

**ICAPITAL.BIZ BERHAD (674900-X)**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 28 FEBRUARY 2018**

	<b>UNAUDITED AS AT 28/02/2018 RM'000</b>	<b>AUDITED AS AT 31/05/2017 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments (Note 1)	216,966	177,605
<b>Current assets</b>		
Other receivables, deposit and prepayments	3,308	1,875
Tax Recoverable	43	302
Short term deposits	260,436	282,769
Bank balance	7,149	1,183
	<u>270,936</u>	<u>286,129</u>
<b>TOTAL ASSETS</b>	<u>487,902</u>	<u>463,734</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	140,000	140,000
Fair value adjustment reserve	111,471	87,513
Retained profits	236,065	235,772
<b>Total equity attributable to holders of the Company</b>	<u>487,536</u>	<u>463,285</u>
<b>Current liabilities</b>		
Other payables and accruals	366	449
<b>TOTAL LIABILITIES</b>	<u>366</u>	<u>449</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>487,902</u>	<u>463,734</u>
Net asset value per share (RM) (Note 2)	3.48	3.31

**Notes:-**

- Investments shown here as at 28 February 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 RM487,536,035 (31.05.2017 : RM463,285,018) divided by the number of shares in issue at the end of the reporting period of 140,000,000 (31.05.2017 : 140,000,000).

ICAPITAL.BIZ BERHAD (674900-X)  
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 28 FEBRUARY 2018**

	<b>INDIVIDUAL QUARTER*</b>		<b>CUMULATIVE QUARTER**</b>	
	<b>CURRENT YEAR QUARTER 28/02/2018 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 28/02/2017 RM'000</b>	<b>CURRENT YEAR TO DATE 28/02/2018 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 28/02/2017 RM'000</b>
<b>Revenue</b> (Note B1)	<b>4,220</b>	<b>4,251</b>	<b>12,282</b>	<b>9,874</b>
<b>Operating expenses</b> (Note B1)				
- professional fees and other operating expenses	(2,364)	(1,987)	(6,722)	(6,488)
- Impairment loss on quoted investments	(2,587)	(1,821)	(3,609)	(1,821)
	(4,951)	(3,808)	(10,331)	(8,309)
<b>(Loss) / Profit from operations</b>	<b>(731)</b>	<b>443</b>	<b>1,951</b>	<b>1,565</b>
Finance cost	-	-	-	-
<b>(Loss) / Profit before taxation</b>	<b>(731)</b>	<b>443</b>	<b>1,951</b>	<b>1,565</b>
Taxation (Note B5)	(722)	(405)	(1,658)	(1,002)
<b>(Loss) / Profit after taxation</b>	<b>(1,453)</b>	<b>38</b>	<b>293</b>	<b>563</b>
<b>Other comprehensive income:</b>				
Net fair value changes in available-for-sale investments	(4,624)	12,401	23,958	18,608
<b>Total comprehensive (expense) / income for the period</b>	<b>(6,077)</b>	<b>12,439</b>	<b>24,251</b>	<b>19,171</b>
<b>Earnings per share (sen)</b>				
- Basic (Note B10)	(1.04)	0.03	0.21	0.40
- Diluted (Note B10)	N/A	N/A	N/A	N/A

\* 3rd Quarter

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

**ICAPITAL.BIZ BERHAD (674900-X)**  
**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 28 FEBRUARY 2018**

	<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 01.06.2017	140,000	87,513	235,772	463,285
Total comprehensive income for the period	-	23,958	293	24,251
<b>At 28.02.2018</b>	<b>140,000</b>	<b>111,471</b>	<b>236,065</b>	<b>487,536</b>
At 01.06.2016	140,000	50,035	234,161	424,196
Total comprehensive income for the period	-	18,608	563	19,171
<b>At 28.02.2017</b>	<b>140,000</b>	<b>68,643</b>	<b>234,724</b>	<b>443,367</b>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2017)

**ICAPITAL.BIZ BERHAD (674900-X)**  
**CONDENSED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 28 FEBRUARY 2018**

	<b>9 MONTHS ENDED 28/02/2018 RM'000</b>	<b>9 MONTHS ENDED 28/02/2017 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,951	1,565
Adjustments for:-		
Net (gain)/loss on disposal of quoted investments	(358)	65
Impairment loss on quoted investments	3,609	1,821
<b>Operating profit before working capital changes</b>	<b>5,202</b>	<b>3,451</b>
(Increase)/decrease in other receivables, deposit and prepayments	(1,433)	381
Decrease in other payables and accruals	(83)	(6,404)
Proceeds from disposal of quoted investments	738	1,745
Purchase of quoted investments	(19,392)	-
<b>CASH FOR OPERATIONS</b>	<b>(14,968)</b>	<b>(827)</b>
Taxes paid	(1,399)	(2,097)
<b>NET CASH FOR OPERATING ACTIVITIES</b>	<b>(16,367)</b>	<b>(2,924)</b>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,367)	(2,924)
CASH AND CASH EQUIVALENTS AS AT 1 JUNE	283,952	303,481
<b>CASH AND CASH EQUIVALENTS AS AT 28 FEB</b>	<b>267,585</b>	<b>300,557</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:-</b>		
Bank balance	7,149	275
Short term deposits with licensed financial institutions	260,436	300,282
	<b>267,585</b>	<b>300,557</b>
	-	-



**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2018**  
**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 2017 were not qualified by the auditors.

