

**ICAPITAL.BIZ BERHAD (674900-X)**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 AUGUST 2018**

	<b>UNAUDITED AS AT 31/08/2018 RM'000</b>	<b>AUDITED AS AT 31/05/2018 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments (Note 1)	210,582	213,328
<b>Current assets</b>		
Other receivables, deposit and prepayments	3,612	2,638
Short term deposits	264,948	263,848
Bank balance	20,405	19,320
	<u>288,965</u>	<u>285,806</u>
<b>TOTAL ASSETS</b>	<u>499,547</u>	<u>499,134</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	140,000	140,000
Other reserves	90,354	114,021
Retained profits	268,696	244,674
<b>Total equity attributable to owners of the Company</b>	<u>499,050</u>	<u>498,695</u>
<b>Current liabilities</b>		
Other payables and accruals	484	418
Provision for taxation	13	21
<b>TOTAL LIABILITIES</b>	<u>497</u>	<u>439</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>499,547</u>	<u>499,134</u>
Net asset value per share (RM) (Note 2)	3.56	3.56

**Notes:-**

- Investments shown here as at 31 August 2018 are taken at market value.
- The net asset value per share of the Company is calculated based on the net assets at the end of the reporting period of RM499,050,360 (31.05.2018 : RM498,695,086) divided by the number of shares in issue at the end of the reporting period of 140,000,000 (31.05.2018 : 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 2018)

ICAPITAL.BIZ BERHAD (674900-X)  
 CONDENSED STATEMENT OF PROFIT OR LOSS  
 FOR THE QUARTER AND YEAR TO DATE-ENDED 31 AUGUST 2018

	INDIVIDUAL QUARTER*		CUMULATIVE QUARTER**	
	CURRENT YEAR 31/08/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/08/2017 RM'000	CURRENT YEAR TO DATE 31/08/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/08/2017 RM'000
<b>Revenue</b> (Note B2)	4,487	4,748	4,487	4,748
<b>Operating expenses</b> (Note B2)				
- Professional fees and other operating expenses	(2,058)	(2,033)	(2,058)	(2,033)
- Impairment loss on quoted investments	-	-	-	-
	(2,058)	(2,033)	(2,058)	(2,033)
<b>Profit from operations</b>	2,429	2,715	2,429	2,715
Finance cost	-	-	-	-
<b>Profit before taxation</b>	2,429	2,715	2,429	2,715
Taxation (Note B6)	(517)	(482)	(517)	(482)
<b>Profit after taxation</b>	1,912	2,233	1,912	2,233
<b>Earnings per share (sen)</b>				
- Basic (Note B11)	1.37	1.60	1.37	1.60
- Diluted (Note B11)	1.37	1.60	1.37	1.60

\* 1st Quarter

\*\* For the 3 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 2018)

ICAPITAL.BIZ BERHAD (674900-X)  
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

	INDIVIDUAL QUARTER*		CUMULATIVE QUARTER**	
	CURRENT YEAR QUARTER 31/08/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/08/2017 RM'000	CURRENT YEAR TO DATE 31/08/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/08/2017 RM'000
Profit for the year	1,912	2,233	1,912	2,233
<b>Other comprehensive Income:</b>				
<b>Items that may be recycled to profit or loss:</b>				
Net fair value changes in investments	(1,557)	8,257	(1,557)	8,257
<b>Total comprehensive income for the period</b>	<b>355</b>	<b>10,490</b>	<b>355</b>	<b>10,490</b>

\* 1st Quarter

\*\* For the 3 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 2018)

**ICAPITAL.BIZ BERHAD (674900-X)**  
**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE CUMMULATIVE 3 MONTHS PERIOD AND YEAR TO DATE-ENDED 31 AUGUST 2018**

