

**ICAPITAL.BIZ BERHAD (674900-X)**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 28 FEBRUARY 2019**

	<b>UNAUDITED AS AT 28/02/2019 RM'000</b>	<b>AUDITED AS AT 31/05/2018 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments (Note 1)	161,888	213,328
<b>Current assets</b>		
Other receivables, deposit and prepayments	1,754	2,638
Tax recoverable	38	-
Short term deposits	281,906	263,848
Bank balance	14,453	19,320
	<u>298,151</u>	<u>285,806</u>
<b>TOTAL ASSETS</b>	<u>460,039</u>	<u>499,134</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	140,000	140,000
Reserves	32,136	114,021
Retained profits	286,213	244,674
<b>Total equity attributable to owners of the Company</b>	<u>458,349</u>	<u>498,695</u>
<b>Current liabilities</b>		
Due To Stockbrokers - Non-related	1,353	-
Other payables and accruals	337	418
Provision for taxation	-	21
<b>TOTAL LIABILITIES</b>	<u>1,690</u>	<u>439</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>460,039</u>	<u>499,134</u>
Net asset value per share (RM) (Note 2)	3.27	3.56

**Notes:-**

- Investments shown here as at 28 February 2019 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 RM458,349,405 (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).

ICAPITAL.BIZ BERHAD (674900-X)  
**CONDENSED STATEMENT OF PROFIT OR LOSS**  
**FOR THE QUARTER AND YEAR TO DATE ENDED 28 FEBRUARY 2019**

	INDIVIDUAL QUARTER*		CUMULATIVE QUARTER**	
	CURRENT YEAR QUARTER 28/02/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 28/02/2018 RM'000	CURRENT YEAR TO DATE 28/02/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 28/02/2018 RM'000
<b>Revenue</b> (Note B1)	<b>3,389</b>	<b>4,220</b>	<b>11,409</b>	<b>12,282</b>
<b>Operating expenses</b> (Note B1)				
- Professional fees and other operating expenses	(2,256)	(2,364)	(6,456)	(6,722)
- Impairment loss on quoted investments	-	(2,587)	-	(3,609)
	(2,256)	(4,951)	(6,456)	(10,331)
<b>Profit / (loss) from operations</b>	<b>1,133</b>	<b>(731)</b>	<b>4,953</b>	<b>1,951</b>
Finance cost	-	-	-	-
<b>Profit / (loss) before taxation</b>	<b>1,133</b>	<b>(731)</b>	<b>4,953</b>	<b>1,951</b>
Taxation (Note B5)	(526)	(722)	(1,539)	(1,658)
<b>Profit / (loss) after taxation</b>	<b>607</b>	<b>(1,453)</b>	<b>3,414</b>	<b>293</b>
<b>Earnings per share (sen)</b>				
- Basic (Note B10)	0.43	(1.04)	2.44	0.21
- Diluted (Note B10)	0.43	(1.04)	2.44	0.21

\* 3rd Quarter

\*\* For the 9 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 28 FEBRUARY 2019**

	<b>INDIVIDUAL QUARTER*</b>		<b>CUMULATIVE QUARTER**</b>	
	<b>CURRENT YEAR QUARTER 28/02/2019 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 28/02/2018 RM'000</b>	<b>CURRENT YEAR TO DATE 28/02/2019 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 28/02/2018 RM'000</b>
Profit / (loss) for the period	607	(1,453)	3,414	293
<b>Other comprehensive Income:</b>				
<b>Items that may be recycled to profit or loss:</b>				
Net fair value changes in investments	(13,473)	(4,624)	(43,760)	23,958
<b>Total comprehensive (loss) / income for the period</b>	<b>(12,866)</b>	<b>(6,077)</b>	<b>(40,346)</b>	<b>24,251</b>

\* 3rd Quarter

\*\* For the 9 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 9 MONTHS PERIOD AND YEAR TO DATE-ENDED 28 FEBRUARY 2019**

