

ICAPITAL.BIZ BERHAD (674900-X)
CONDENSED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 30TH NOVEMBER 2013

	UNAUDITED AS AT 30/11/2013 RM'000	AUDITED AS AT 31/05/2013 RM'000
ASSETS		
Non-current assets		
Investments (Note 1)	213,960	209,700
Current assets		
Other receivables and deposits	1,800	1,950
Short term deposits	201,291	207,034
Cash and bank balances	7,005	971
	<u>210,096</u>	<u>209,955</u>
TOTAL ASSETS	<u>424,056</u>	<u>419,655</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	140,000	140,000
Fair value adjustment reserve	107,592	100,071
Unappropriated profit	175,734	178,848
Total equity attributable to holders of the Company	<u>423,326</u>	<u>418,919</u>
Current liabilities		
Other payables and accruals	9	329
Provision for taxation	721	407
	<u>730</u>	<u>736</u>
TOTAL EQUITY AND LIABILITIES	<u>424,056</u>	<u>419,655</u>
Net assets per share (RM) (Note 2)	3.02	2.99
Net asset value per share (RM) (Note 2)	3.02	2.99

Notes:

- Investments shown here as at 30 November 2013 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 RM423,326,399 (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 30TH NOVEMBER 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/11/2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/11/2012 RM'000	CURRENT YEAR TO DATE 30/11/2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/11/2012 RM'000
Revenue (Note B1)	7,680	3,841	11,081	9,020
Operating expenses (Note B2)	(1,652)	(1,643)	(3,260)	(3,253)
Profit from operations	6,028	2,198	7,821	5,767
Finance cost	-	-	-	-
Profit before taxation	6,028	2,198	7,821	5,767
Taxation	(371)	(298)	(960)	(1,312)
Profit for the period	5,657	1,900	6,861	4,455
Other comprehensive income:				
Net fair value changes in available-for-sale investments	18,116	(18,221)	7,521	495
Total comprehensive income for the period	23,773	(16,321)	14,382	4,950
Earnings per share (sen)				
- Basic	4.04	1.36	4.90	3.18
- 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 30TH NOVEMBER 2013

	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	-	7,521	6,861	14,382
Special dividend	-	-	(9,975)	(9,975)
At 30.11.2013	140,000	107,592	175,734	423,326
At 01.06.2012	140,000	137,725	122,034	399,759
Total comprehensive income for the period	-	495	4,455	4,950
At 30.11.2012	140,000	138,220	126,489	404,709

(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 30TH NOVEMBER 2013

	6 MONTHS ENDED 30/11/2013 RM'000	6 MONTHS ENDED 30/11/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before working capital changes	7,821	5,767
Changes in working capital		
Purchase of investments - net	(1,227)	-
Disposal of investments - net	4,488	512
Other receivable and deposits	150	9
Other payables and accruals	(320)	(258)
CASH GENERATED FROM OPERATIONS	<u>10,912</u>	<u>6,030</u>
Dividend paid	(9,975)	-
Taxes paid	(646)	(876)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>291</u>	<u>5,154</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	291	5,154
CASH AND CASH EQUIVALENTS AT 1 JUNE	208,005	133,735
CASH AND CASH EQUIVALENTS AT 30 NOVEMBER	<u><u>208,296</u></u>	<u><u>138,889</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash on hand and at banks	7,005	132
Deposits with licensed financial institutions	201,291	138,757
	<u><u>208,296</u></u>	<u><u>138,889</u></u>

(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 30 NOVEMBER 2013

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

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 period :-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments	1 January 2015
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014

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

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 company will apply this standard when effective.

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

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2013

NOTES TO THE INTERIM FINANCIAL REPORT

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

A special dividend of 9.5 sen per ordinary share less 25% tax amounting to RM9,975,000 declared on 22 August 2013 was paid on 07 October 2013.