	<i>Non-distributable</i>	<i>Distributable</i>		
	<b>Share Capital RM'000</b>	<b>FVOCI Reserve RM'000</b>	<b>Retained Profit RM'000</b>	<b>Total Equity RM'000</b>
<b>At 01.06.2018</b>	140,000	114,021	244,674	498,695
Impact of MFRS9 Financial Instruments	-	(22,030)	22,030	-
<b>At 01.06.2018 as restated</b>	140,000	91,991	266,704	498,695
Profit for the period	-	-	1,912	1,912
Other comprehensive income net of income tax	-	(1,557)	-	(1,557)
Recycle to retained earnings arising from disposal of investments	-	(80)	80	-
Total comprehensive income for the period	-	(1,637)	1,992	355
<b>At 31.08.2018</b>	140,000	90,354	268,696	499,050
<b>At 01.06.2017</b>	140,000	87,513	235,772	463,285
Total comprehensive income for the period	-	8,257	2,233	10,490
<b>At 31.08.2017</b>	<b>140,000</b>	<b>95,770</b>	<b>238,005</b>	<b>473,775</b>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2018)

**ICAPITAL.BIZ BERHAD (674900-X)**  
**CONDENSED STATEMENT OF CASH FLOW**  
**FOR THE CUMMULATIVE 3 MONTHS PERIOD AND YEAR TO DATE-ENDED 31 AUGUST 2018**

	<b>3 MONTHS ENDED 31/08/2018 RM'000</b>	<b>3 MONTHS ENDED 31/08/2017 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,429	2,715
Adjustments for:-	-	-
<b>Operating profit before working capital changes</b>	<u>2,429</u>	<u>2,715</u>
(Increase)/decrease in other receivables, deposit and prepayments	(974)	205
Increase in other payables and accruals	66	51
Proceeds from disposal of quoted investments	1,189	-
Purchase of quoted investments	-	(14,571)
<b>CASH FOR OPERATIONS</b>	<u>2,710</u>	<u>(11,600)</u>
Taxes paid	(525)	(525)
<b>NET CASH FROM / (FOR) OPERATING ACTIVITIES</b>	<u>2,185</u>	<u>(12,125)</u>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Placement of fixed deposit with tenure more than 3 months	(228,975)	(181,989)
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<u>(228,975)</u>	<u>(181,989)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(226,790)	(194,114)
CASH AND CASH EQUIVALENTS AS AT 1 JUNE	283,168	283,952
<b>CASH AND CASH EQUIVALENTS AT END OF THE QUARTER</b>	<u>56,378</u>	<u>89,838</u>

(The Condensed Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 May 2018)

## 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 2018. 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 2018.

### 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 interpretations (including the consequential amendments, if any):-

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

Amendments to MFRS 107: Disclosure Initiative

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

Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

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

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:-

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Company has not applied in advance the following accounting standard(s) and/or interpretation(s) (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 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019

**A2 Significant accounting policies (con't)**

**2.1 Changes in accounting policies (con't)**

The Company has not applied in advance the following accounting standard(s) and/or interpretation(s) (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:- (con't)

Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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.

**2.2 The nature and impact of MFRS 9 Financial Instruments**

*MFRS 9 Financial Instruments*

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

The initial application of MFRS 9 is not expected to have any material impact to the financial statements of the Company for the current financial year and prior periods as the Company will apply the standard retrospectively from 1 June 2018 with the practical expedients permitted under the standard, and that the comparatives (i.e. current period financial information) will not be restated.

Classification and Measurement

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. This new accounting standard contains 3 principal classification categories for financial assets:-

- Amortised cost ("AC")
- Fair value through profit or loss ("FVTPL")
- Fair value through other comprehensive income ("FVTOCI")

The standard eliminates the existing MFRS 139 categories of held to maturity ("HTM"), loans and receivables ("LAR") and available-for-sale ("AFS") financial assets.

The basis of classification on a financial asset depends on an entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in other comprehensive income (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent solely payments of principal and interest.

The impacts upon the Company's initial application are summarised below:-

- Under MFRS 9, the Company will designate its entire investments in quoted securities (currently classified as available-for-sale financial assets) to be measured at FVTOCI as these investments are held for long-term strategic purposes.
- The remaining financial assets are debt instruments (currently classified as loans and receivables financial assets) that are held to collect contractual cash flows which meet the criteria to be measured at AC under MFRS 9.

