

**ICAPITAL.BIZ BERHAD (674900-X)**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 28 FEBRUARY 2017**

	<b>UNAUDITED AS AT 28/02/2017 RM'000</b>	<b>AUDITED AS AT 31/05/2016 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments (Note 1)	140,999	126,022
<b>Current assets</b>		
Other receivables, deposit and prepayments	1,661	2,042
Tax Recoverable	1,570	-
Short term deposits	300,282	302,759
Bank balance	275	722
	<u>303,788</u>	<u>305,523</u>
<b>TOTAL ASSETS</b>	<u>444,787</u>	<u>431,545</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	140,000	140,000
Fair value adjustment reserve	68,643	50,035
Retained profits	234,724	234,161
<b>Total equity attributable to holders of the Company</b>	<u>443,367</u>	<u>424,196</u>
<b>Current liabilities</b>		
Other payables and accruals	309	6,713
Provision for taxation	1,111	636
<b>TOTAL LIABILITIES</b>	<u>1,420</u>	<u>7,349</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>444,787</u>	<u>431,545</u>
Net assets per share (RM) (Note 2)	3.17	3.03
Net assets value per share (RM) (Note 2)	3.17	3.03

**Notes:-**

- Investments shown here as at 28 February 2017 are taken at market value.
- The net assets per share/net assets value per share of the Company is calculated based on the net assets at the end of the reporting period of RM443,367,552 (31.05.2016 : RM424,196,497) divided by the number of shares in issue at the end of the reporting period of 140,000,000 (31.05.2016 : 140,000,000).

ICAPITAL.BIZ BERHAD (674900-X)  
 CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE PERIOD ENDED 28 FEBRUARY 2017

	INDIVIDUAL QUARTER*		CUMULATIVE QUARTER**	
	CURRENT YEAR QUARTER 28/02/2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 29/02/2016 RM'000	CURRENT YEAR TO DATE 28/02/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 29/02/2016 RM'000
<b>Revenue (Note B1)</b>	<b>4,251</b>	<b>34,189</b>	<b>9,874</b>	<b>40,461</b>
<b>Operating expenses (Note B1)</b>				
- impairment loss on a quoted investment	(1,821)	-	(1,821)	(10,460)
- professional fees and other operating expenses	(1,987)	(1,807)	(6,488)	(6,373)
	(3,808)	(1,807)	(8,309)	(16,833)
<b>Profit from operations</b>	<b>443</b>	<b>32,382</b>	<b>1,565</b>	<b>23,628</b>
Finance cost	-	-	-	-
<b>Profit before taxation</b>	<b>443</b>	<b>32,382</b>	<b>1,565</b>	<b>23,628</b>
Taxation	(405)	(915)	(1,002)	(1,779)
<b>Profit after taxation</b>	<b>38</b>	<b>31,467</b>	<b>563</b>	<b>21,849</b>
<b>Other comprehensive income/(expenses):</b>				
Net fair value changes in available-for-sale investments	12,401	(20,618)	18,608	(4,119)
<b>Total comprehensive income for the period</b>	<b>12,439</b>	<b>10,849</b>	<b>19,171</b>	<b>17,730</b>
<b>Earnings per share (sen)</b>				
- Basic (Note B10)	0.03	22.48	0.40	15.61
- Diluted (Note B10)	N/A	N/A	N/A	N/A

\* 3rd Quarter

\*\* For the 9 months of the financial year

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 May 2016)

**ICAPITAL.BIZ BERHAD (674900-X)**  
**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 28 FEBRUARY 2017**

	<i>Non-distributable</i>	<i>Distributable</i>		
	Share Capital RM'000	Fair Value Reserve RM'000	Retained Profit RM'000	
			Total Equity RM'000	
At 01.06.2016	140,000	50,035	234,161	424,196
Total comprehensive income for the period	-	18,608	563	19,171
At 28.02.2017	<b>140,000</b>	<b>68,643</b>	<b>234,724</b>	<b>443,367</b>
At 01.06.2015	140,000	52,816	212,801	405,617
Total comprehensive (expense)/income for the period	-	(4,119)	21,849	17,730
At 29.02.2016	<b>140,000</b>	<b>48,697</b>	<b>234,650</b>	<b>423,347</b>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2016)

**ICAPITAL.BIZ BERHAD (674900-X)**  
**CONDENSED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 28 FEBRUARY 2017**

	<b>9 MONTHS ENDED 28/02/2017 RM'000</b>	<b>9 MONTHS ENDED 29/02/2016 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,565	23,628
Adjustments for:-		
Impairment loss on a quoted investment	1,821	10,460
Net loss/(gain) on disposal of quoted investment	65	(30,715)
<b>Operating profit before working capital changes</b>	<b>3,451</b>	<b>3,373</b>
Decrease in other receivables, deposit and prepayments	381	2,272
Decrease in other payables and accruals	(6,404)	(4)
Proceeds from disposal of quoted investments	1,745	41,280
<b>CASH (USED IN)/ GENERATED FROM OPERATIONS</b>	<b>(827)</b>	<b>46,921</b>
Taxes paid	(2,097)	(1,357)
<b>NET CASH (USED IN)/ GENERATED FROM OPERATING ACTIVITIES</b>	<b>(2,924)</b>	<b>45,564</b>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,924)	45,564
CASH AND CASH EQUIVALENTS AS AT 1 JUNE	303,481	257,952
<b>CASH AND CASH EQUIVALENTS AS AT 28 FEB/29 FEB</b>	<b>300,557</b>	<b>303,516</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:-</b>		
Bank balance	275	1,070
Short term deposits with licensed financial institutions	300,282	302,446
	<b>300,557</b>	<b>303,516</b>

(The Condensed Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 May 2016)

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2017**  
**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 Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements ("MMLR") 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 2016. 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 2016.

