

**ICAPITAL.BIZ BERHAD (674900-X)**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MAY 2016**

	<b>UNAUDITED AS AT 31/05/2016 RM'000</b>	<b>AUDITED AS AT 31/05/2015 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments (Note 1)	126,023	145,597
<b>Current assets</b>		
Other receivables, deposit and prepayments	2,042	3,488
Short term deposits	302,759	257,434
Bank balance	722	518
	<u>305,523</u>	<u>261,440</u>
<b>TOTAL ASSETS</b>	<u>431,546</u>	<u>407,037</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	140,000	140,000
Fair value adjustment reserve	50,036	52,816
Unappropriated profit	234,161	212,801
<b>Total equity attributable to holders of the Company</b>	<u>424,197</u>	<u>405,617</u>
<b>Current liabilities</b>		
Other payables and accruals	6,713	1,245
Provision for taxation	636	175
<b>TOTAL LIABILITIES</b>	<u>7,349</u>	<u>1,420</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>431,546</u>	<u>407,037</u>
Net assets per share (RM) (Note 2)	3.03	2.90
Net assets value per share (RM) (Note 2)	3.03	2.90

**Notes:-**

- Investments shown here as at 31 May 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 RM424,196,497.41 (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).

(The Condensed Statement of Financial Position 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 COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED 31 MAY 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/05/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/05/2015 RM'000	CURRENT YEAR TO DATE 31/05/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/05/2015 RM'000
Revenue (Note B1)	3,574	3,874	44,035	21,808
Operating expenses (Note B1)				
- impairment loss on a quoted investment	(2,046)	(232)	(12,506)	(2,392)
- professional fees and other operating expenses	(1,438)	(2,680)	(7,811)	(8,025)
	(3,484)	(2,912)	(20,317)	(10,417)
Profit from operations	90	962	23,718	11,391
Finance cost	-	-	-	-
Profit before taxation	90	962	23,718	11,391
Taxation (Note B5)	(579)	(457)	(2,358)	(909)
Profit/(Loss) for the period/year	(489)	505	21,360	10,482
Other comprehensive income/(expense):				
Net fair value changes in available-for-sale investments	1,338	(7,100)	(2,780)	(32,030)
Total comprehensive income/(expense) for the period/year	849	(6,595)	18,580	(21,548)
Earnings per share (sen)				
- Basic (Note B10)	(0.35)	0.36	15.26	7.49
- Diluted (Note B10)	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 YEAR ENDED 31 MAY 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 year	-	(2,780)	21,360	18,580
At 31.05.2016	<b>140,000</b>	<b>50,036</b>	<b>234,161</b>	<b>424,197</b>
At 01.06.2014	140,000	84,846	202,319	427,165
Total comprehensive (expense)/income for the year	-	(32,030)	10,482	(21,548)
At 31.05.2015	<b>140,000</b>	<b>52,816</b>	<b>212,801</b>	<b>405,617</b>

(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 YEAR ENDED 31 MAY 2016**

	<b>12 MONTHS ENDED 31/05/2016 RM'000</b>	<b>12 MONTHS ENDED 31/05/2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	23,718	11,391
Adjustment for:-		
Impairment loss on a quoted investment	12,506	2,392
Net gain on disposal of quoted investments	(30,858)	(8,278)
<b>Operating profit before working capital changes</b>	<b>5,366</b>	<b>5,505</b>
Decrease/(Increase) in other receivables, deposit and prepayments	1,446	(1,146)
Increase in other payables and accruals	5,468	906
Proceeds from disposal of quoted investments	41,468	13,990
Purchase of quoted investments	(6,322)	-
<b>CASH GENERATED FROM OPERATIONS</b>	<b>47,426</b>	<b>19,255</b>
Taxes paid	(1,897)	(1,693)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>45,529</b>	<b>17,562</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>45,529</b>	<b>17,562</b>
<b>CASH AND CASH EQUIVALENTS AS AT 1 JUNE</b>	<b>257,952</b>	<b>240,390</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31 MAY</b>	<b>303,481</b>	<b>257,952</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:-</b>		
Bank balance	722	518
Short term deposits with licensed financial institutions	302,759	257,434
	<b>303,481</b>	<b>257,952</b>

(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/YEAR ENDED 31 MAY 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 Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad. The interim financial statements also comply with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 May 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:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 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 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
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

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD/YEAR ENDED 31 MAY 2016**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

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.

**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.

**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 RM12,506,585 in the first quarter and the current quarter.

**A6 Changes in estimates**

There were no significant changes in estimates that have a material effect on the current financial year-to-date.

