

ICAPITAL.BIZ BERHAD (674900-X)
CONDENSED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 31ST AUGUST 2015

	UNAUDITED AS AT 31/08/2015 RM'000	AUDITED AS AT 31/05/2015 RM'000
ASSETS		
Non-current assets		
Investments (Note 1)	128,069	145,597
Current assets		
Other receivables and prepayments	1,774	3,488
Short term deposits	260,119	257,434
Cash and bank balances	780	518
	<u>262,673</u>	<u>261,440</u>
TOTAL ASSETS	<u>390,742</u>	<u>407,037</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	140,000	140,000
Fair value adjustment reserve	45,748	52,816
Unappropriated profit	203,522	212,801
Total equity attributable to holders of the Company	<u>389,270</u>	<u>405,617</u>
Current liabilities		
Other payables and accruals	1,323	1,245
Provision for taxation	149	175
	<u>1,472</u>	<u>1,420</u>
TOTAL EQUITY AND LIABILITIES	<u>390,742</u>	<u>407,037</u>
Net assets per share (RM) (Note 2)	2.78	2.90
Net asset value per share (RM) (Note 2)	2.78	2.90

Notes:

- Investments shown here as at 31 August 2015 are taken at market value.
- The net assets per share/net asset value per share of the Company is calculated based on the net assets at the end of the reporting period of RM389,269,886.35 (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 31ST AUGUST 2015

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/08/2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/08/2014 RM'000	CURRENT YEAR TO DATE 31/08/2015 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/08/2014 RM'000
Revenue (Note B1)	3,440	3,526	3,440	3,526
Operating expenses (Note B1)				
- impairment loss on a quoted investment	(10,460)	-	(10,460)	-
- professional fees and other operating expenses	(1,816)	(1,756)	(1,816)	(1,756)
	(12,276)	(1,756)	(12,276)	(1,756)
(Loss)/Profit from operations	(8,836)	1,770	(8,836)	1,770
Finance cost	-	-	-	-
(Loss)/Profit before taxation	(8,836)	1,770	(8,836)	1,770
Taxation	(443)	402	(443)	402
(Loss)/Profit for the period	(9,279)	2,172	(9,279)	2,172
Other comprehensive income:				
Net fair value changes in available-for-sale investments	(7,068)	724	(7,068)	724
Total comprehensive income for the period	(16,347)	2,896	(16,347)	2,896
Earnings per share (sen)				
- Basic	(6.63)	1.55	(6.63)	1.55
- 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 31ST AUGUST 2015

	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 income for the period	-	(7,068)	(9,279)	(16,347)
At 31.08.2015	140,000	45,748	203,522	389,270
At 01.06.2014	140,000	84,846	202,319	427,165
Total comprehensive income for the period	-	724	2,172	2,896
At 31.08.2014	140,000	85,570	204,491	430,061

(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 31ST AUGUST 2015

	3 MONTHS ENDED 31/08/2015 RM'000	3 MONTHS ENDED 31/08/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before working capital changes	(8,836)	1,770
Changes in working capital		
Other receivable and prepayments	1,714	621
Other payables and accruals	79	71
Impairment loss on a quoted investment	10,460	-
CASH GENERATED FROM OPERATIONS	3,417	2,462
Taxes paid	(470)	(380)
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,947	2,082
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,947	2,082
CASH AND CASH EQUIVALENTS AT 1 JUNE	257,952	240,390
CASH AND CASH EQUIVALENTS AT 31 AUG	260,899	242,472
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash on hand and at banks	780	1,047
Deposits with licensed financial institutions	260,119	241,425
	260,899	242,472

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

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2015

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 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	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	1 January 2016
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

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 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.

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A5 Individually significant items

There was a provision for impairment loss on investment in Parkson Holdings Berhad of RM10,460,433 in 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 on 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 relationship ("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.

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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	
	31/08/2015	31/08/2014	31/08/2015	31/08/2014
	RM'000	RM'000	RM'000	RM'000
Fund management fees - CDAM	<u>766</u>	<u>813</u>	<u>766</u>	<u>813</u>
Investment advisory fees - CDSB	<u>766*</u>	<u>813**</u>	<u>766*</u>	<u>813**</u>

Note: * Effective 27 January 2015, the provision of investment advisory by CDSB to the Company is regarded as a RPT.