Therefore, the Company does not expect the new standard to affect the measurement of its financial assets upon the initial application of MFRS 9.

For financial liabilities, there will be no changes to the classification and measurement between MFRS 139 and MFRS 9 as these items will continue to be measured under AC

**A2 Significant accounting policies (con't)**

**2.2 The nature and impact of MFRS 9 Financial Instruments (con't)**

Impairment of Financial Assets

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. The new impairment model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. It involves a 3-stage approach under which financial assets move through the stages as their credit quality changes.

The new impairment model applies to financial assets measured at AC, debt instruments measured at FVTOCI, contract assets, lease receivables, loan commitments and certain financial guarantee contracts.

The Company has determined that, based on its assessment on the market information currently available and the reputation and past credit history of the counterparties with which the Company transacted with, the impacts of ECL on trade and other receivables (including related party balances) are insignificant upon the initial application of MFRS 9.

Impacts of the Adoption of MFRS 9

As allowed by the transitional provisions of MFRS 9, the Company will not restate comparative information of its financial instruments upon the adoption of MFRS 9 in which any transitional adjustment is to be recognised in retained profits (or other equivalent equity component) as at 1 June 2018 (i.e. date of initial application of MFRS 9).

Other than those disclosed above, the Company's retained profits as at 1 June 2018 has increased by approximately RM22 million due to reclassification of impairment under fair value reserve from the classification of financial assets from AFS to FVTOCI upon its initial application of MFRS 9.

The analysis above are based on the assessments undertaken to date and maybe subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future.

**i. Classification and measurement of financial instruments**

The following table summarises the reclassification and measurement of the Company's financial assets on 1 June 2018:

	Note	Measurement category		Carrying amount as at 1 June 2018	
		Original	New	Original	New
		(MFRS 139)	(MFRS 9)	(MFRS 139)	(MFRS 9)
				RM'000	RM'000
<b>Financial assets:</b>					
Investment securities					
-Quoted shares	(1)	AFS	FVOCI	213,328	213,328
Other receivables, and deposits which are financial assets	(2)	Loan and receivables	Amortised cost	2,638	2,638
Tax recoverable which is financial assets	(2)	Loan and receivables	Amortised cost	-	-
Cash and bank balances of the Company	(2)	Loan and receivables	Amortised cost	283,168	283,168



**A2 Significant accounting policies (con't)**

**2.2 The nature and impact of MFRS 9 Financial Instruments (con't)**

**i. Classification and measurement of financial instruments (con't)**

- (1) The Company elected to present in other comprehensive income changes in the fair value of its quoted shares (within Malaysia) previously classified as AFS, as this investment is not held for trading.
- (2) Other receivables, deposits and tax recoverable which are financial assets, cash and bank balances of the Company that have previously been classified as loan and receivables are now classified as amortised cost. The Company intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Financial liabilities at amortised cost consist trade payables, participants' contributions to Clearing Funds and other payables which are financial liabilities. There is no impact on the classification and measurement of the Company's financial liabilities.

The following table is a reconciliation of the carrying amount of the Company's statement of financial position from MFRS 139 *Financial Instruments* to MFRS 9 *Financial Instruments* as at 1 June 2018:

	Original (MFRS 139) Carrying amount as at 1 June 2018	Reclassification	Remeasurement	New (MFRS 9) Carrying amount as at 1 June 2018
	RM'000	RM'000	RM'000	RM'000
<i>Investment securities – AFS</i>	213,328	(213,328)	-	-
<i>Investment securities – FVOCI</i>	-	210,582	-	210,582
<b>Retained earnings:</b>				
Opening balance	244,674	22,030	-	266,704
<b>AFS reserve</b>	-	-	-	-
<b>FVOCI reserve:</b>				
Opening balance	114,021	(22,030)	-	91,991
Fair value changes arising from the increase in loss allowance	-	-	-	-
<b>Total FVOCI reserve</b>	114,021	(22,030)	-	91,991

**A3 Auditors' opinion on preceding annual financial statements**

The Company's Financial Statements for the financial year ended 31 May 2018 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.