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. The 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	
	30/11/2013	30/11/2012	30/11/2013	30/11/2012
	RM'000	RM'000	RM'000	RM'000
Fund management fees	<u>776</u>	<u>782</u>	<u>1,544</u>	<u>1,551</u>

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2013

NOTES TO THE INTERIM FINANCIAL REPORT

PART B - AS REQUIRED BY THE LISTING REQUIREMENTS

B1 Review of performance

For the six months ended 30 November 2013, the Company recorded a profit before tax of RM7.8 million, compared with a profit before tax of RM5.8 million in the corresponding period of last year.

The higher profit before tax is mainly due to gain on disposal of securities as shown in the following table :

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.11.2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.11.2012 RM'000	CURRENT YEAR TO DATE 30.11.2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.11.2012 RM'000
Revenue Consist of :				
INTEREST				
Interest amount	1,382	984	2,819	1,961
DIVIDEND INCOME				
Dividend received	1,271	2,345	3,235	6,547
GAIN/(LOSS) ON DISPOSAL OF QUOTED INVESTMENT				
Gain on disposal of securities	5,027	512	5,027	512
	<u>7,680</u>	<u>3,841</u>	<u>11,081</u>	<u>9,020</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 30 November 2013 was RM3.02, compared with NAV per share of RM2.99 as at 31 May 2013.

In the second quarter ended 30 November 2013, the Company's NAV increased by 1.0% from 31 May 2013.

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2013

NOTES TO THE INTERIM FINANCIAL REPORT

B2 Comparison with immediate preceding quarter's results

In the second quarter ended 30 November 2013, the Company recorded a profit after tax of RM5.7 million, compared with RM1.2 million in the preceding quarter. The difference between the two quarters' performance is due mainly to profit on disposal of securities in the current quarter. For the current quarter, the revenue and operating expenses were RM7.7 million and RM1.7 million respectively, compared with RM3.4 million and RM1.6 million for the preceding quarter.

The NAV per share increased by 6.0% in the second quarter ended 30 November 2013 to RM3.02, compared with the preceding quarter of RM2.85.

The following items are not applicable to the company :

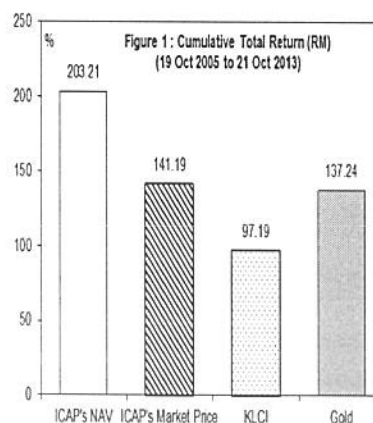
- (a) Interest expense;
- (b) Depreciation and amortization;
- (c) Provision for and write off of receivables;
- (d) Provision for and write off of inventories;
- (e) Gain or loss on disposal of unquoted investments or properties
- (f) Impairment of assets;
- (g) Foreign exchange gain or loss;
- (h)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

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

It is no empty claim when we say that the 9th AGM and the 2013 Investor Day of icapital.biz Berhad was one of the most innovative investment events in Asia. First, no listed company or unit trust in this region conducts such a corporate responsibility event, let alone a top quality event lasting one whole day. Secondly, the variety of talks was awesome. Thirdly, the breadth and quality of speakers at the Investor Day was amazing. Fourthly, the activities ranged from fun to educational to the charitable. Finally, it was open to the public for free.

The 9th AGM

The 2014 Malaysian Budget clashed with the 9th AGM of icapital.biz Bhd because the date of its AGM was booked long before the Budget date was announced. The booking had to be done way in advance as Kuala Lumpur has limited large capacity venues. The packed AGM, held in the comfortable 3,000-seat capacity Plenary Hall of the KL Convention Centre, was conducted in its traditional manner where there was an investment presentation by Tan Teng Boo (this included the fund's portfolio and performance review, his outlook of the global and Malaysian economies) and followed by a question and answer session on a wide range of topics. It ended late after 6 pm and all share owners and their guests were treated to a sumptuous dinner pack. During the AGM registration, share owners were given a nice power bank by Capital Dynamics Asset Management Sdn Bhd (visit the Facebook pages of Capital Dynamics for the photos - www.facebook.com/capitaldynamics.icapital). Meanwhile, unknown to many people, the performance of icapital.biz Berhad has beaten that of gold – see figure 1 – in terms of its share price and NAV.