	<i>Non-distributable</i>	<i>Distributable</i>	<i>Total</i>	
	Share Capital RM'000	FVOCI Reserve RM'000	Retained Profits RM'000	Equity RM'000
<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	-	-	3,414	3,414
Other comprehensive income net of income tax	-	(43,760)	-	(43,760)
Recycle to retained profits arising from disposal of investments	-	(16,095)	16,095	-
Total comprehensive income for the period	-	(59,855)	19,509	(40,346)
<b>At 28.02.2019</b>	140,000	32,136	286,213	458,349
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>

(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 9 MONTHS PERIOD AND YEAR TO DATE-ENDED 28 FEBRUARY 2019**

	<b>9 MONTHS ENDED 28/02/2019 RM'000</b>	<b>9 MONTHS ENDED 28/02/2018 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,953	1,951
Adjustments for:-		
Net gain on disposal of quoted investment	-	(358)
Impairment loss on a quoted investment	-	3,609
<b>Operating profit before working capital changes</b>	<b>4,953</b>	<b>5,202</b>
Decrease/(increase) in other receivables, deposit and prepayments	884	(1,433)
Increase/(decrease) in other payables and accruals	1,272	(83)
Proceeds from disposal of quoted investments	22,122	738
Purchase of quoted investments	(14,442)	(19,392)
<b>CASH FOR OPERATIONS</b>	<b>14,789</b>	<b>(14,968)</b>
Taxes paid	(1,598)	(1,399)
<b>NET CASH FROM / (FOR) OPERATING ACTIVITIES</b>	<b>13,191</b>	<b>(16,367)</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Placement of fixed deposit with tenure more than 3 months	(281,906)	(260,436)
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(281,906)</b>	<b>(260,436)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(268,715)</b>	<b>(276,803)</b>
CASH AND CASH EQUIVALENTS AS AT 1 JUNE	283,168	283,952
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>14,453</b>	<b>7,149</b>

(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
- MFRS 9: Financial Instruments

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

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

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

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments) (con't)</b>	<b>Effective Date</b>
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
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:-

- (i) Under MFRS 9, the Company has designated 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.
- (ii) 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.

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.

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**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 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 analysis 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:

		Measurement category		Carrying amount as at 1 June 2018	
		Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	New (MFRS 9)
	Note			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 financial liabilities. There is no impact on the classification and measurement of the Company's financial liabilities.

The following table is reconciliations 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>	-	213,328	-	213,328
<b>Retained profits:</b>				
Opening balance	244,674	22,030	-	266,704
<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>	<b>114,021</b>	<b>(22,030)</b>	<b>-</b>	<b>91,991</b>

**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 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.

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019**  
**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:-

	Current Quarter Ended		Cumulative Quarter Ended	
	28/02/2019	28/02/2018	28/02/2019	28/02/2018
	RM'000	RM'000	RM'000	RM'000
Fund management fees - CDAM	895	923	2,740	2,678
Investment advisory fees - CDSB	895	923	2,740	2,678

**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 28 February 2019.

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019**  
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**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 28 February 2019.

- (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 28 February 2019.

	<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	161,888	-	-	161,888

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

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

For the nine months ended 28 February 2019, the Company recorded a profit before tax of RM4.95 million, compared with profit before tax of RM1.95 million in the corresponding period ended 28 February 2018.

As shown in the following table, the increase in profit before tax for the nine months ended 28 February 2019 compared with 28 February 2018 was mainly due to reclassification of impairment loss on quoted investments to other comprehensive income on application of MFRS 9 financial statements.