** The comparative figures have been adjusted to conform with current year's presentation.

PART B - AS REQUIRED BY THE LISTING REQUIREMENTS

B1 Review of performance

For the three months ended 31 August 2015, the Company recorded a loss before tax of RM8.8 million, compared with a profit before tax of RM1.8 million in the corresponding period of last year.

As shown in the following table, the loss before tax is mainly due to impairment loss on investment in Parkson Holdings Berhad:

INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
31.08.2015	31.08.2014	31.08.2015	31.08.2014
RM'000	RM'000	RM'000	RM'000

Revenue Consist of :

Interest income	2,040	1,730	2,040	1,730
Dividend income	1,400	1,796	1,400	1,796
	3,440	3,526	3,440	3,526

Operating Expenses Consist of :

Impairment loss on a quoted investment	(10,460)	-	(10,460)	-
Professional fees - Fund Management fee	(766)	(813)	(766)	(813)
Professional fees - Investment Advisory fee	(766)	(813)	(766)	(813)
Other operating expenses	(284)	(130)	(284)	(130)
	(12,276)	(1,756)	(12,276)	(1,756)
(Loss)/Profit before taxation	(8,836)	1,770	(8,836)	1,770

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 31 August 2015 was RM2.78, compared with NAV per share of RM2.90 as at 31 May 2015, a decrease of 4.1%.

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B2 Comparison with immediate preceding quarter's results

In the first quarter ended 31 August 2015, the Company recorded a loss after tax of RM9.3 million, compared with a profit after tax of RM0.5 million in the preceding quarter mainly due to impairment loss on a quoted investment of RM10.5 million in the current quarter.

The NAV per share decreased by 4.1% compared to the preceding quarter due to the declining market value of the 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

On 19th October 2015, China released her 3rd quarter GDP, which fell to a 6th year low of 6.9%. After this, a slew of economic data was released, confirming the slowdown. On 23rd October 2015, China made an unexpected rate cut, the sixth since November 2014, reducing the one year lending rate to 4.35%. The one-year deposit rate will fall to 1.5% from 1.75%. China's central bank also made 0.5 percentage point reduction to the reserve requirement ratio. The ratio stipulates how much cash commercial banks must set aside instead of lending.

On 22nd October 2015, European Central Bank (ECB) President Mario Draghi suggested the Euro area may need fresh monetary stimulus by December as a global economic slowdown threatens the currency bloc's recovery. He spoke at the ECB's six-weekly news conference, held in Malta, after policy makers decided to keep the main refinancing rate at 0.05 percent and the deposit rate at minus 0.2 percent, both record lows.

Just before the International Monetary Fund's (IMF) annual meeting started in Peru this October, the IMF cut its global growth forecasts for a second time this year. The downgrades came after central banks in the major industrial economies have cut rates to zero or near zero and have spent more than US\$7 trillion in quantitative easing programs in the seven years since the 2008 US-led global financial crisis. Despite these measures, investment, growth and productivity are stuck below pre-crisis levels and there is a lack of consumer demand.

In September 2015, the World Trade Organisation warned that if current projections are realised, 2015 will mark the fourth consecutive year in which annual trade growth has grown at roughly the same rate as world GDP, rather than twice as fast, as was the case in the 1990s and early 2000s.

American payrolls increased by 142,000 in September 2015, well below market expectations while the unemployment rate was unchanged at 5.1 percent. At the same time, payroll figures for August and July 2015 were substantially revised downwards. So far in 2015, job growth has averaged 198,000 per month, compared with an average monthly gain of 260,000 in 2014 and even below the 199,000 monthly average recorded in 2013.

This brings investors to the conduct of the US monetary policy. Once again, the whole world waits for the US Federal Open Market Committee (FOMC) to be clearly decisive. Can they ? Will they ? Why would they ? The FOMC consists of twelve voting members: the 7 members of the Board of Governors and 5 of the 12 Federal Reserve Bank presidents. Imagine, 12 people who were not democratically elected, decide on the fates and fortunes of the rest of the world. There are 2 more FOMC meetings for 2015. One from 27th to 28th Oct and the last one will be from 15th to 16th Dec. Will there be more or new excuses or will they finally listen to the pleas of the many other central banks?

