

ICAPITAL.BIZ BERHAD (674900-X)
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2016

	UNAUDITED AS AT 29/02/2016 RM'000	AUDITED AS AT 31/05/2015 RM'000
ASSETS		
Non-current assets		
Investments (Note 1)	120,453	145,597
Current assets		
Other receivables, deposit and prepayments	1,216	3,488
Short term deposits	302,446	257,434
Bank balance	1,070	518
	<u>304,732</u>	<u>261,440</u>
TOTAL ASSETS	<u>425,185</u>	<u>407,037</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	140,000	140,000
Fair value adjustment reserve	48,697	52,816
Unappropriated profit	234,650	212,801
Total equity attributable to holders of the Company	<u>423,347</u>	<u>405,617</u>
Current liabilities		
Other payables and accruals	1,241	1,245
Provision for taxation	597	175
TOTAL LIABILITIES	<u>1,838</u>	<u>1,420</u>
TOTAL EQUITY AND LIABILITIES	<u>425,185</u>	<u>407,037</u>
Net assets per share (RM) (Note 2)	3.02	2.90
Net assets value per share (RM) (Note 2)	3.02	2.90

Notes:-

- Investments shown here as at 29 February 2016 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 RM423,347,376.18 (2015 : RM405,616,763.51) divided by the number of shares in issue at the end of the reporting period of 140,000,000 (2015 : 140,000,000).

ICAPITAL.BIZ BERHAD (674900-X)
 CONDENSED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 29 FEBRUARY 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 29/02/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 28/02/2015 RM'000	CURRENT YEAR TO DATE 29/02/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 28/02/2015 RM'000
Revenue (Note B1)	34,189	7,288	40,461	17,934
Operating expenses (Note B1)				
- impairment loss on a quoted investment	-	(2,160)	(10,460)	(2,160)
- professional fees and other operating expenses	(1,807)	(1,797)	(6,373)	(5,345)
	(1,807)	(3,957)	(16,833)	(7,505)
Profit from operations	32,382	3,331	23,628	10,429
Finance cost	-	-	-	-
Profit before taxation	32,382	3,331	23,628	10,429
Taxation	(915)	(435)	(1,779)	(452)
Profit for the period	31,467	2,896	21,849	9,977
Other comprehensive income/(expense):				
Net fair value changes in available-for-sale investments	(20,618)	(10,496)	(4,119)	(24,930)
Total comprehensive income/(expense) for the period	10,849	(7,600)	17,730	(14,953)
Earnings per share (sen)				
- Basic	22.48	2.07	15.61	7.13
- Diluted	N/A	N/A	N/A	N/A

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 May 2015)

ICAPITAL.BIZ BERHAD (674900-X)
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 FEBRUARY 2016

	Share Capital RM'000	Fair Value Adjustment Reserve RM'000	Unappropriated Profit RM'000	Total Equity RM'000
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	140,000	48,697	234,650	423,347
At 01.06.2014	140,000	84,846	202,319	427,165
Total comprehensive (expense)/income for the period	-	(24,930)	9,977	(14,953)
At 28.02.2015	140,000	59,916	212,296	412,212

(The Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2015)

ICAPITAL.BIZ BERHAD (674900-X)
CONDENSED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 29 FEBRUARY 2016

	9 MONTHS ENDED 29/02/2016 RM'000	9 MONTHS ENDED 28/02/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,628	10,429
Adjustment for:-		
Impairment loss on a quoted investment	10,460	2,160
Net gain on disposal of quoted investments	(30,715)	(8,278)
Operating profit before working capital changes	3,373	4,311
Decrease in other receivables, deposit and prepayments	2,272	650
Decrease in other payables and accruals	(4)	(53)
Proceeds from disposal of quoted investments	41,280	13,990
CASH GENERATED FROM OPERATIONS	46,921	18,898
Taxes paid	(1,357)	(1,169)
NET CASH GENERATED FROM OPERATING ACTIVITIES	45,564	17,729
NET INCREASE IN CASH AND CASH EQUIVALENTS	45,564	17,729
CASH AND CASH EQUIVALENTS AS AT 1 JUNE	257,952	240,390
CASH AND CASH EQUIVALENTS AS AT 29 FEB / 28 FEB	303,516	258,119
CASH AND CASH EQUIVALENTS COMPRISE:-		
Bank balance	1,070	660
Short term deposits with licensed financial institutions	302,446	257,459
	303,516	258,119

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2016

NOTES TO THE INTERIM FINANCIAL REPORT

PART A - EXPLANATORY NOTES

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements (“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 2015. 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 2015. The transition to MFRS has no material impact on the Company’s reported financial position, financial performance and cash flows.