**A2 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 14 Regulatory Deferral Accounts

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

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.

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:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 2: Classification and measurement of share - based payment transactions	1 January 2018

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.

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2017**  
**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 2016 were not qualified by the auditors.

**A4 Seasonality or cyclical nature 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 material 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.

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2017**  
**NOTES TO THE INTERIM FINANCIAL 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	
	28/02/2017	29/02/2016	28/02/2017	29/02/2016
	RM'000	RM'000	RM'000	RM'000
Fund management fees - CDAM	<u>820</u>	<u>766</u>	<u>2,434</u>	<u>2,284</u>
Investment advisory fees - CDSB	<u>820</u>	<u>766</u>	<u>2,434</u>	<u>2,284</u>

**PART B - AS REQUIRED BY THE LISTING REQUIREMENTS**

**B1 Review of performance**

For the nine months ended 28 February 2017, the Company recorded a profit before tax of RM1.57 million, compared with profit before tax of RM23.63 million in the corresponding period of last year.

As shown in the following table, the decrease in the profit before tax for the nine months ended 28 February 2017 compared with 29 February 2016 was mainly due to the absence of gain on disposal of quoted investments and impairment loss on a quoted investment in the current year to date period.

	INDIVIDUAL QUARTER*		CUMULATIVE QUARTER**	
	CURRENT YEAR QUARTER 28/02/2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 29/02/2016 RM'000	CURRENT YEAR TODATE 28/02/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 29/02/2016 RM'000
<b>Revenue Consist of:-</b>				
Interest income	2,476	2,141	5,415	6,210
Dividend income	1,775	1,333	4,524	3,536
Net (loss)/gain on disposal of quoted investments	-	30,715	(65)	30,715
	4,251	34,189	9,874	40,461
<b>Operating Expenses Consist of:-</b>				
Impairment loss on a quoted investment	(1,821)	-	(1,821)	(10,460)
Professional fees - Fund Management fee	(820)	(766)	(2,434)	(2,284)
Professional fees - Investment advisory fee	(820)	(766)	(2,434)	(2,284)
Other operating expenses	(347)	(275)	(1,620)	(1,805)
	(3,808)	(1,807)	(8,309)	(16,833)
<b>Profit before taxation</b>	<b>443</b>	<b>32,382</b>	<b>1,565</b>	<b>23,628</b>

\* 3rd Quarter

\*\* For the 9 months of the financial year

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 28 February 2017 was RM3.17, compared with NAV per share of RM3.03 as at 31 May 2016, an increase of 4.6%.

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2017**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**B2 Comparison with immediate preceding quarter's results**

In the third quarter ended 28 February 2017, the Company recorded a profit after tax of RM0.04 million, compared with a loss after tax of RM1.10 million in the immediate preceding quarter. The loss after tax in the immediate preceding quarter was mainly due to lower interest and dividend income received.

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

Since my last commentary dated 9 January 2017, the global economy has seen a synchronized recovery. This has benefitted the open Malaysian economy. Exports have recovered. Malaysia's Leading Index has reversed its decline. For Malaysia, 2017 does not seem be as bleak as a couple of months ago. In addition, with the Affordable Care Act aka Obamacare having triumphed over Trump, the defeat was good for the rest of the world as it brought a nationalistic American administration back to realities. With the US economic recovery remaining intact, one can expect the normalisation of her monetary policy to proceed at a pace faster than in 2015 and 2016. We hope investors are prepared for this in a calm manner.

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 eclectic value investing philosophy of Capital Dynamics. It is not allowed to sell short, invest in derivatives or undertake any borrowings.

For the quarter ended 28th February 2017, the cash holdings of icapital.biz Berhad have remained at about the same level as in the last quarter. Subsequent to the current quarter, the cash holdings have dropped somewhat as we have bought some shares for icapital.biz Berhad. Finding attractive stocks to invest with sufficient margin of safety remains our focus

**B4 Financial forecast / profit guarantee**

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



**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2017**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**B5 Taxation**

	Current Quarter Ended		Cumulative Quarter Ended	
	28/02/2017	29/02/2016	28/02/2017	29/02/2016
	RM'000	RM'000	RM'000	RM'000
Tax expense	405	915	1,002	1,779

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	
	28/02/2017	29/02/2016	28/02/2017	29/02/2016
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	443	32,382	1,565	23,628
Tax at the statutory rate of 24%	106	7,772	376	5,671
Tax effects of:-				
Non-taxable income	(505)	(7,372)	(1,076)	(7,372)
Tax-exempt dividends	(66)	(320)	(155)	(849)
Non-deductible expenses	877	436	1,864	3,930
(Over)/under provision in previous years	(7)	399	(7)	399
Tax expense	405	915	1,002	1,779

**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 28 February 2017.

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2017**  
**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 quarter ended are computed as follows:-

	<b>Current Quarter Ended 28/02/2017 RM'000</b>	<b>Cumulative Quarter Ended 28/02/2017 RM'000</b>
Profit after taxation	38	563
No. ordinary share capital in issue at RM1.00 each	140,000	140,000
Basic earnings per share (sen)	0.03	0.40

**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 Malaysia's Guidelines for Public Offerings of Securities of Closed-end Funds.

**B12 Investments**

As at 28 February 2017, 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 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:-

	<b>As at 28/02/2017 RM'000</b>	<b>As at 29/02/2016 RM'000</b>
Retained profits of the Company comprise of:-		
Realised Profits	234,724	234,650
Unrealised Profits	-	-
	<hr/>	<hr/>
Total retained profits as per statement of financial position	<u>234,724</u>	<u>234,650</u>

**BY ORDER OF THE BOARD**

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

**SECRETARIES**