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2018**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**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:-

	<b>Current Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/08/2018</b>	<b>31/08/2017</b>	<b>31/08/2018</b>	<b>31/08/2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fund management fees - CDAM	906	863	906	863
Investment advisory fees - CDSB	906	863	906	863

**A15 Financial Instruments**

**Fair Value**

**Financial instruments that are carries at fair value**

Financial assets are FVOCI are measured at fair value at different measurement hierarchies (i.e. Level 1, 2 and 3). The hierarchies reflect the level of objectiveness of inputs used when measuring the fair value.

**(i) Level 1: Quoted prices (unadjusted) of identical assets in active markets**

Quoted shares are measured at Level 1. The fair value of quoted shares is determined directly by reference to their published market bid prices as at 31 August 2018.

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2018**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**A15 Financial Instruments (con't)**

**Fair Value (con't)**

**Financial instruments that are carries at fair value (con't)**

- (i) **Level 2: Inputs other than at quoted prices included within Level 1 that are observable for assets, either directly (prices) or indirectly (derived from prices)**

The Company does not have any financial instruments measured at Level 2 as at 31 August 2018.

- (ii) **Level 3: Inputs for the assets that are not based on observable market data (unobservable inputs)**

The Company does not have any financial instruments measured at Level 3 as at 31 August 2018.

	<b>Level 1 (RM'000)</b>	<b>Level 2 (RM'000)</b>	<b>Level 3 (RM'000)</b>	<b>Total (RM'000)</b>
Financial Assets at FVOCI	210,582	-	-	210,582

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

**B1 Review of performance (Para 9.40)**

For the three months ended 31 August 2018, the Company recorded a profit before tax of RM2.43 million, compared with profit before tax of RM2.72 million in the corresponding quarter ended 31 August 2017.

As shown in the following table, the decline in profit before tax for the three months ended 31 August 2018 compared with 31 August 2017 was mainly due to lower dividend income received.

	<b>INDIVIDUAL QUARTER*</b>		<b>CUMULATIVE QUARTER**</b>	
	<b>CURRENT YEAR QUARTER 31/08/2018 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 31/08/2017 RM'000</b>	<b>CURRENT YEAR TODATE 31/08/2018 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31/08/2017 RM'000</b>
<b>Revenue Consist of:-</b>				
Interest income	2,409	2,425	2,409	2,425
Dividend income	2,078	2,323	2,078	2,323
Net gain/(loss) on disposal of quoted investments	-	-	-	-
	<b>4,487</b>	<b>4,748</b>	<b>4,487</b>	<b>4,748</b>
<b>Operating Expenses Consist of:-</b>				
Professional fees and other operating expenses	(2,058)	(2,033)	(2,058)	(2,033)
Impairment loss on quoted investments	-	-	-	-
	<b>(2,058)</b>	<b>(2,033)</b>	<b>(2,058)</b>	<b>(2,033)</b>
<b>Profit from operations</b>	<b>2,429</b>	<b>2,715</b>	<b>2,429</b>	<b>2,715</b>
<b>Finance cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Taxation</b>	<b>(517)</b>	<b>(482)</b>	<b>(517)</b>	<b>(482)</b>
<b>Profit after taxation</b>	<b>1,912</b>	<b>2,233</b>	<b>1,912</b>	<b>2,233</b>
<b>Other comprehensive income:</b>				
Net fair value changes in investments	(1,557)	8,257	(1,557)	8,257
<b>Total comprehensive income for the period</b>	<b>355</b>	<b>10,490</b>	<b>355</b>	<b>10,490</b>

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2018**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**B1 Review of performance (Para 9.40) (con't)**

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 NAV per share as at 31 August 2018 was RM3.56, compared with NAV per share of RM3.38 as at 31 August 2017, an increase of 5.33%. This resulted in the Company's Net Asset Value (NAV) increasing to RM499.05 million as at 31 August 2018 from RM473.78 million as at 31 August 2017.

