

ICAPITAL.BIZ BERHAD 200401036389 (674900-X)
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2021

	UNAUDITED AS AT 28/02/2021 RM'000	AUDITED AS AT 31/05/2020 RM'000
ASSETS		
Non-current assets		
Investments (Note 1)	229,176	137,754
Current assets		
Other receivables, deposit and prepayments	1,490	1,376
Current tax assets	632	153
Short-term deposits	207,152	254,972
Bank balance	3,206	951
	<u>212,480</u>	<u>257,452</u>
TOTAL ASSETS	<u>441,656</u>	<u>395,206</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	140,000	140,000
Fair value reserves	12,022	(33,705)
Retained profits	289,343	288,013
Total equity attributable to owners of the Company	<u>441,365</u>	<u>394,308</u>
Current liabilities		
Other payables and accruals	291	898
TOTAL LIABILITIES	<u>291</u>	<u>898</u>
TOTAL EQUITY AND LIABILITIES	<u>441,656</u>	<u>395,206</u>
Net asset value per share (RM) (Note 2)	3.15	2.82

Notes:-

- Investments shown here as at 28 February 2021 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 RM441,365,008 (31.05.2020 : RM394,308,527) divided by the number of shares in issue at the end of the reporting period of 140,000,000 (31.05.2020 : 140,000,000).

ICAPITAL.BIZ BERHAD 200401036389 (674900-X)
 CONDENSED STATEMENT OF PROFIT OR LOSS
 FOR THE QUARTER AND YEAR TO DATE ENDED 28 FEBRUARY 2021

	INDIVIDUAL QUARTER*		CUMULATIVE QUARTER**	
	CURRENT YEAR QUARTER 28/02/2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 29/02/2020 RM'000	CURRENT YEAR TO DATE 28/02/2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 29/02/2020 RM'000
Revenue (Note B2)	1,144	2,968	5,172	10,502
Operating expenses (Note B2)				
- Professional fees and other operating expenses	(1,847)	(8,755)	(5,225)	(12,751)
Loss before taxation	(703)	(5,787)	(53)	(2,249)
Taxation (Note B6)	(154)	(536)	(451)	(1,512)
Loss after taxation	(857)	(6,323)	(504)	(3,761)
Earnings per share (sen)				
- Basic (Note B11)	(0.61)	(4.52)	(0.36)	(2.69)
- Diluted (Note B11)	(0.61)	(4.52)	(0.36)	(2.69)

* 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 financial year ended 31 May 2020)

ICAPITAL.BIZ BERHAD 200401036389 (674900-X)
 CONDENSED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 28 FEBRUARY 2021

	INDIVIDUAL QUARTER*		CUMULATIVE QUARTER**	
	CURRENT YEAR QUARTER 28/02/2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 29/02/2020 RM'000	CURRENT YEAR TO DATE 28/02/2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 29/02/2020 RM'000
Loss for the period	(857)	(6,323)	(504)	(3,761)
Other comprehensive expense:				
Items that may be recycled to Retained Profits:				
Net fair value changes in investments	20,472	(15,277)	47,561	(23,258)
Total comprehensive income/(loss) for the period	19,615	(21,600)	47,057	(27,019)

* 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 financial year ended 31 May 2020)

ICAPITAL.BIZ BERHAD 200401036389 (674900-X)
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 FEBRUARY 2021

	<i>Non-distributable</i>		<i>Distributable</i>	
	Share Capital RM'000	FVOCI Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
At 31.05.2019/ 01.06.2019	140,000	18,982	291,226	450,208
Loss after taxation	-	-	(3,761)	(3,761)
Other comprehensive expense:				
-Fair value changes of equity instruments	-	(23,258)	-	(23,258)
Total comprehensive (loss)/income for the period	-	(23,258)	(3,761)	(27,019)
Gain arising from disposal of investments recycled to retained profits	-	-	-	-
At 29.02.2020	140,000	(4,276)	287,465	423,189
At 31.05.2020/ 01.06.2020	140,000	(33,705)	288,013	394,308
Loss after taxation	-	-	(504)	(504)
Other comprehensive expense:				
-Fair value changes of equity instruments	-	47,561	-	47,561
Total comprehensive income for the period	-	47,561	(504)	47,057
Gain arising from disposal of investments recycled to retained profits	-	(1,834)	1,834	-
At 28.02.2021	140,000	12,022	289,343	441,365

