

ICAPITAL.BIZ BERHAD 200401036389 (674900-X)
 CONDENSED STATEMENT OF FINANCIAL POSITION
 AS AT 31 AUGUST 2023

	UNAUDITED AS AT 31/08/2023 RM'000	AUDITED AS AT 31/05/2023 RM'000
ASSETS		
Non-current assets		
Investments (Note 1)	363,195	328,326
Current assets		
Other receivables, deposit and prepayments	1,732	1,992
Current tax assets	578	633
Short-term deposits	127,831	126,845
Bank balance	6,936	18,877
	137,077	148,347
TOTAL ASSETS	500,272	476,673
EQUITY AND LIABILITIES		
Equity		
Share capital	140,000	140,000
Fair value reserves	112,191	89,134
Retained profits	247,451	246,995
Total equity attributable to owners of the Company	499,642	476,129
Current liabilities		
Other payables and accruals	630	544
TOTAL LIABILITIES	630	544
TOTAL EQUITY AND LIABILITIES	500,272	476,673
Net asset value per share (RM) (Note 2)	3.57	3.40

Notes:-

- Investments shown here as at 31 August 2023 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 RM499,642,395 (31.05.2023 : RM476,129,347) divided by the number of shares in issue at the end of the reporting period of 140,000,000 (31.05.2023 : 140,000,000).

(The Condensed Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 May 2023)

ICAPITAL.BIZ BERHAD 200401036389 (674900-X)
 CONDENSED STATEMENT OF PROFIT OR LOSS
 FOR THE QUARTER AND YEAR TO DATE ENDED 31 AUGUST 2023

	INDIVIDUAL QUARTER*		CUMULATIVE QUARTER**	
	CURRENT YEAR QUARTER 31/08/2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/08/2022 RM'000	CURRENT YEAR TO DATE 31/08/2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/08/2022 RM'000
Revenue (Note B2)	2,991	3,283	2,991	3,283
Operating expenses (Note B2)				
- Professional fees and other operating expenses	(2,297)	(2,008)	(2,297)	(2,008)
Profit before taxation	694	1,275	694	1,275
Taxation (Note B6)	(238)	(183)	(238)	(183)
Profit after taxation	456	1,092	456	1,092
Earnings per share (sen)				
- Basic (Note B11)	0.33	0.78	0.33	0.78
- Diluted (Note B11)	0.33	0.78	0.33	0.78

* 1st Quarter

** For the 3 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 2023)

ICAPITAL.BIZ BERHAD 200401036389 (674900-X)
 CONDENSED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 31 AUGUST 2023

	INDIVIDUAL QUARTER*		CUMULATIVE QUARTER**	
	CURRENT YEAR QUARTER 31/08/2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/08/2022 RM'000	CURRENT YEAR TO DATE 31/08/2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/08/2022 RM'000
Profit for the period	456	1,092	456	1,092
Other comprehensive income:				
Items that may be recycled to Retained Profits:				
Net fair value changes in investments	23,057	673	23,057	673
Total comprehensive income for the period	23,513	1,765	23,513	1,765

* 1st Quarter

** For the 3 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 2023)

ICAPITAL.BIZ BERHAD 200401036389 (674900-X)
 CONDENSED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 31 AUGUST 2023

	<i>Non-distributable</i>		<i>Distributable</i>	Total Equity RM'000
	Share Capital RM'000	FVOCI Reserve RM'000	Retained Profits RM'000	
At 31.05.2022/ 01.06.2022	140,000	43,872	262,307	446,179
Profit after taxation	-	-	1,092	1,092
Other comprehensive income:				
-Fair value changes of equity instruments	-	673	-	673
Total comprehensive income for the period	-	673	1,092	1,765
Transfer to retained profits arising from disposal of investments	-	-	-	-
At 31.08.2022	140,000	44,545	263,399	447,944
At 31.05.2023/ 01.06.2023	140,000	89,134	246,995	476,129
Profit after taxation	-	-	456	456
Other comprehensive income:				
-Fair value changes of equity instruments	-	23,057	-	23,057
Total comprehensive income for the period	-	23,057	456	23,513
Transfer to retained profits arising from disposal of investments	-	-	-	-
At 31.08.2023	140,000	112,191	247,451	499,642

(The Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 May 2023)

ICAPITAL.BIZ BERHAD 200401036389 (674900-X)
CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2023

	3 MONTHS ENDED 31/08/2023 RM'000	3 MONTHS ENDED 31/08/2022 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	694	1,275
Decrease/(Increase) in other receivables, deposit and prepayments	260	(112)
Increase/(Decrease) in other payables and accruals	86	(915)
Purchase of quoted investments	(11,812)	(6,734)
CASH FOR OPERATIONS	<u>(10,772)</u>	<u>(6,486)</u>
Income tax paid	(183)	(146)
NET CASH FOR OPERATING ACTIVITIES	<u>(10,955)</u>	<u>(6,632)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,955)	(6,632)
CASH AND CASH EQUIVALENTS AS AT 1 JUNE	145,722	162,318
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	<u>134,767</u>	<u>155,686</u>

(The Condensed Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 May 2023)

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 2023. 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 2023.