	<b>31/08/2018</b> <b>RM</b>	<b>31/08/2017</b> <b>RM</b>
Total Net Asset Value	499,050,360	473,775,634
Net Asset Value per share	3.56	3.38
Share Price	2.77	2.69

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

In the first quarter ended 31 August 2018, the Company recorded a profit before tax of RM2.43 million, compared to gain before tax of RM9.18 million in the immediate preceding quarter. The gain in the last quarter was mainly due to net gain on disposal of quoted investments.

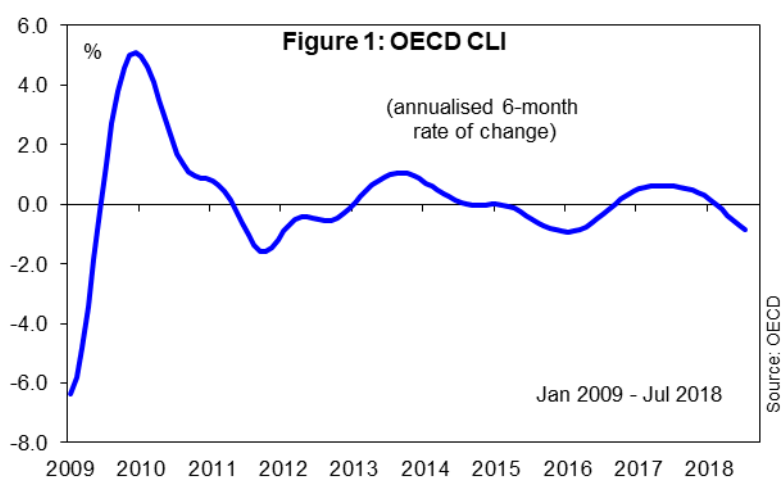
The following items are not applicable to the Company:-

- (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 Para (9.40)**

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

The battle royale between the two global giants has not abated. With the US mid-term elections to be held in November, the US-led trade war with China is not expected to be resolved any time soon. With Trump feeling high, it could get worse. This is coming at a bad time as the world economy was already in the process of slowing down. The Composite Leading Indicator (CLI) of the OECD peaked in 2017 (figure 1) and has been declining since then, implying slower growth in the coming quarters.

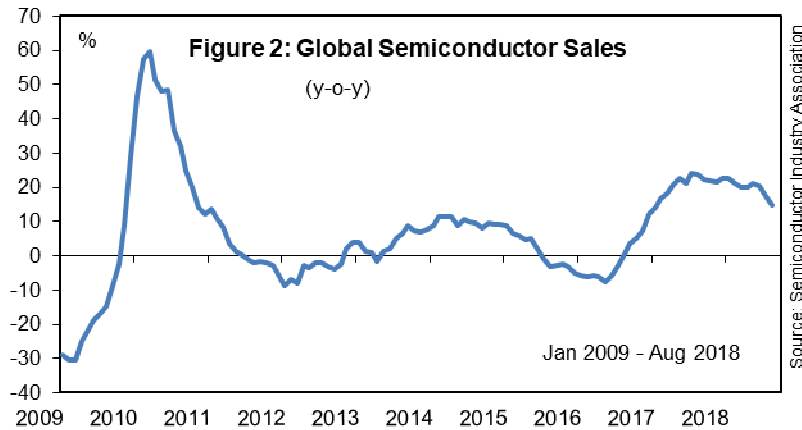


Meanwhile, the US Federal Reserve has warned that there will be further tightening despite increasing the federal funds target rate 8 times since December 2015. In the September 2018 FOMC meeting, it dropped an important sentence in the said meeting. "The stance of monetary policy remains accommodative, thereby supporting strong