A2 Changes in accounting policies

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)

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 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:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers & Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
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 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

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 29 FEBRUARY 2016**

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 2015 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, except there was a provision for impairment loss on investment in Parkson Holdings Berhad of RM10,460,433 in the first 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 29 FEBRUARY 2016

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.

Following the amendments to the related party transaction requirements in the MMLR, which took effect on 27 January 2015, the provision of investment advisory 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	
	29/02/2016	28/02/2015	29/02/2016	28/02/2015
	RM'000	RM'000	RM'000	RM'000
Fund management fees - CDAM	<u>766</u>	<u>789</u>	<u>2,284</u>	<u>2,411</u>
Investment advisory fees - CDSB	<u>766</u>	<u>789</u>	<u>2,284</u>	<u>2,411</u>

PART B - AS REQUIRED BY THE LISTING REQUIREMENTS

B1 Review of performance

For the nine months ended 29 February 2016, the Company recorded a profit before tax of RM23.6 million, compared with a profit before tax of RM10.4 million in the corresponding period of last year.

As shown in the following table, the profit before tax for the nine month ended 29 February 2016 was mainly due to net gain on disposal of quoted investments in current quarter partly offset by the impairment loss of a quoted investment in the first quarter:-

INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
29.02.2016	28.02.2015	29.02.2016	28.02.2015
RM'000	RM'000	RM'000	RM'000

Revenue Consist of:-

Interest income	2,141	1,877	6,210	5,372
Dividend income	1,333	1,323	3,536	4,284
Net gain on disposal of quoted investments	30,715	4,088	30,715	8,278
	34,189	7,288	40,461	17,934

Operating Expenses Consist of:-

Impairment loss on a quoted investment	-	(2,160)	(10,460)	(2,160)
Professional fees - Fund Management fee	(766)	(789)	(2,284)	(2,411)
Professional fees - Investment Advisory fee	(766)	(789)	(2,284)	(2,411)
Other operating expenses	(275)	(219)	(1,805)	(523)
	(1,807)	(3,957)	(16,833)	(7,505)
Profit before taxation	32,382	3,331	23,628	10,429

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NOTES TO THE INTERIM FINANCIAL REPORT

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 29 February 2016 was RM3.02, compared with NAV per share of RM2.90 as at 31 May 2015, an increase of 4.1%.

B2 Comparison with immediate preceding quarter's results

In the third quarter ended 29 February 2016, the Company recorded a profit after tax of RM31.5 million, compared with a loss after tax of RM0.3 million in the preceding quarter. The higher profit after tax in the current quarter was mainly due to net gain on disposal of quoted investments.

The NAV per share increased by 2.4% from RM2.95 in the preceding quarter to RM3.02 in the current quarter due to the increase in the share price of the Company 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

Since the end of the 2nd quarter, the cash holdings of your Fund have gone up substantially. From around RM261 million as at 30th November 2015, it stands at around RM303 million by 29th February 2016. The main reason for the increase in its cash holdings is the sale of three stocks in your Fund's portfolio. In the last few months, we have sold all the Fund's holdings in PIE Industrial Berhad and Wellcall Holdings Berhad and a substantial part of its holdings in Vitrox Corporation Berhad (the balance was sold after 29th February 2016). icapital.biz Berhad started investing in PIE Industrial as far back as October 2006. Even though liquidity in the shares of PIE Industrial was extremely low, icapital.biz Berhad patiently bought a total of 4.85% of its issued capital at an average price of RM2.53. Your Fund's investment in this well-managed company brought handsome returns over the years. The investments in Wellcall and Vitrox, made in 2013, have also yielded handsome returns but because we were not able to buy the desired quantity then, the profits in absolute terms are much lower than the RM28.314 million gains made from PIE Industrial. The average cost price of Wellcall was RM0.94 and RM0.82 for Vitrox.

