ICAPITAL.BIZ BERHAD (674900-X)
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2019

	UNAUDITED AS AT 30/11/2019 RM'000	AUDITED AS AT 31/05/2019 RM'000
ASSETS		
Non-current assets		
Investments (Note 1)	155,806	152,412
Current assets		
Other receivables, deposit and prepayments	1,528	2,024
Tax recoverable	171	97
Short term deposits	266,534	279,147
Bank balance	21,084	17,004
	289,317	298,272
TOTAL ASSETS	445,123	450,684
EQUITY AND LIABILITIES		
Equity		
Share capital	140,000	140,000
Reserves	11,000	18,982
Retained profits	293,788	291,226
Total equity attributable to owners of the Company	444,788	450,208
Current liabilities		
Other payables and accruals	335	476
TOTAL LIABILITIES	335	476
TOTAL EQUITY AND LIABILITIES	445,123	450,684
Net asset value per share (RM) (Note 2)	3.18	3.22

Notes:-

1. Investments shown here as at 30 November 2019 are taken at market value.

2. The net asset value per share of the Company is calculated based on the net assets at the end of the reporting period of RM444,788,260 (31.05.2019 : RM450,208,147) divided by the number of shares in issue at the end of the reporting period of 140,000,000 (31.05.2019 : 140,000,000).

ICAPITAL.BIZ BERHAD (674900-X)
CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER AND YEAR TO DATE ENDED 30 NOVEMBER 2019

	INDIVIDUAL QUARTER*		CUMULATIVE QUARTER**	
	CURRENT YEAR QUARTER 30/11/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/11/2018 RM'000	CURRENT YEAR TO DATE 30/11/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/11/2018 RM'000
Revenue (Note B1)	**2,954**	**3,534**	**7,534**	**8,020**
Operating expenses (Note B1)				
- Professional fees and other operating expenses	(2,090)	(2,143)	(3,996)	(4,200)
Profit before taxation	864	1,391	3,538	3,820
Taxation (Note B5)	(464)	(496)	(976)	(1,013)
Profit after taxation	**400**	**895**	**2,562**	**2,807**
Earnings per share (sen)				
- Basic (Note B10)	0.29	0.64	1.83	2.01
- Diluted (Note B10)	0.29	0.64	1.83	2.01

* 2nd Quarter
** For the 6 months of the financial year

(The Condensed Statement of Profit or Loss should be read in conjunction with the Annual Financial Report for the year ended 31 May 2019)

ICAPITAL.BIZ BERHAD (674900-X)
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 NOVEMBER 2019

	INDIVIDUAL QUARTER*		CUMULATIVE QUARTER**	
	CURRENT YEAR QUARTER 30/11/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/11/2018 RM'000	CURRENT YEAR TO DATE 30/11/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/11/2018 RM'000
Profit for the period	400	895	2,562	2,807
Other comprehensive Income:				
Items that may be recycled to Retained Profits:				
Net fair value changes in investments	(1,531)	(28,731)	(7,982)	(30,287)
Total comprehensive loss for the period	**(1,131)**	**(27,836)**	**(5,420)**	**(27,480)**

* 2nd Quarter
** For the 6 months of the financial year

(The Condensed Statement of Profit or Loss should be read in conjunction with the Annual Financial Report for the year ended 31 May 2019)

ICAPITAL.BIZ BERHAD (674900-X)
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 NOVEMBER 2019

	Non-distributable		***Distributable***	
	Share Capital RM'000	**FVOCI Reserve RM'000**	**Retained Profits RM'000**	**Total Equity RM'000**
At 31.05.2018/01.06.2018	140,000	114,021	244,674	498,695
Changes in accounting policies	-	(22,030)	22,030	-
At 01.06.2018 as restated	140,000	91,991	266,704	498,695
Profit after taxation	-	-	2,807	2,807
Other comprehensive income:				
-Fair value changes of equity instruments	-	(30,287)	-	(30,287)
Total comprehensive (loss)/income for the period	-	(30,287)	2,807	(27,480)
Gain arising from disposal of investments recycled to retained profits	-	(14,343)	14,343	-
At 30.11.2018	**140,000**	**47,361**	**283,854**	**471,215**
At 31.05.2019/01.06.2019	140,000	18,982	291,226	450,208
Profit after taxation	-	-	2,562	2,562
Other comprehensive income:				
-Fair value changes of equity instruments	-	(7,982)	-	(7,982)
Total comprehensive (loss)/income for the period	-	(7,982)	2,562	(5,420)
Gain arising from disposal of investments recycled to retained profits	-	-	-	-
At 30.11.2019	**140,000**	**11,000**	**293,788**	**444,788**

(The Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2019)

ICAPITAL.BIZ BERHAD (674900-X)
CONDENSED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 NOVEMBER 2019