This year, the AGM was held on a day separate from the Investor Day. Why 2 days? First, after last year's very lengthy AGM, where the annual Investor Day could not be conducted, we decided that it was safer to hold the AGM on a separate day, just in case. Secondly, when both are held on the same day, the AGM gets squeezed by the Investor Day; hence, limiting the questions and answers session. Finally, the AGM, even though held on a Friday afternoon, and clashed with the 2014 Budget, drew the same crowd as on a Saturday. Still, it would be great to receive feedback from share owners of icapital.biz Berhad for future AGMs and Investor Days.

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2013

NOTES TO THE INTERIM FINANCIAL REPORT

The 2013 Investor Day

The 2013 Investor Day was no less amazing although the morning registration was badly managed. It was the first time that the registration portion was outsourced to an external company. Our talks on value investing (conducted by Capital Dynamics' Korean analyst) and on China's economy (by an economist from the Asian Development Bank) drew capacity crowds. It is revealing that talks on value investing can draw such large crowds. The investment presentations by the senior management of Petronas Dagangan, Boustead, Suria, MSC, Wellcall, and Vitrox were all well received and educational. Then, there were the exhibition booths by selected listed companies. It is in the 2013 Investor Day of icapital.biz Berhad that the ordinary investors are at least on par with the professional fund managers and analysts. How many ordinary investors can get to talk to so many senior managers in a single place?

The 2 dialogues

The 2 dialogues with Khairy and Nurrul Izzah were classic innovative acts from Capital Dynamics. When they were both invited to the 2013 Investor Day, it was on condition that they do not talk about politics, which was achieved. The topic was strictly on Malaysia's economic future and the objective was for Malaysians to engage in a matured rational manner with the two promising young politicians. The aim was to allow Malaysians to talk about Malaysia's economy without the politics. This was ground breaking as it has never been done before.

Teng Boo's surprise talk

Last but not least, the contents of the surprise talk by the managing director of Capital Dynamics caught the crowd by surprise. He spoke about the importance of understanding.

Prospects

Given the cumulative impact of the electricity tariff hike, removal of sugar subsidy, increase in gas prices, increase in petrol and diesel prices and implementation of the GST, and further subsidy rationalization, inflation is expected to rise further in 2014 and 2015. However, as a long-term value investor, icapital.biz Berhad does not engage in market-timing. Its fund manager continues to hunt for attractively valued stocks, irrespective of the prospects of the stock market and the Malaysian economy.

B4 Profit forecast / guarantee

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

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2013

NOTES TO THE INTERIM FINANCIAL REPORT

B5 Taxation

	Current Quarter Ended		Cumulative Quarter Ended	
	30/11/2013	30/11/2012	30/11/2013	30/11/2012
	RM'000	RM'000	RM'000	RM'000
Current tax expense	371	298	960	1,312

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	
	30/11/2013	30/11/2012	30/11/2013	30/11/2012
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	6,028	2,198	7,821	5,767
Tax at the statutory rate of 25%	1,507	549	1,955	1,442
Tax effects of				
Non-taxable income	(1,257)	(128)	(1,257)	(128)
Tax-exempt dividends	(281)	(481)	(484)	(704)
Non-deductible expenses	402	358	746	702
Tax for the financial period	371	298	960	1,312

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 30 November 2013.

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2013

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 30/11/2013 RM'000	Cumulative To-Date Ended 30/11/2013 RM'000
Profit after tax (RM'000)	5,657	6,861
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)	4.04	4.90

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 30 November 2013, 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 30 NOVEMBER 2013

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 Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	As at 30/11/2013 RM'000	As at 31/05/2013 RM'000
Total retained profits of the Company		
Realised	175,734	178,848
Unrealised	-	-
Total retained profits as per statement of financial position	<u>175,734</u>	<u>178,848</u>

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

SECRETARIES

Kuala Lumpur
Date: 10 December 2013