**A4 Seasonality or cyclicity of operations**

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

**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.

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2018**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**A14 Significant related party transactions (con't)**

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	
	28/02/2018	28/02/2017	28/02/2018	28/02/2017
	RM'000	RM'000	RM'000	RM'000
Fund management fees – CDAM	923	820	2,678	2,434
Investment advisory fees - CDSB	923	820	2,678	2,434

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

**B1 Review of performance**

For the cumulative nine months ended 28 February 2018, the Company recorded a profit before tax of RM1.95 million, compared with profit before tax of RM1.57 million in the corresponding period of last year, mainly due to higher interest income and dividend income received.

The Company achieved an unrealised gain of RM23.96 million from the Fund's investments for the nine months ended 28 February 2018 compared with a gain of RM18.61 million for the corresponding period of last year. This significant gain has boosted the Company's Net Asset Value (NAV) to RM487.54 million as at 28 February 2018 from RM443.37 million as at 28 February 2017. As a result, the Company's NAV per share has increased to RM3.48 per share as at 28 February 2018 compared with NAV per share of RM3.17 as at 28 February 2017, an increase of 9.78%.

	INDIVIDUAL QUARTER*		CUMULATIVE QUARTER**	
	CURRENT YEAR QUARTER 28/02/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 28/02/2017 RM'000	CURRENT YEAR TODATE 28/02/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 28/02/2017 RM'000
<b>Revenue Consist of:-</b>				
Interest income	2,307	2,476	7,042	5,415
Dividend income	1,563	1,775	4,882	4,524
Net gain/(loss) on disposal of quoted investments	350	-	358	(65)
	4,220	4,251	12,282	9,874
<b>Operating Expenses Consist of:-</b>				
Impairment loss on quoted investments	(2,587)	(1,821)	(3,609)	(1,821)
Professional fees - Fund Management fee	(922)	(820)	(2,678)	(2,434)
Professional fees - Investment advisory fee	(922)	(820)	(2,678)	(2,434)
Other operating expenses	(520)	(347)	(1,366)	(1,620)
	(4,951)	(3,808)	(10,331)	(8,309)
<b>(Loss) / Profit before taxation</b>	(731)	443	1,951	1,565
<b>Taxation</b>	(722)	(405)	(1,658)	(1,002)
<b>(Loss) / Profit after taxation</b>	(1,453)	38	293	563
<b>Other comprehensive income:</b>				
Net fair value changes in available-for-sale investments	(4,624)	12,401	23,958	18,608
<b>Total comprehensive (expense) / income for the period</b>	(6,077)	12,439	24,251	19,171

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

In the third quarter ended 28 February 2018, the Company recorded a loss before tax of RM0.71 million, compared with a loss before tax of RM0.03 million in the immediate preceding quarter. The loss before tax in the current quarter was mainly due to an impairment loss on quoted investments.

Impairment loss is merely an unrealized accounting loss recorded in compliance with MFRS, being a reclassification within the share owner's equity. Impairment loss has no effect on the NAV of the Fund as the NAV has already been marked-to-market. As a long term share owner of icalcapital.biz, NAV is the key variable to focus in appraising the Fund's performance.

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.

In the first few months of 2018, the year has been interesting so far. Investors initially had to deal with America's monetary tightening, and now with America's engineered global protectionism, which in the main is aimed at China. Global markets have stumbled and Trump and his team have still not come to their senses. Will the rest of 2018 be as interesting?

The New York Times wrote, *"President Trump defended his pugnacious approach to trade policy on Friday and the Treasury secretary warned there could be a trade war with China, as Mr. Trump doubled down on a White House plan to punish Beijing by threatening to levy tariffs on an additional \$100 billion in imports. 'There is the potential of a trade war,' Steven Mnuchin said in an interview with CNBC. 'There is a level of risk that we could get into a trade war.'"*

No one knows where Trump and his anti-China team will take us. Will negotiations, as China has been insisting, eventually prevail? Or are we heading for a situation where things get out of control?

Amongst the key anti-China, anti-free trade officials in Trump's inner circle are trade adviser Peter Navarro, trade representative Robert Lighthizer, national security adviser John Bolton and commerce secretary, Wilbur Ross. With the departures of Cohn, McMaster and Tillerson, the anti-free trade and hawkish team of advisors will have a free hand in determining US trade and foreign policies. Is this scary for the rest of the world?