	6 MONTHS ENDED 30/11/2019 RM'000	6 MONTHS ENDED 30/11/2018 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	3,538	3,820
Decrease in other receivables, deposit and prepayments	496	73
Decrease in other payables and accruals	(141)	(159)
Proceeds from disposal of quoted investments	-	19,306
Purchase of quoted investments	(11,375)	(837)
CASH FROM OPERATIONS	(7,482)	22,203
Taxes paid	(1,050)	(875)
NET CASH (FOR)/FROM OPERATING ACTIVITES	(8,532)	21,328
NET CASH FROM INVESTING ACTIVITY		
Increase in short-term deposits with tenure more than 3 months	-	(268,591)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,532)	(247,263)
CASH AND CASH EQUIVALENTS AS AT 1 JUNE	129,139	283,168
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	120,607	35,905

(The Condensed Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 May 2019)

PART A - EXPLANATORY NOTES

A1 Basis of preparation

The condensed interim financial statements, other than for financial instruments have been prepared under the historical cost convention.

This Condensed Report has also been prepared in accordance with the requirements of MFRS 134 ***Interim Financial Reporting***, International Accounting Standard (IAS) 34 ***Interim Financial Reporting*** and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This Condensed Report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 May 2019. 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 2019.

A2 Significant accounting policies

2.1 Changes in accounting policies

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15 Revenue from Contracts with Customers
MFRS 16 Leases
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
IC Interpretation 23 Uncertainty Over Income Tax Treatments
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 15: Effective Date of MFRS 15
Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 140 – Transfers of Investment Property
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:
    -Amendments to MFRS 1: Deletion of Short-term Exemptions for the First-time Adopters
    -Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value
Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Company’s financial statements except as follows:-

MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held of maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the ‘incurred loss’ model in MFRS 139 with the ‘expected credit loss’ model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Company has not applied in advance the following accounting standards and/or 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 year:-

A2 Significant accounting policies (con't)

2.1 Changes in accounting policies (con't)

MFRSs and/or IC Interpretations (Including The Consequential Amendments) (con't)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Company upon their initial application except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognize their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Company is currently assessing the financial impact that may arise from the adoption of this standard.

2.2 Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amount of other receivables as at the reporting date is disclosed in Note 6 to the financial statements.

(b) 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 expense and deferred tax balances in the period in which such determination is made.

2.3 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.

A2 Significant accounting policies (con't)

2.4 Financial Instruments

Financial assets and financial liabilities 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 financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. 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 (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Company reclassifies debt instruments when and only when its business model for managing those assets change.

A2 Significant accounting policies (con't)

2.4 Financial Instruments (con't)

(a) Financial Assets (con't)

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Company has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at 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. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A2 Significant accounting policies (con't)

2.4 Financial Instruments (con't)

(d) Derecognition (con't)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, 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 with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

2.6 Impairment

(a) Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime expected credit losses for the trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience and are adjusted for looking-forward information (including time value of money where appropriate).

For all other financial instruments, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

A2 Significant accounting policies (con't)

2.6 Impairment (con't)

b) Impairment of Non-Financial Assets (con't)

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.

2.7 Income Taxes

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for temporary differences other than those that arise 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.

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 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 the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or 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 taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

2.8 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.

2.9 Net Asset Value Per Ordinary Share

Net asset value per ordinary share is calculated by dividing the net assets by the number of ordinary shares issued at the end of the reporting period.

A2 Significant accounting policies (con't)

2.10 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

2.11 Revenue from other sources and other operating income

(a) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(b) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

A3 Auditors' opinion on preceding annual financial statements

The Company's Financial Statements for the financial year ended 31 May 2019 were not qualified by the auditors.

A4 Seasonality or cyclicality of operations

As the Company is a closed-end fund, it is dependent on the performance of the companies in which it has invested.

A5 Individually significant items

There are no significant items affecting the assets, liabilities, equity, net income or cash flows during 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

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 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 transaction ("RPT") with Capital Dynamics Asset Management Sdn Bhd ("CDAM"), the Fund Manager of the Company.

In accordance with the requirements in the MMLR, which took effect on 27 January 2015, the provision of investment advisory services by Capital Dynamics Sdn Bhd ("CDSB") to the Fund is regarded as a RPT. CDSB is regarded as a related party because it is a person connected with Capital Dynamics Global Private Limited who is a major shareholder of CDAM.

The amounts transacted with CDAM and CDSB during the current quarter and cumulative year to-date are as follows:-

	Current Quarter Ended		**Cumulative Quarter Ended**	
	30/11/2019	**30/11/2018**	**30/11/2019**	**30/11/2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fund management fees - CDAM	842	940	1,696	1,845
Investment advisory fees - CDSB	842	940	1,696	1,845

PART B - AS REQUIRED BY THE LISTING REQUIREMENTS

B1 Review of performance (Para 9.40)

For the six month ended 30 November 2019, the Company recorded a profit before tax of RM3.54 million, compared with profit before tax of RM3.82 million in the preceding year's corresponding period ended 30 November 2018.