**A7 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

**A8 Dividend paid**

There was no dividend paid during the current financial year-to-date.

**A9 Segmental reporting**

No segmental information is presented as the Company is a closed-end fund and operates primarily in Malaysia.

The Company's investments are managed as a portfolio of equity investments. The fund manager of the Company is responsible for allocating resources for investment in accordance with the overall investment strategies as set out in the prospectus. The fund manager assesses the performance of the investments portfolio and provides updates to the Board of Directors on the financial performance of the Company's investments.

**A10 Valuations of property, plant and equipment**

No valuation was carried out as the Company does not have any property, plant and equipment.

**A11 Subsequent event**

There were no material events subsequent to the end of the interim period reported that have not been reflected in the financial statements for the said period.

**A12 Changes in the composition of the Company**

There were no changes in the composition of the Company during the current financial year-to-date.

**A13 Contingent liabilities or contingent assets**

There were no contingent liabilities or contingent assets pending as at the date of this report.

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD/YEAR ENDED 31 MAY 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.

In accordance with the requirements in the MMLR, which took effect on 27 January 2015, the provision of investment advisory services by Capital Dynamics Sdn Bhd ("CDSB") to the Fund is regarded as a RPT. CDSB is regarded as a related party because it is a person connected with Capital Dynamics Global Private Limited who is a major shareholder of CDAM.

The amounts transacted with CDAM and CDSB during the current quarter and cumulative year to-date are as follows:-

	Current Quarter Ended		Cumulative Quarter Ended	
	31/05/2016	31/05/2015	31/05/2016	31/05/2015
	RM'000	RM'000	RM'000	RM'000
Fund management fees - CDAM	<u>792</u>	<u>776</u>	<u>3,075</u>	<u>3,187</u>
Investment advisory fees - CDSB	<u>792</u>	<u>776</u>	<u>3,075</u>	<u>3,187</u>

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

**B1 Review of performance**

For the twelve months ended 31 May 2016, the Company recorded a profit before tax of RM23.7 million, compared with a profit before tax of RM11.4 million in the corresponding period of last year.

As shown in the following table, the increase in the profit before tax for the twelve months ended 31 May 2016 was mainly due to net gain on disposal of quoted investments in third quarter partly offset by an impairment loss of a quoted investment in the first and fourth quarter:-

INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
31.05.2016	31.05.2015	31.05.2016	31.05.2015
RM'000	RM'000	RM'000	RM'000

**Revenue Consist of:-**

Interest income	2,568	2,025	8,778	7,397
Dividend income	863	1,849	4,399	6,133
Net gain on disposal of quoted investments	143	-	30,858	8,278
	<u>3,574</u>	<u>3,874</u>	<u>44,035</u>	<u>21,808</u>

**Operating Expenses Consist of:-**

Impairment loss on a quoted investment	(2,046)	(232)	(12,506)	(2,392)
Professional fees - Fund Management fee	(792)	(776)	(3,075)	(3,187)
Professional fees - Investment Advisory fee	(792)	(776)	(3,075)	(3,187)
Other operating expenses	146	(1,128)	(1,661)	(1,651)
	<u>(3,484)</u>	<u>(2,912)</u>	<u>(20,317)</u>	<u>(10,417)</u>
<b>Profit before taxation</b>	<u>90</u>	<u>962</u>	<u>23,718</u>	<u>11,391</u>

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 May 2016 was RM3.03, compared with NAV per share of RM2.90 as at 31 May 2015, an increase of 4.5%.

ICAPITAL.BIZ BERHAD (674900-X)  
FINANCIAL REPORT FOR THE PERIOD/YEAR ENDED 31 MAY 2016  
NOTES TO THE INTERIM FINANCIAL REPORT

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

In the fourth quarter ended 31 May 2016, the Company recorded a loss after tax of RM0.5 million, compared with a profit after tax of RM31.5 million in the preceding quarter. The loss after tax in the current quarter was mainly due to impairment loss on investment in Parkson Holdings Berhad.

The NAV per share increased by 0.3% from RM3.02 in the preceding quarter to RM3.03 in the current quarter due to the increase in the share price of the Company's 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**

*"It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, ..... it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us....."*

In describing the present day confusing socio-economic environment, the above quotation taken from the opening paragraph of "A Tale of Two Cities" is apt. Written in 1859 by Charles Dickens, the novel is set against London and Paris and centres on the years leading up to the French Revolution, a period that was characterised by great contrasts, very similar to what we are facing nowadays.