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The fundamental problem is no one knows what the US monetary policy is, what it will be, and despite all the claims about transparency and communications, how the policy is being conducted. Not even for the experienced and highly respected Raghuram Rajan, the governor of India's central bank, who has again come out and criticised the "maddening" US monetary policy.

He recently called on the International Monetary Fund (IMF) to stop "applauding" the monetary easing policies of many developed countries. He said that the IMF should be doing more to assess the knock-on effects of stimulus measures on the global economy but is instead sitting on the sidelines and applauding such policies. Rajan, the former IMF chief economist, said some of the policies of the developed economies, in particular, the US, had been "extreme" and ultimately detrimental to emerging markets, which struggled to cope with large inflows of capital which then disappeared when the easing stopped. "*We are in dangerous territory,*" he warned.

Unnoticed and unreported by the mass media, Janet Yellen and the Federal Reserve have ignored the pleas of the central banks of Indonesia, Mexico, Peru, and even India to hike US interest rate. These emerging economies just want the uncertainties caused by actions of the US Federal Reserve in shifting from being data dependent to market dependent to country dependent to be decisively removed.

Singapore has one of the highest per capita GDP in the world and her deputy prime minister, Tharman Shanmugaratnam, has made the same appeal. He said more than a week ago that the Federal Reserve need to raise interest rates, on the grounds that the uncertainties brought about in anticipating when the hike will come is a cost too much for the world to bear.

"*We've got to that point where the benefits of near-zero interest rates for economic growth will be increasingly outweighed by the costs,*" he firmly said.

Mr Tharman pointed out that there is now anxiety caused by the uncertainty over when the Federal Reserve would normalise rates and this has affected business sentiment, with companies holding back on operations. It has also led to market volatility and affected exchange rates of major currencies and capital flows. And like Raghuram Rajan, this is not the first time that he has spoken on the need for the omnipotent US Federal Reserve to raise rates sooner than later.

In Mr Tharman's view, when asked when he thought would be the best time for the Federal Reserve to raise rates, he replied: "*We can't wait for the perfect moment*". There is not any.

If the highly experienced Singapore's deputy prime minister can make such a plea, imagine what the torment is like for Peru, Mexico, Indonesia, India and many more emerging countries, including Malaysia.

Unfortunately, this commentary has to go out before the next FOMC meeting. Will investors be right in thinking that the US Federal Reserve would be "forced" to signal another delay to the first US rate rise since the US-led market crash of 2008? Or will the Federal Reserve spring a surprise?

As fund manager, we are value investors, albeit with an "eclectic" twist. Meanwhile, we are always working hard and continuously looking for attractively priced stocks to invest in.

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	
	31/08/2015	31/08/2014	31/08/2015	31/08/2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense	<u>443</u>	<u>(402)</u>	<u>443</u>	<u>(402)</u>

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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	
	31/08/2015	31/08/2014	31/08/2015	31/08/2014
	RM'000	RM'000	RM'000	RM'000
(Loss)/ Profit before taxation	(8,836)	1,770	(8,836)	1,770
Tax at the statutory rate of 24%	(2,121)	-	(2,121)	-
Tax at the statutory rate of 25%	-	443	-	443
Tax effects of				
Tax-exempt dividends	(336)	(449)	(336)	(449)
Non-deductible expenses	2,900	395	2,900	395
Over provision in prior years	-	(791)	-	(791)
Tax for the financial period	443	(402)	443	(402)

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 31 August 2015.

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	Cumulative To-Date Ended
	31/08/2015	31/08/2015
	RM'000	RM'000
Loss after tax (RM'000)	(9,279)	(9,279)
No. of ordinary share capital in issue during the current quarter/current year to-date ('000 of shares of RM1.00 each)	140,000	140,000
Basic earnings per share (sen)	(6.63)	(6.63)

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.

ICAPITAL.BIZ BERHAD (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2015

NOTES TO THE INTERIM FINANCIAL REPORT

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 31 August 2015, 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:-

	As at 31/08/2015 RM'000	As at 31/05/2015 RM'000
Retained profits of the Company comprise of:-		
Realised Profits	203,522	212,801
Unrealised Profits	-	-
	<hr/>	<hr/>
Total retained profits as per statement of financial position	<u>203,522</u>	<u>212,801</u>

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

SECRETARIES

Kuala Lumpur