As shown in the following table, the decrease in profit before tax for the six month ended 30 November 2019 was mainly due to lower interest income and dividend income received.

	INDIVIDUAL QUARTER*		CUMULATIVE QUARTER**	
	CURRENT YEAR QUARTER 30/11/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/11/2018 RM'000	CURRENT YEAR TO DATE 30/11/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/11/2018 RM'000
Revenue Consist of:-				
Interest income	2,249	2,389	4,612	4,797
Dividend income	705	1,145	2,922	3,223
	2,954	3,534	7,534	8,020
Operating Expenses Consist of:-				
Professional fees and other operating expenses	(2,090)	(2,143)	(3,996)	(4,200)
Profit before taxation	864	1,391	3,538	3,820
Taxation	(464)	(496)	(976)	(1,013)
Profit after taxation	400	895	2,562	2,807
Other comprehensive expense:				
Net fair value changes in investments	(1,531)	(28,731)	(7,982)	(30,287)
Total comprehensive expense for the period	(1,131)	(27,836)	(5,420)	(27,480)

As the Company is a closed-ended fund, a better indication of its performance would be the movement of its Net Assets Value ("NAV"). The Company's NAV decreased to RM444.79 million as at 30 November 2019 compared with RM471.21 million as at 30 November 2018 mainly due to negative net fair value changes in investments. This resulted in a reduction of NAV per share as at 30 November 2019 to RM3.18, compared with NAV per share of RM3.37 as at 30 November 2018, a decrease of 5.64%.

	30/11/2019 RM	30/11/2018 RM
Total Net Asset Value	444,788,260	471,214,576
Net Asset Value per share	3.18	3.37
Share Price	2.42	2.62

B2 Comparison with immediate preceding quarter's results

In the second quarter ended 30 November 2019, the Company recorded a profit before tax of RM0.86 million, compared to RM2.67 million of profit before tax in the immediate preceding quarter.

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;

B2 Comparison with immediate preceding quarter's results (con't)

(g) Gain or loss on derivatives; and
(h) Exceptional items (with details).

B3 Commentary by Fund Manager – Prospects Para (9.40)

For top-down/market-timing investors – please read this section.

When we have the leader of the most powerful country in the world acting in ways that are not conventional, investors need to end up dealing with a world that can be topsy-turvy. Whether it is the ongoing US-China trade war or the impeachment proceedings against him or the latest attack on Iran, Trump has made "Uncertainty" the Word of the Year for 2018 and 2019. What will 2020 bring? Many key economies slowed down in 2019 – Germany Japan, South Korea, the UK, China, India, Australia and more. For 2020, there could be some glimmer of hope.

Tentative green shoots in the form of recovering semiconductor sales, an uptick in the OCED Composite Leading Indicators and China's economy bottoming out are sprouting. For Malaysia, long reliant on an overstretched domestic consumer sector, a better global economy in 2020 will be good news. For Malaysia, the main challenge in 2020 is to successfully deal with her political leadership transition. With a prime minister and now acting education minister who is 94 years old, the leadership succession issue must receive top priority attention. Each day of delay heightens the risks the whole nation faces.

For long term value investors – please read this section.

icapital.biz Berhad is a Malaysia-focused fund, with an objective of long-term capital appreciation based on the Bamboo value investing philosophy of Capital Dynamics. It is not allowed to sell short, invest in derivatives or undertake any borrowings.

Warren Buffett

With the investment environment in the recent period filled with uncertainties, it is timely for me to re-visit some investing basics. World renowned Berkshire Hathaway Class B shares gained 11% last year, but the S&P 500 surged 29%, (excluding a 2% dividend yield). Berkshire Hathaway's performance in 2019 compared with the S&P 500 was the worst since 2009. In 2009, Berkshire Hathaway gained 3%, while the S&P 500 returned 23.8% (dividends included). 2019 was a tough time for value investors. Berkshire Hathaway held a record US$128 billion cash at the end of the third quarter 2019. Warren Buffett said that, "Prices are sky-high for businesses possessing decent long-term prospects."

Arithmetic of investing

Linked to value investing is some simple arithmetic of investing principles. Probability is about chances. What are the chances of you getting a head when you toss a coin? What are the chances of you making a right or wrong investment when you buy ABC Berhad? Investing is about earning a superior rate of compound return. If you invest RM1.000 mln now and you earned a compound return of 20% per annum, you would have RM15.4 mln after 15 years. If you aim at a 30% compound return, you would get RM51.18 mln after 15 years. And if you are a bit greedier and aim at a 99% annual compound return, you would be worth RM30.39 billion after 15 years. If you think you can achieve a compound return of 99% or just 20%, ask yourself this simple but vital question: what is the probability of you getting that rate of return?