(The Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 May 2020)

ICAPITAL.BIZ BERHAD 200401036389 (674900-X)
CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 28 FEBRUARY 2021

	9 MONTHS ENDED 28/02/2021 RM'000	9 MONTHS ENDED 29/02/2020 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(53)	(2,249)
(Increase)/Decrease in other receivables, deposit and prepayments	(114)	615
(Decrease)/Increase in other payables and accruals	(607)	840
Proceeds from disposal of quoted investments	13,335	-
Purchase of quoted investments	(57,196)	(29,539)
CASH FOR OPERATIONS	(44,635)	(30,333)
Income tax paid	(1,080)	(1,548)
Income tax refund	150	-
NET CASH FOR OPERATING ACTIVITIES	(45,565)	(31,881)
NET CASH FROM INVESTING ACTIVITY		
Decrease in short-term deposits with tenure more than 3 months	-	167,011
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(45,565)	135,130
CASH AND CASH EQUIVALENTS AS AT 1 JUNE	255,923	129,139
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	210,358	264,269

(The Condensed Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 May 2020)

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 2020. 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 financial year ended 31 May 2020.

A2 Significant accounting policies

2.1 Changes in accounting policies

During the current quarter, 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)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

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 quarter:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Effective Date

Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023

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.

A2 Significant accounting policies (con't)

2.2 Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Company's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Coronavirus Disease 2019 (COVID-19)

The current outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as temporarily closing of businesses, travel restrictions and quarantine measures across the globe. The Company exercises judgement, in light of all facts and circumstances, to assess what event in this series of events provides additional evidence about the condition that existed at the reporting date and therefore affects the recognition and measurement of the Company's assets and liabilities at 28 February 2021.

2.3 Functional and Presentation Currency

The functional currency of the Company is the currency of the primary economic environment in which the Company operates.

The financial statements of the Company are presented in Ringgit Malaysia ("RM") which is the functional and presentation currency.

2.4 Financial Instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A2 Significant accounting policies (con't)

2.4 Financial Instruments (con't)

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Company reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Company has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

A2 Significant accounting policies (con't)

2.4 Financial Instruments (con't)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

A2 Significant accounting policies (con't)

2.6 Impairment

(a) Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime expected credit losses for the trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience and are adjusted for looking-forward information (including time value of money where appropriate).

For all other financial instruments, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

2.7 Income Taxes

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

A2 Significant accounting policies (con't)

2.7 Income Taxes (con't)

(b) Deferred Tax

Deferred tax are recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

2.8 Operating Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.9 Net Asset Value Per Ordinary Share

Net asset value per ordinary share is calculated by dividing the net assets by the number of ordinary shares issued at the end of the reporting period.

2.10 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

A2 Significant accounting policies (con't)

2.11 Revenue from other sources and other operating income

(a) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(b) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

A3 Auditors' opinion on preceding annual financial statements

The Company's Financial Statements for the financial year ended 31 May 2020 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 quarter-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 quarter-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 quarter-to-date.

A13 Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets pending as at 28 February 2021.

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 quarter to-date are as follows:-

	Current Quarter Ended		Cumulative Quarter Ended	
	28/02/2021	29/02/2020	28/02/2021	29/02/2020
	RM'000	RM'000	RM'000	RM'000
Fund management fees - CDAM	751	837	2,227	2,533
Investment advisory fees - CDSB	751	837	2,227	2,533