	<b>INDIVIDUAL QUARTER*</b>		<b>CUMULATIVE QUARTER**</b>	
	<b>CURRENT YEAR QUARTER 28/02/2019 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 28/02/2018 RM'000</b>	<b>CURRENT YEAR TO DATE 28/02/2019 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 28/02/2018 RM'000</b>
<b>Revenue Consist of:-</b>				
Interest income	2,538	2,307	7,335	7,042
Dividend income	851	1,563	4,074	4,882
Net gain on disposal of quoted investments	-	350	-	358
	<b>3,389</b>	<b>4,220</b>	<b>11,409</b>	<b>12,282</b>
<b>Operating Expenses Consist of:-</b>				
Professional fees and other operating expenses	(2,256)	(2,364)	(6,456)	(6,722)
Impairment loss on quoted investments	-	(2,587)	-	(3,609)
	<b>(2,256)</b>	<b>(4,951)</b>	<b>(6,456)</b>	<b>(10,331)</b>
<b>Profit / (loss) from operations</b>	<b>1,133</b>	<b>(731)</b>	<b>4,953</b>	<b>1,951</b>
<b>Finance cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Taxation</b>	<b>(526)</b>	<b>(722)</b>	<b>(1,539)</b>	<b>(1,658)</b>
<b>Profit / (loss) after taxation</b>	<b>607</b>	<b>(1,453)</b>	<b>3,414</b>	<b>293</b>
<b>Other comprehensive (expense) / income:</b>				
Net fair value changes in investments	(13,473)	(4,624)	(43,760)	23,958
<b>Total comprehensive (expense) / income for the period</b>	<b>(12,866)</b>	<b>(6,077)</b>	<b>(40,346)</b>	<b>24,251</b>

**ICAPITAL.BIZ BERHAD (674900-X)**  
**FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019**  
**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 Company’s NAV decreased to RM458.35 million as at 28 February 2019 from RM487.54 million as at 28 February 2018. This resulted in a reduction of NAV per share as at 28 February 2019 to RM3.27, compared with NAV per share of RM3.48 as at 28 February 2018, a decrease of 6.03%. The decrease was mainly due to a reduction in fair value of investments offset by gain of RM16.10 million from disposal of shares.

	<b>28/02/2019</b> <b>RM</b>	<b>28/02/2018</b> <b>RM</b>
Total Net Asset Value	458,349,405	487,536,035
Net Asset Value per share	3.27	3.48
Share Price	2.41	2.72

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

In the third quarter ended 28 February 2019, the Company recorded a profit before tax of RM1.13 million, compared to RM1.39 million of loss before tax in the immediate preceding quarter. The higher profit in the last quarter was mainly due to higher dividend income received.

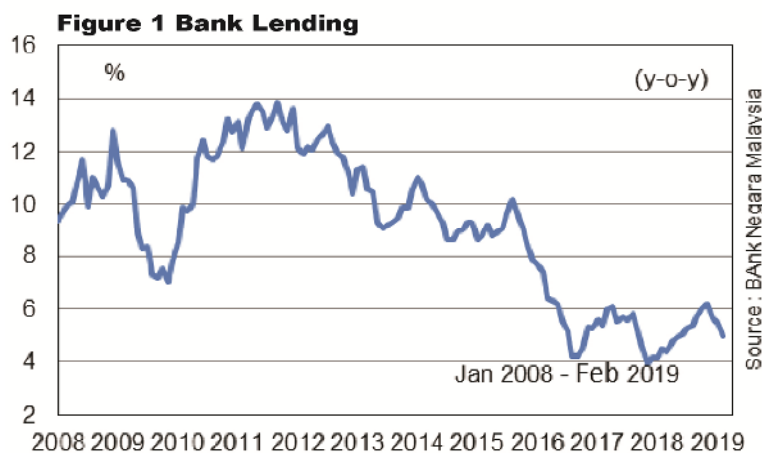
The following items are not applicable to the Company:-

- (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.

Malaysia’s economy is muddling through the current global slowdown. As the global economy has weakened, Malaysia’s domestic demand is important in cushioning its adverse impact. On this front, the weak growth in bank lending (figure 1) does not portend a strong Malaysian domestic demand in 2019. What is also worrying is a squeeze to the profit margins of businesses in Malaysia.