I love to remind investors that compound return has a twin brother that people always ignore – compound loss. Sadly, many investors actually experience compound loss instead of compound return. At a compound loss of 20% each time, your RM1.000 mln will be worth only RM209,000 after 8 times of such losses. In recent time, there

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are many counters on the KLSE that have lost more than 20%. What is the probability or chance that you will get hit by these stocks? That is why many investors have lost money in the last 5 years or so. This brings us to the unfairness of the stock market or the simple arithmetic of investing.

Say you read some blogs or analyst's report and invested in Inari on 8 Jan 2018 at RM2.53. By 4 Jan 2019, Inari plunged 51.38% to RM1.23. For you to recover your losses, you have to earn a return of more than 105%. Even then, you have only recovered your losses; you have not earned any positive return. Or consider **example 1**. In period one, you sold your stock and made a 100% return. In period two, you re-invested your proceeds in Globetronics at RM2.85 on 8 Jan 2019. By 4 Apr 2019, with its share price crashing 49.89%, you have lost all your previous 100% gain. Goodness, it only takes a 50% loss to wipe out your 100% gain.

Example 1		
Period One	10,000	
Period Two	20,000	+100%
Period Three	10,000	-50%

In **example 2**, the same asymmetry in the stock market is seen. In period one, you sold your stock and made a whopping 200% return and most likely boasted this achievement in the investment forums and blogs. In period two, you re-invested your proceeds in Scicom at RM2.40 on 2 May 2017. By 7 Jun 2019, with its share price crashing 66.67%, you have lost all your previous 200% gain. It only takes a 67% loss to wipe out your entire 200% gain. So unfair.

Example 2		
Period One	10,000	
Period Two	30,000	+200%
Period Three	10,000	-66%

So, let me go back to the important factor of probability. Think about this - what are the chances of you making a 50% loss versus making a 100% gain ? I have always advised investors that investing is not symmetrical, and that is why it can be very unfair and why over a long period, most investors do not make any money from the stock market.

Thanks to the finance textbooks, investors are convinced that they need to take high risk to earn high return. After all, the favourite adage is high risk, high return. I love to debunk this ridiculous investing advice by saying that Capital Dynamics looks for low risk, high return. Why? Whenever an investor follows the high risk high return principle, the investor ends up getting no return; or worse, negative return. An investor does not get higher reward for taking higher risk. This brings us back to Warren Buffett's two rules. The first rule is not to lose money. Why? Because if an investor really understands probability, grasps the difficulties in getting a sustained rate of compound return and accepts the unfairness of the stock market, not losing money in the stock market is already an achievement.

With the above, 2019 was another year of significant achievement for icapital.biz Berhad. In 2019, the NAV of icapital.biz Berhad fell 1.26% and its share price fell 2.63%. In the same period, the KLCI dived 6.02%. Investors may not be aware that since 2014, the NAV and share price of icapital.biz Berhad have significantly outperformed the KLCI except in 2018.

B4 Financial forecast / profit guarantee

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

B5 Taxation

	Current Quarter Ended		Cumulative Quarter Ended	
	30/11/2019 RM'000	30/11/2018 RM'000	30/11/2019 RM'000	30/11/2018 RM'000
Tax expense	464	496	976	1,013

A reconciliation of income tax expense applicable to profit / (loss) 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	
	30/11/2019 RM'000	30/11/2018 RM'000	30/11/2019 RM'000	30/11/2018 RM'000
Profit before taxation	864	1,391	3,538	3,820
Tax at the statutory rate of 24%	207	334	849	917
Tax effects of:-				
Single tier dividends	(169)	-	(635)	-
Tax-exempt dividends	-	(275)	(66)	(774)
Non-deductible expenses	426	437	828	870
Tax expense	464	496	976	1,013

B6 Status of corporate proposals

There was no corporate proposal announced during the current quarter or the current financial quarter-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 2019.

B10 Earnings per share

a) Basic earnings per share

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

	Current Quarter Ended 30/11/2019 RM'000	Cumulative Quarter Ended 30/11/2019 RM'000
Profit after taxation	400	2,562
Number ordinary share capital in issue at RM1.00 each	140,000	140,000
Basic earnings per share (sen)	0.29	1.83

B10 Earnings per share (con’t)

b) Diluted earnings per share

The diluted earnings per ordinary share is equal to the basic earnings per ordinary share as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

B11 Net asset value

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

B12 Investments

As at 31 May 2019, 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.

B13 Soft Commission

The manager or their delegates have not received any soft commission during the year under review from its brokers/dealers by virtue of transaction conducted for the close-end fund.

BY ORDER OF THE BOARD

Tai Yit Chan (MAICSA No.7009143)
Tan Ai Ning (MAICSA No.7015852)

SECRETARIES