A15 Significant events during the quarter

- (a) The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the Company. The governments and various private corporations have taken different measures to prevent the spread of the virus such as travel bans, quarantines, closures of non-essential services, social distancing and home quarantine requirements which impacted consumers' spending pattern and the Company's operations directly or indirectly. Notwithstanding, the COVID-19 pandemic, the Company NAV for the current reporting period has increased by 4.3% compared with preceding year corresponding quarter. However, given the unpredictability associated with the COVID-19 pandemic and any further contingency measures that may be put in place by the governments and various private corporations, the potential financial impact of the COVID-19 pandemic on the Company's 2021 financial statements could not be reasonably quantified at this juncture.
- (b) The Company has filed a Judicial Review in the High Court of Malaya Kuala Lumpur on 2 March 2020 to review the decision made by Securities Commission (“SC”) in respect of the 20% shareholding limit as provided under Paragraph 3.7.1 (iii) of Securities Commission Guidelines for Public Offerings of Securities of Closed-end Funds and Paragraph 7.40 of Bursa Malaysia Securities Berhad Main Market Listing Requirements (“JR”). The JR directly concerns the acquisitions of shares of the Company by City of London Investment Management Limited (“CLIM”) to which CLIM has increased their shareholdings in the Company to above 20%. Leave to commence the JR was granted by the High Court on 30 July 2020 and the JR was initially fixed for hearing on 12 January 2021. Due to disruption caused by COVID-19, the new hearing date has been fixed on 25 May 2021.

PART B - AS REQUIRED BY THE LISTING REQUIREMENTS

B1 Statement of Investment Portfolio (Para 9.40)

	Description of Investment	Industry	Shares (unit)	Fair Value (RM)	Fair Value as a Percentage of Net Assets (%)
Long-Term Investments					
Malaysia -100%					
1	AirAsia Group Berhad	Consumer Products & Services	25,582,200	23,407,713	5.30
2	Apex Healthcare Berhad	Health Care	1,712,000	5,564,000	1.26
3	APM Automotive Holdings Berhad	Industrial Products & Services	4,541,300	10,036,273	2.27
4	Bioalpha Holdings Berhad	Consumer Products & Services	45,991,500	11,267,918	2.55
5	Boustead Holdings Berhad	Industrial Products & Services	12,147,786	7,531,627	1.71
6	HPMT Holdings Berhad	Industrial Products & Services	1,802,700	892,337	0.20
7	Kelington Group Berhad	Industrial Products & Services	14,191,600	33,492,176	7.59
8	Kobay Technology Berhad	Industrial Products & Services	637,300	2,969,818	0.67
9	Kronologi Asia Berhad	Technology	31,112,400	24,889,920	5.64
10	Malaysia Smelting Corporation Berhad	Industrial Products & Services	350,300	795,181	0.18
11	MKH Berhad	Property	2,688,730	3,522,236	0.80
12	Oceancash Pacific Berhad	Consumer Products & Services	3,145,200	1,541,148	0.35
13	Padini Holdings Berhad	Consumer Products & Services	17,006,700	49,999,698	11.33
14	Parkson Holdings Berhad	Consumer Products & Services	10,742,298	1,772,479	0.40
15	Salutica Berhad	Consumer Products & Services	1,700,200	994,617	0.23
16	Sam Engineering & Equipment (M) Berhad	Industrial Products & Services	4,738,600	32,554,182	7.38
17	Suria Capital Holdings Berhad	Transportation & Logistics	12,012,480	12,492,979	2.83
18	Tong Herr Resources Berhad	Industrial Products & Services	2,066,000	4,875,760	1.10
19	Wellcall Holdings Berhad	Industrial Products & Services	533,600	576,288	0.13
	Total Investments		192,702,894	229,176,350	51.92

ICAPITAL.BIZ BERHAD 200401036389 (674900-X)
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NOTES TO THE INTERIM FINANCIAL REPORT

B2 Review of performance (Para 9.40)

For the nine months ended 28 February 2021, the Company recorded a loss before tax of RM0.05 million, compared with loss before tax of RM2.25 million in the preceding year's corresponding period ended 29 February 2020.

As shown in the following table, the decrease of loss before tax for the nine months ended 28 February 2021 was mainly due to recognition of RM6.68 million of dual listing project expenses in preceding year corresponding period ended 29 February 2020. Furthermore, the decrease of the revenue for the for the nine months ended 28 February 2021 was mainly due to lower interest income and dividend income received. The lower interest income was a result of lower cash position of the company and lower interest rate offered by the licensed banks. Companies also declared lower dividend distribution for the period.