Allow me to quote from *i Capital* dated 12 January 2017. We wrote:

*"After 20 Jan 2017, will Donald Trump be the wrecking ball? Many analysts and observers have compared the 70-year old Apprentice to Ronald Reagan. To Capital Dynamics, a more accurate comparison would be with Herbert Hoover who became US president in Jan 1929. By Sep 1929, the 8-year old bull market on the NYSE peaked. By Oct 1929, the NYSE was already plunging. By 1932, Hoover was out."*

In the same issue, *i Capital* added: *"In 1929, Herbert Hoover was rubbing salt onto the economic and market wounds. In 2017, Donald Trump will be pouring oil into a roaring fire."*

What is most important in the said issue of *i Capital* was the comparison between Hoover and Trump. In terms of background and experience, both are businessmen and Americans were expecting a lot from them: *"Herbert Hoover was a mining magnate. Hoover took office amidst high praise for his organisational acumen. Just like Trump, Hoover would run America just like he ran his business. Just like Trump, he hoped his success in the private sector would spread to the public sector. One journalist later recalled, 'We were in a mood for magic. We summoned a great engineer to solve our problems.'"*

The scariest part about Herbert Hoover and Trump concerns the policies implemented by Hoover more than 80 years ago and now proposed by Trump. On immigration, Hoover and Trump both made the same complaints and adopted similar attitudes and policies even though more than 80 years separate the two. To quote from the same January 2017 issue of *i Capital* again:

**B3 Commentary by Fund Manager – Prospects (cont'd)**

1. *“Immigration”*

*“Hoover implemented a near halt to immigration through an Executive Order in Sep 1930. Hoover’s argument was that blocking immigration would preserve the jobs and wages of American citizens against competition from low-wage immigrants (boy, this sound so similar with what Trump is promising now that it’s so worrying). Immigration fell to a mere 10-15% of the allowable quota of visas for the five-month period ending 28 Feb 1931.”*

It is the identical approach of Hoover and Trump on global free trade that is sending global stock markets tumbling. The resignation of Gary Cohn, a strong advocate of free trade, and the consequent domination of anti-free trade advisers and hawks like Navarro, Lighthizer, Bolton and Ross are what the markets are most worried about. In the same 2017 issue, *i* Capital wrote:

2. *“Global trade”*

*“The Smoot-Hawley Tariff Act came into force in 1930. This law by two Republicans significantly increased tariffs on a wide variety of imported goods, creating the highest tariff rates in US history. Need we say more?”*

Anti-free traders like Navarro, Lighthizer and Ross working under an ignorant Trump could send the global markets tumbling down like it did in 1930. Coincidentally, president Hoover was a Republican like president Trump.

For top-down/market-timing investors, they have to deal with another major uncertainty - Malaysia’s 14th general election.

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.

As at 28 February 2018, icapital.biz Berhad has around RM267 million cash or around RM1.91 per share. In his annual shareholder letter, Warren Buffett gave some advice which is of great value to share owners of icapital.biz Berhad, whether large or small. He said: *“Though markets are generally rational, they occasionally do crazy things. Seizing the opportunities then offered does not require great intelligence, a degree in economics or a familiarity with Wall Street jargon such as alpha and beta.”*

My favourite part is this. He continued: *“What investors then need instead is an ability to both disregard mob fears or enthusiasms and to focus on a few simple fundamentals. A willingness to look unimaginative for a sustained period — or even to look foolish — is also essential.”*

Holding cash is always linked to value investing and looking “unimaginative” or “foolish” will sometimes be the most sensible option. Remember icapital.biz Berhad has RM267 million worth of call option with no expiration date or strike price. 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 2018**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**B5 Taxation**

	Current Quarter Ended		Cumulative Quarter Ended	
	28/02/2018 RM'000	28/02/2017 RM'000	28/02/2018 RM'000	28/02/2017 RM'000
Current tax				
-For the financial year	559	412	1,495	1,009
-under/(over) provision in previous financial years	163	(7)	163	(7)
	<u>722</u>	<u>405</u>	<u>1,658</u>	<u>1,002</u>

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	
	28/02/2018 RM'000	28/02/2017 RM'000	28/02/2018 RM'000	28/02/2017 RM'000
(Loss) / Profit before taxation	(731)	443	1951	1565
Tax at the statutory rate of 24%	(175)	106	468	376
Tax effects of:-				
Non-taxable income	(86)	(505)	(86)	(1,076)
Tax-exempt dividends	(374)	(66)	(1,171)	(155)
Non-deductible expenses	1,194	877	2,284	1,864
Under/(over) provision in previous years	163	(7)	163	(7)
<b>Tax expense</b>	<u>722</u>	<u>405</u>	<u>1,658</u>	<u>1,002</u>

**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 2018.

**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:-

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2018**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**B10 Earnings per share (cont'd)**

	<b>Current Quarter Ended 28/02/2018 RM'000</b>	<b>Cumulative Quarter Ended 28/02/2018 RM'000</b>
(Loss)/Profit after taxation	(1,454)	293
No. ordinary share capital in issue at RM1.00 each	140,000	140,000
Basic earnings per share (sen)	(1.04)	0.21

**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 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 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 28/02/2018 RM'000</b>	<b>As at 28/02/2017 RM'000</b>
Retained profits of the Company comprise of:-		
Realised Profits	236,065	234,724
Unrealised Profits	-	-
	<hr/>	<hr/>
Total retained profits as per statement of financial position	<u>236,065</u>	<u>234,724</u>

**BY ORDER OF THE BOARD**

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

**SECRETARIES**