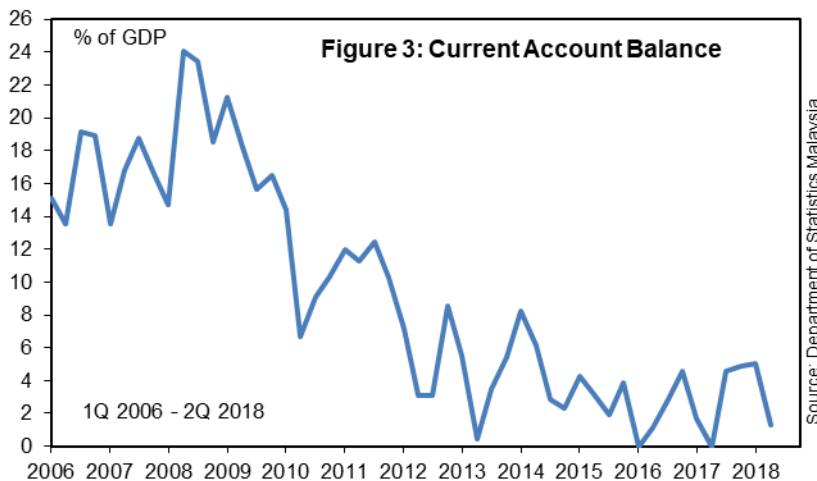
**B3 Commentary by Fund Manager – Prospects Para (9.40) (con’t)**

labor market conditions and a sustained return to 2 percent inflation” was removed. By dropping this important sentence, particularly the phrase “the stance of monetary policy remains accommodative”, the FOMC is making it clear that the US economy has reached a stage where monetary policy must be even tighter than now. Subsequently, Federal Reserve chairman Jerome Powell said the US central bank is “a long way” from getting rates to a neutral level. Not surprisingly, US bond yields jumped and the stock markets tanked. Emerging economies were particularly hit hard.

If the impact of a global trade war, rising US interest rates, and a declining global leading indicator is not worrying enough, growth in global semiconductor sales is also turning down (figure 2). The Malaysian economy and exports are closely tied to global semiconductor sales.



Malaysia should watch her current account surplus as it has narrowed substantially to a very low level (figure 3). Any slowdown in exports or jump in imports can easily lead to a current account deficit. All the emerging economies that are presently facing great difficulties are those experiencing current account deficits. For top-down/market-timing investors, the macro-economic outlook of Malaysia in the coming quarters does not look promising.



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.

“A wise value investor is an Old Fool, one who learns to be patient and understand it’s not how fast one’s investment appreciates, but how sustainable the returns are that matter.” I said those words years ago, and finds

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that they are especially useful when present day investors are so focused on chasing returns. As at 30 September 2018, icapital.biz Berhad has around RM286.12 million cash or around RM2.04 per share.

Finally, I would like remind share owners that the annual general meeting will be held on Saturday, 10th November 2018 at the KLCC. Do come and have an enjoyable and productive day, especially given the current perplexing environment.

**B4 Financial forecast / profit guarantee**

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

**B5 Taxation**

	Current Quarter Ended		Cumulative Quarter Ended	
	31/08/2018 RM'000	31/08/2017 RM'000	31/08/2018 RM'000	31/08/2017 RM'000
Tax expense	517	482	517	482

A reconciliation of income tax expense applicable to (loss)/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	
	31/08/2018 RM'000	31/08/2017 RM'000	31/08/2018 RM'000	31/08/2017 RM'000
Profit before taxation	2,429	2,715	2,429	2,715
Tax at the statutory rate of 24%	583	652	583	652
Tax effects of:-				
Tax-exempt dividends	(499)	(558)	(499)	(558)
Non-deductible expenses	433	388	433	388
<b>Tax expense</b>	<b>517</b>	<b>482</b>	<b>517</b>	<b>482</b>

**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 31 August 2018.

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**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 31/08/2018 RM'000</b>	<b>Cumulative Quarter Ended 31/08/2017 RM'000</b>
Profit after taxation	1,912	2,233
No. ordinary share capital in issue at RM1.00 each	140,000	140,000
Basic earnings per share (sen)	1.37	1.60

**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 August 2018, 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 period 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**