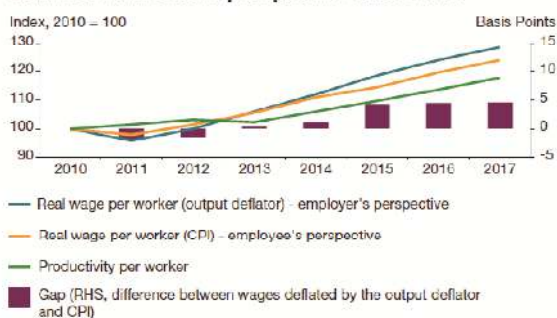
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**B3 Commentary by Fund Manager – Prospects Para (9.40) (con't)**

As Bank Negara pointed out in its 2018 Annual Report, “the gap between real wage growth from a firm’s and worker’s perspective has significantly widened, particularly since 2015.” What this means is that wages have increased faster from an employer’s perspective than from a worker’s perspective (figure 2).

Figure 2: Comparison between Productivity per Worker and Real Wage per Worker Index(2010=100)

**Real wage has grown faster from a firm’s perspective than from a worker’s perspective since 2015**



Source: Bank Negara Malaysia estimates using data from Labour Productivity Statistics and Salaries and Wages Survey Report published by Department of Statistics, Malaysia

This is not a healthy trend. Profit margin is squeezed and yet workers complain of stagnant wages; prices of goods and services sold by firms increased at a slower pace than the prices of goods and services consumed by workers. In such an environment, businesses would be reluctant to hire additional staff. Can domestic demand remain robust? Overall, Malaysia’s economy is not expected to perform robustly in 2019.

Meanwhile, the OECD Composite Leading Indicator (CLI) which peaked in 2017 and has been declining since then, shows no sign of reversing its decline. The same can be said for global semiconductor sales as the fall in sales growth has accelerated since our last commentary.

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 Bamboo value investing philosophy of Capital Dynamics. It is not allowed to sell short, invest in derivatives or undertake any borrowings.

By end February 2019, the cash holdings of icapital.biz Berhad has dropped to RM296.36 million from around RM306.39 million as at the end of 31<sup>st</sup> December 2018.

We thank the many share owners who attended the 2018/2019 Global Investor Week held on Saturday, 13<sup>th</sup> and Sunday, 14<sup>th</sup> April 2019. The well-attended 2-day event, which included a Capital Dynamics’ Appreciation Concert on Saturday night, presented an amazing range of topics and speakers, living up to its well-earned reputation as Asia’s most innovative investment event. Two talks presented by myself on Saturday that are of relevance to icapital.biz Berhad are the longer-term prospects of icapital.biz Berhad and “New Value Investing”, which explored how value investing will fit into a new landscape featuring low inflation, low interest rates and incessant disruption of all kinds.

**Additional Commentary by Fund Manager**

**Defamation Suit – A victory for the small guy**

Many of you may have heard of Capital Dynamics’ and my legal battle against Cindy Yeap, a senior editor from The Edge, who sought to defame us with her article titled “icapital.biz fund fees high. To vote down reappointment of directors” published on 14 September 2015. The article in question claimed all manner of falsehoods, primarily in reliance on a letter published by City of London Investment Management, a substantial shareowner of icapital.biz Berhad fund (ICAP), who took the sneaky approach of getting it published on the London Stock Exchange via the Regulatory News Service (RNS). For those who may be impressed by this, anyone who has an RNS account can also “post” on the London Stock Exchange.

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

In the said article, the senior editor intentionally and maliciously misled her readers into thinking that the fees of icapital.biz Berhad were unreasonably high, that our fund was underperforming and that its Designated Person and Capital Dynamics were acting irresponsibly.

We are pleased to announce that the Kuala Lumpur High Court has, on 7th December 2018, concluded the matter in our favour.

After hearing the cases of the respective parties, Judge Rohani Ismail concluded that the Designated Person and Capital Dynamics had successfully proved the defamatory nature of the said article. Judge Rohani Ismail considered that the article reported selectively and thus resulted in the reputation of Capital Dynamics and Tan Teng Boo being tarnished. Cindy Yeap attempted to defend her article on the grounds of fair comment, justification and qualified privilege, but failed on all counts. As a result, the High Court awarded damages and costs to the Plaintiffs and ordered an injunction to restrain Cindy Yeap, her servants, agents or otherwise, from further publishing similar defamatory words about us in all media.