	INDIVIDUAL QUARTER*		CUMULATIVE QUARTER**	
	CURRENT YEAR QUARTER 28/02/2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 29/02/2020 RM'000	CURRENT YEAR TO DATE 28/02/2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 29/02/2020 RM'000
Revenue Consist of:-				
Interest income	865	2,055	3,165	6,667
Dividend income	279	913	2,007	3,835
	1,144	2,968	5,172	10,502
Operating Expenses Consist of:-				
Professional fees and other operating expenses	(1,847)	(8,755)	(5,225)	(12,751)
Loss before taxation	(703)	(5,787)	(53)	(2,249)
Taxation	(154)	(536)	(451)	(1,512)
Loss after taxation	(857)	(6,323)	(504)	(3,761)
Other comprehensive income/(expense):				
Net fair value changes in investments	20,472	(15,277)	47,561	(23,258)
Total comprehensive income/(expense) for the period	19,615	(21,600)	47,057	(27,019)

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 Company's NAV increased to RM441.37 million as at 28 February 2021 compared with RM423.19 million as at 29 February 2020 mainly due to positive net fair value changes in investments. This resulted in an addition of NAV per share as at 28 February 2021 to RM3.15, compared with NAV per share of RM3.02 as at 29 February 2020, an increase of 4.30%.

	28/02/2021 RM	29/02/2020 RM
Total Net Asset Value	441,365,008	423,188,917
Net Asset Value per share	3.15	3.02
Share Price	2.02	2.15

B3 Comparison with immediate preceding quarter's results

In the third quarter ended 28 February 2021, the Company recorded a loss before tax of RM0.70 million, compared to RM0.52 million of profit before tax in the immediate preceding quarter.

The following items are not applicable to the Company:-

- (a) Interest expense;
- (a) Depreciation and amortization;
- (b) Provision for and write off of receivables;
- (c) Provision for and write off of inventories;
- (d) 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).

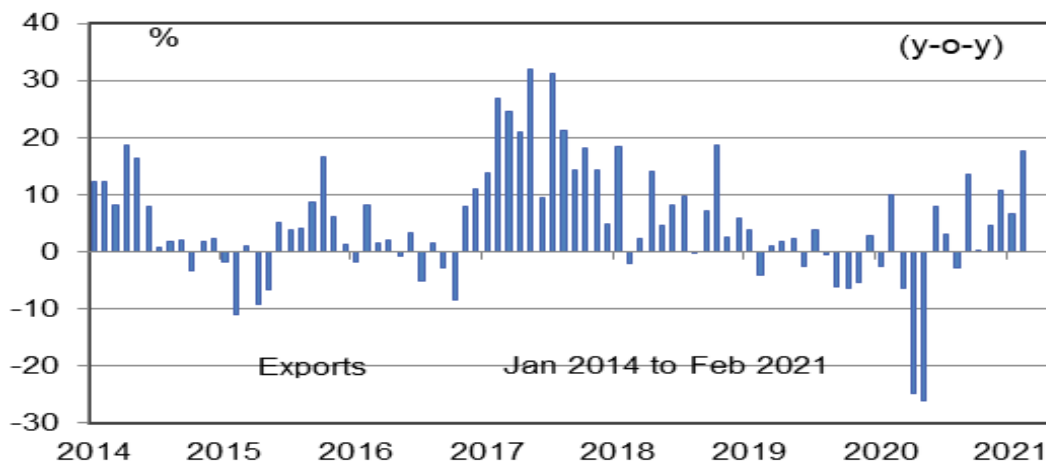
B4 Commentary by Fund Manager – Prospects Para (9.40)

For top-down/market-timing investors – please read this section.

Any Vaccine In Sight?

Exports from Malaysia have been resilient; ironically we have the Covid-19 pandemic to thank for. Fortunately, this trend has continued. In Feb, total exports surged by 17.6% year-on-year to RM87.6 bln (**figure 1**). The growth in exports was driven by higher exports of major commodities and manufactured products. The major destinations of Malaysia’s exports in Feb were, not surprisingly, China and Singapore.