Presently, the global economic expansion continues but this camouflages the unevenness and disparity between major economic and regions. The US economy continues to generate jobs while Japan struggles. China's multiple-year soft landing has been proceeding smoothly while Brexit has thrown a British spanner into the fragile European Union economic recovery. Eight years after the US-led global financial crisis of 2008, global economic and financial market conditions still convey a deep sense of uneven and unfinished adjustments. Expectations, especially of workers in the developed economies, have not been met, business and consumer confidence in these countries has not been restored, and volatility in exchange rates and commodity prices send conflicting signals. No wonder equity markets have experienced alternating phases of calm and turbulence, and hopes and despair.

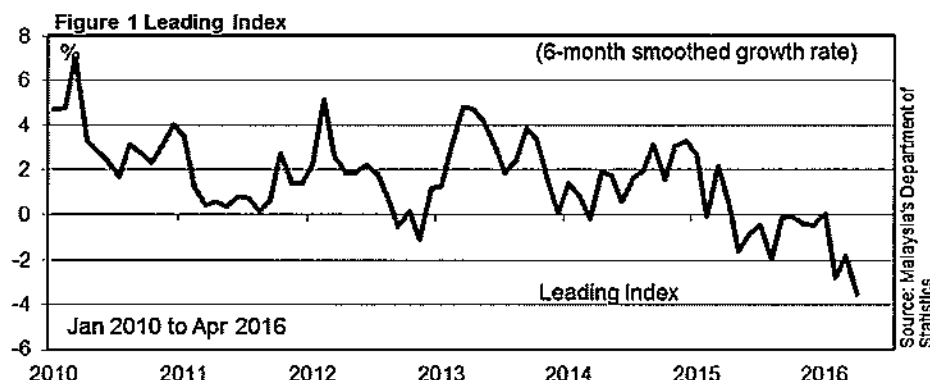
In its 2015/2016 Annual Report, the Bank for International Settlements gave a timely warning:

*"It is essential to relieve monetary policy, which has been overburdened for far too long. This means completing financial reforms, judiciously using the available fiscal space while ensuring long-term sustainability; and, above all, this means stepping up structural reforms ..... We badly need policies that we will not once again regret when the future becomes today."*

Amidst this backdrop, Malaysia's economic growth has been slowing down and prospects are at best highly uncertain. Even Malaysia's own Leading Index (see figure 1) has dropped to levels last seen in the 2008 recession.



ICAPITAL.BIZ BERHAD (674900-X)  
 FINANCIAL REPORT FOR THE PERIOD/YEAR ENDED 31 MAY 2016  
 NOTES TO THE INTERIM FINANCIAL REPORT



Whatever the economic outlook may be, I would like to reiterate to share owners that the portfolio of icapital.biz Berhad is managed based on the eclectic value investing philosophy of Capital Dynamics. The margin of safety principle underlines it all and it takes on greater importance in an environment that is best summed up as "it was the best of times, it was the worst of times."

**B4 Financial forecast / profit guarantee**

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

**B5 Taxation**

	Current Quarter Ended		Cumulative Quarter Ended	
	31/05/2016 RM'000	31/05/2015 RM'000	31/05/2016 RM'000	31/05/2015 RM'000
Tax expense	579	457	2,358	909

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	
	31/05/2016 RM'000	31/05/2015 RM'000	31/05/2016 RM'000	31/05/2015 RM'000
Profit before taxation	90	962	23,718	11,391
Tax at the statutory rate of 24%	22	-	5,692	-
Tax at the statutory rate of 25%	-	241	-	2,848
Tax effects of :				
Non-taxable income	(35)	-	(7,406)	(2,069)
Tax-exempt dividends	(207)	(462)	(1,056)	(1,533)
Non-deductible expenses	799	678	4,729	2,457
Under/(Over) provision in prior years	-	-	399	(794)
Tax expense	579	457	2,358	909

**B6 Status of corporate proposals**

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

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD/YEAR ENDED 31 MAY 2016**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**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 May 2016.

**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 31/05/2016 RM'000	Cumulative To-Date Ended 31/05/2016 RM'000
Profit / (Loss) after tax	(489)	21,360
No. of ordinary share capital in issue during the current quarter/current year to-date of shares at RM1.00 each	140,000	140,000
Basic earnings per share (sen)	(0.35)	15.26

**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 31 May 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/YEAR ENDED 31 MAY 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:-

	<b>As at 31/05/2016 RM'000</b>	<b>As at 31/05/2015 RM'000</b>
Retained profits of the Company comprise of:-		
Realised Profits	234,161	212,801
Unrealised Profits	-	-
	<hr/>	<hr/>
Total retained profits as per statement of financial position	<u>234,161</u>	<u>212,801</u>

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

**SECRETARIES**