The reason for selling these investments is simple. The assets of icapital.biz Berhad are managed based on the value investing philosophy of Capital Dynamics, albeit with an eclectic twist. Although the three companies are expected to experience growth, the valuations of the three said companies were getting rich. Each company was already having a market capitalisation of more than RM800 million. As a value investor, we seek a margin of safety and the three companies were not offering this.

With these sales, the cash or near cash per share of icapital.biz Berhad has risen to be about RM2.16. With a share price of RM2.30, the remaining portfolio of icapital.biz Berhad is only valued at 14 sen per share or RM19 million versus its market value of about RM120 million.

Meanwhile, monetary policy in the major developed economies of the United States, the Eurozone and Japan remain in a mess. In my last quarter's commentary, I highlighted the role of US monetary policy in causing the current global market turbulence. Since then, the monetary policies of the Eurozone and Japan have also backfired. The Euro and the Yen have strengthened when they were expected to weaken; the European and Tokyo stock markets have plummeted when they were supposed to be buoyed. The IMF may soon have to warn the United States, the Eurozone and Japan about reaching the limits of monetary policy.

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2016

NOTES TO THE INTERIM FINANCIAL REPORT

B4 Profit forecast / guarantee

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

B5 Taxation

	Current Quarter Ended		Cumulative Quarter Ended	
	29/02/2016	28/02/2015	29/02/2016	28/02/2015
	RM'000	RM'000	RM'000	RM'000
Tax expense	915	435	1,779	452

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	
	29/02/2016	28/02/2015	29/02/2016	28/02/2015
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	32,382	3,331	23,628	10,429
Tax at the statutory rate of 24%	7,772	-	5,671	-
Tax at the statutory rate of 25%	-	833	-	2,607
Tax effects of :				
Non-taxable income	(7,372)	(1,022)	(7,372)	(2,069)
Tax-exempt dividends	(320)	(331)	(849)	(1,071)
Non-deductible expenses	436	957	3,930	1,779
Under/(Over) provision in prior years	399	(2)	399	(794)
Tax expense	915	435	1,779	452

B6 Status of corporate proposals

There was no corporate proposal announced during the current quarter or the current financial year-to-date.

B7 Borrowings and debt securities

There were no group borrowings and debt securities outstanding as at the end of the reporting period.

B8 Changes in material litigation

There was no material litigation pending as at the date of this report.

B9 Dividend

The Directors did not declare any dividend for the current quarter ended 29 February 2016.

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2016

NOTES TO THE INTERIM FINANCIAL REPORT

B10 Earnings per share

a) Basic earnings per share

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

	Current Quarter Ended 29/02/2016 RM'000	Cumulative To-Date Ended 29/02/2016 RM'000
Profit after tax (RM'000)	31,467	21,849
No. of ordinary share capital in issue during the current quarter/current year to-date ('000 of shares at RM1.00 each)	140,000	140,000
Basic earnings per share (sen)	22.48	15.61

b) Diluted earnings per share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the current quarter.

B11 Net asset value

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

B12 Investments

As at 29 February 2016, the Company did not have any investments in:-

- (1) securities listed on other stock exchanges;
- (2) other investment vehicles;
- (3) securities of unlisted companies; and
- (4) derivatives other than warrants, transferable subscriptions rights and convertible loan stocks.

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2016

NOTES TO THE INTERIM FINANCIAL REPORT

B13 Realised and unrealised profits

The breakdown of the retained profits of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with directive issued by Bursa Malaysia Securities Berhad dated 20 December 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Main Market Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	As at 29/02/2016 RM'000	As at 31/05/2015 RM'000
Retained profits of the Company comprise of:-		
Realised Profits	234,650	212,801
Unrealised Profits	-	-
	<hr/>	<hr/>
Total retained profits as per statement of financial position	<u>234,650</u>	<u>212,801</u>

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

SECRETARIES