the 10th AGM and 2014 Investor Day of icapital.biz Berhad held on 11th and 12th October at the KLCC? It might not help you live as long as Irving Kahn, but it is a good start in discovering the fountain of youth. Besides, the knowledge and wisdom from the event will keep you financially fit and sound.

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 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	
	31/08/2014	31/08/2013	31/08/2014	31/08/2013
	RM'000	RM'000	RM'000	RM'000
Current tax expense	(402)	589	(402)	589

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	
	31/08/2014	31/08/2013	31/08/2014	31/08/2013
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	1,770	1,794	1,770	1,794
Tax at the statutory rate of 25%	443	448	443	448
Tax effects of				
Tax-exempt dividends	(449)	(203)	(449)	(203)
Non-deductible expenses	395	344	395	344
Overprovision in prior years	(791)	-	(791)	-
Tax for the financial period	(402)	589	(402)	589

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 August 2014.

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 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 31/08/2014 RM'000	Cumulative To-Date Ended 31/08/2014 RM'000
Profit after tax (RM'000)	2,172	2,172
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)	1.55	1.55

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 August 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 AUGUST 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 31/08/2014 RM'000	As at 31/05/2014 RM'000
Total retained profits of the Company		
Realised	205,005	202,833
Unrealised	(514)	(514)
Total retained profits as per statement of financial position	<u>204,491</u>	<u>202,319</u>

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

SECRETARIES

Kuala Lumpur
Date: 10 October 2014