We are grateful to have your support during these trying times and hope that this precedent will play a part in discouraging the increasingly apparent phenomenon of false reporting and mudslinging in print and digital publications.

Fake “Tan Teng Boo”

At the same time, it has come to our notice that an individual has portrayed himself as Tan Teng Boo, and posted comments on investment websites, blogs, forums and/or online platforms under the name “Tan Teng Boo” (“the Impersonator”). The contents of the comments posted by the Impersonator involve investments advice/opinion and matters. The impersonator/s has intentionally made comments that may be construed as investment advice and opinions of Tan Teng Boo, your fund’s Designated Person and the managing director of Capital Dynamics.

We would like to put on record that the comments posted by the Impersonator, and any comments and/or statements posted and/or made in any online forums or platforms, other than the official website of Capital Dynamics, the *i* Capital publication, www.icapital.biz or its official social media accounts, or official representations by Capital Dynamics through any other media platforms, including online or offline media, digital or in paper, purportedly under the name of Tan Teng Boo, Capital Dynamics and/or its group of companies, are made without the consent knowledge and/or approval of Tan Teng Boo, Capital Dynamics and/ or its group of companies, and do not represent the opinion, comments and/or views of Tan Teng Boo, Capital Dynamics and/or its group of companies.

**TAKE NOTICE** that information on the funds managed by Capital Dynamics and/or its group of companies, investment strategies and/or investments advice/ opinion of Tan Teng Boo, Capital Dynamics and/or its group of companies shall only be published in the official websites of Capital Dynamics, *i* Capital publication, www.icapital.biz or its official social media accounts or official representations by Capital Dynamics through any other media platforms including online or offline media, digital or in paper.

**TAKE FURTHER NOTICE** that Tan Teng Boo, Capital Dynamics and/or its group of companies shall not be held responsible for any comments and/or statements made in any unofficial platforms without their consent knowledge and/ or approval.

Kindly also be informed that Tan Teng Boo, Capital Dynamics and/or its group of companies shall not hesitate to take necessary actions, including but not limited to legal actions for any economic losses and/or damage to reputation, against any parties who have committed and/or facilitated the wrongdoing of impersonating Tan Teng Boo, Capital Dynamics and/or its group of companies, and/or publishing/ releasing untrue, false and unjustified statements/comments against Tan Teng Boo, Capital Dynamics, its group of companies and/or the funds managed by its group of companies.

I also seek the cooperation of our share owners and friends to immediately report any accounts registered under “Tan Teng Boo” and “Capital Dynamics” or “*i* Capital” in any unofficial platforms, digital or otherwise, to us at [legal@capitaldynamics.biz](mailto:legal@capitaldynamics.biz).

**B4 Financial forecast / profit guarantee**

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

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**B5 Taxation**

	<b>Current Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>28/02/2019</b>	<b>28/02/2018</b>	<b>28/02/2019</b>	<b>28/02/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Tax expense	526	722	1,539	1,658

A reconciliation of income tax expense applicable to profit / (loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:-

	<b>Current Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>28/02/2019</b>	<b>28/02/2018</b>	<b>28/02/2019</b>	<b>28/02/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit / (loss) before taxation	1,133	(731)	4,953	1,951
Tax at the statutory rate of 24%	272	(175)	1,189	468
Tax effects of:-				
Non-taxable income	-	(86)	-	(86)
Tax-exempt dividends	(204)	(374)	(978)	(1,171)
Non-deductible expenses	458	1,194	1,328	2,284
Under/(over) provision in previous years	-	163	-	163
<b>Tax expense</b>	<b>526</b>	<b>722</b>	<b>1,539</b>	<b>1,658</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 28 February 2019.

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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 28/02/2019 RM'000</b>	<b>Cumulative Quarter Ended 28/02/2019 RM'000</b>
Profit/(loss) after taxation	607	3,414
No. ordinary share capital in issue at RM1.00 each	140,000	140,000
Basic earnings per share (sen)	0.43	2.44

**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 28 February 2019, 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**