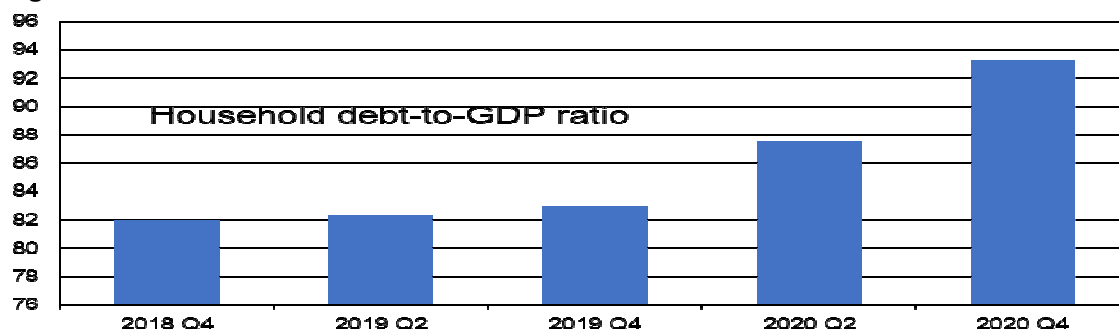
Figure 1 Exports



Source: Department of Statistics Malaysia

However, the impact of the Covid-19 pandemic on the Malaysian economy has been uneven. After being severely affected, many economic sectors have not recovered. The one aspect that deserves close monitoring is the substantial rise in Malaysian household debt. Due to the pandemic, household debt to GDP is now more than 90% (figure 2).

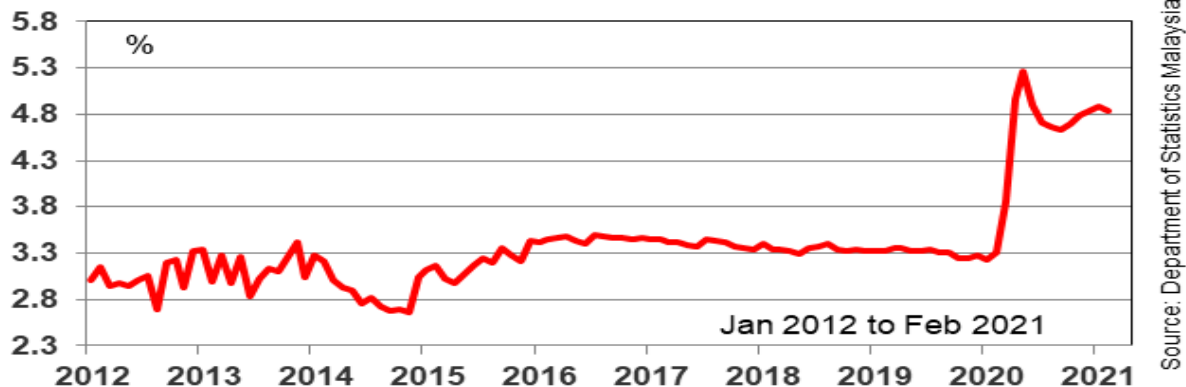
Figure 2



Source: Bank Negara Malaysia

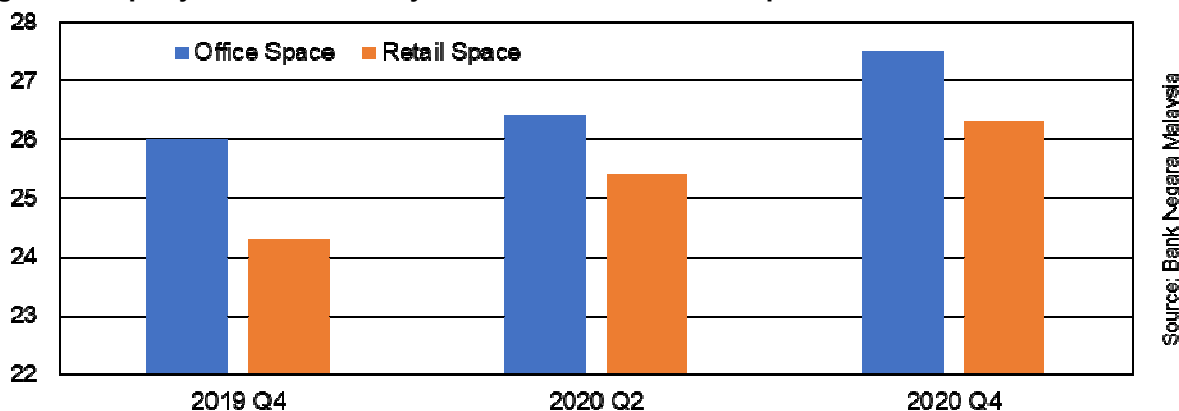
While one could argue that once the Malaysian economy recovers the ratio will improve, it still deserves close monitoring. There is no room for complacency. Unemployment remains at an elevated level (figure 3). In Feb, while the number of unemployed persons fell by 0.6% month-on-month, causing the non-seasonally adjusted unemployment rate to decline slightly to 4.8%, the number of unemployed Malaysians remains at a high level. In Feb 2021, there were more than 777,000 unemployed Malaysians, compared with only 525,200 in Feb 2020.

Figure 3 Unemployment Rate



Another aspect that is worrying is the extremely high vacancy rates for both office and retail space (figure 4). The high vacancy rates were already in existence before the Covid-19 pandemic hit in 2020. The pandemic has only worsened the vacancy rates. Will working and shopping patterns and habits revert to its pre-pandemic state once the pandemic is brought under control? How long will this take? How will this impact the health and stability of Malaysia’s financial system?

Figure 4 Property Market – Vacancy rates for office and retail space



History shows us that the long-term future of a country, either for the better or for the worse, depends substantially on how it responds to a major external crisis. History also shows us that the nature and quality of the response in such situations is often determined by the country’s domestic political landscape. In dealing with political viruses, it is timely to remember that the only vaccine available comes from the wise actions and right decisions of the political leaders. Is any such vaccine in sight?

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. icapital.biz Berhad is not allowed to sell short, invest in derivatives or undertake any borrowings.

“Strange” price performance

It is reported that Berkshire Hathaway was a net seller in 2020 even though the Warren Buffett controlled company has more than US\$130 bln in cash. It not only sold all its airline stocks but also a substantial part of its US banking stocks. At the end of Nov 2019, icapital.biz Berhad held around RM288 mln cash. By end Feb 2021, this has dropped to RM210 mln. Although icapital.biz Berhad sold some stocks in the last 12 months, it has on the whole been a net buyer.

Unfortunately, although the NAV of icapital.biz Berhad has recovered to its pre-pandemic level, the market price of icapital.biz Berhad in 2020 has performed disappointingly. This has led to some investors sharing with us their observation that the share price performance of icapital.biz Berhad indeed looks strange.

B5 Financial forecast / profit guarantee

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

B6 Taxation

	Current Quarter Ended		Cumulative Quarter Ended	
	28/02/2021	29/02/2020	28/02/2021	29/02/2020
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- for the period	140	416	586	1,392
- under/(over) provision in the previous financial years	14	120	(135)	120
Tax expense	154	536	451	1,512

A reconciliation of income tax expense applicable to 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:-

	Current Quarter Ended		Cumulative Quarter Ended	
	28/02/2021	29/02/2020	28/02/2021	29/02/2020
	RM'000	RM'000	RM'000	RM'000
Loss before taxation	(703)	(5,787)	(53)	(2,249)
Tax at the statutory rate of 24%	(169)	(1,389)	(13)	(539)
Tax effects of:-				
Tax-exempt dividends	(29)	(66)	(132)	(133)
Single tier dividends	(38)	(152)	(350)	(787)
Non-deductible expenses	376	2,023	1,081	2,851
Under/(over) provision of current tax in the previous financial years	14	120	(135)	120
Tax expense	154	536	451	1,512

B7 Status of corporate proposals

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

B8 Borrowings and debt securities

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

B9 Changes in material litigation

Except as noted in Note A15(b), there was no material litigation pending as at 28 February 2021.

B10 Dividend

The Directors did not declare any dividend for the current quarter ended 28 February 2021.

B11 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:-

	Current Quarter Ended 28/02/2021 RM'000	Cumulative Quarter Ended 28/02/2021 RM'000
Loss after taxation	(857)	(504)
Number ordinary share capital in issue at RM1.00 each	140,000	140,000
Basic earnings per share (sen)	(0.61)	(0.36)

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.

B12 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.

B13 Investments

As at 28 February 2021, 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.

B14 Soft Commission

The manager or their delegates have not received any soft commission during the year 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) (SSM PC No.: 202008001023)

SECRETARY