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)

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

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
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 (probability of default) and expected if a default happens (loss given default). It also requires the Company to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. 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 and forward-looking information.

(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.

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.

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 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.

A2 Significant accounting policies (con't)

2.4 Financial Instruments (con't)

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 fair value changes do not include interest or dividend income.

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.

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 or at fair value through other comprehensive income.

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 is 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)

2.10 Fair Value Measurements (con't)

The fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions (MFRS 2), leasing transactions (MFRS 16) and measurement that have some similarities to fair value but not are fair value, such as net realisable value (MFRS 102) or value-in-use (MFRS 136).

2.11 Revenue 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 2023 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 31 August 2023.

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	
	31/08/2023	31/08/2022	31/08/2023	31/08/2022
	RM'000	RM'000	RM'000	RM'000
Fund management fees - CDAM	919	846	919	846
Investment advisory fees - CDSB	919	846	919	846

A15 Significant events during the financial period

- (a) On 2 August 2023, the Federal Court unanimously dismissed ICAP’s motion for leave to appeal to the Federal Court with costs of RM30,000.00 payable to CLIM. The Federal Court’s decision was on grounds that the matter did not meet the required threshold for conditions of appeal under the Courts of Judicature Act 1964.
- (b) On 8 September 2023, ICAP has announced on Bursa Malaysia that the foreign ownership of icapital.biz Berhad’s shares is subject to a Prescribed Limit as defined under the Securities Industry (Central Depositories)(Foreign Ownership) Regulation 1996 (“SICDA FOR”) and Rules of Bursa Malaysia Depository Sdn Bhd (“BMD Rules”) and accordingly, the Fund is to be classified by Bursa Malaysia Depository Sdn Bhd as being imposed with a prescribed limit. The Prescribed Limited which is imposed by the Fund’s Constitution is set at 20%.

For further details, kindly refer to the Bursa announcements on 15 September 2023 and 29 September 2023, and disclosures in the 2023 Annual Report.

The Company will make further announcement on the developments of the above matter as and when is necessary.

ICAPITAL.BIZ BERHAD 200401036389 (674900-X)
FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2023
NOTES TO THE INTERIM FINANCIAL REPORT

- (c) On 18 August 2023, ICAP issued a press release to formulate a unique dividend policy to address the discount between share price and NAV.

Following the press release on 18 August 2023, the Company has on 29 September 2023, announced the introduction of an innovative Dividend Policy based on the Fund's Net Asset Value (NAV) and NAV-to-share price discount. More details of the Dividend Policy will be provided at the Company's upcoming 19th Annual General Meeting.

- (d) On 2 October 2023, the Company, together with the appointed Principal Adviser RHB Investment Bank Berhad and Financial Adviser, Astramina Advisory Sdn Bhd have announced that the Company proposed to establish a dividend reinvestment plan that provides its shareholders with an option to elect to reinvest their cash dividends declared by ICAP in new ordinary shares in ICAP.

The full text of the announcement in relation to the Proposed DRP is attached with the said announcement on 2 October 2023.

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	Apex Healthcare Berhad	Health Care	6,406,950	16,401,792	3.28
2	APM Automotive Holdings Berhad	Industrial Products & Services	4,697,800	9,818,402	1.97
3	Bioalpha Holdings Berhad	Consumer Products & Services	49,057,600	4,415,184	0.88
4	Bioalpha Holdings Berhad - ICPS	Consumer Products & Services	7,665,250	76,653	0.02
5	Capital A Berhad	Consumer Products & Services	36,854,100	35,748,477	7.15
6	Capital A Berhad - RCUIDS	Consumer Products & Services	9,760,733	9,565,518	1.91
7	Capital A Berhad - Warrants	Consumer Products & Services	4,880,366	2,147,361	0.43
8	EUPE Corporation Berhad	Property	100,000	87,500	0.02
9	Hibiscus Petroleum Berhad	Oil & Gas Producers	12,430,200	11,870,841	2.38
10	HPMT Holdings Berhad	Industrial Products & Services	1,802,700	657,985	0.13
11	Kelington Group Berhad	Industrial Products & Services	28,383,200	42,574,800	8.52
12	Kelington Group Berhad - Warrants	Industrial Products & Services	9,461,066	3,737,121	0.75
13	Kronologi Asia Berhad	Technology	37,334,880	15,493,975	3.10
14	Kronologi Asia Berhad - Warrants	Technology	6,222,480	902,260	0.18
15	Luxchem Corporation Berhad	Industrial Products & Services	5,006,800	2,353,196	0.47
16	MKH Berhad	Property	2,951,430	4,132,002	0.83
17	Oceancash Pacific Berhad	Consumer Products & Services	3,145,200	975,012	0.20
18	OCK Group Berhad	Telecommunications Service Providers	5,909,900	2,541,257	0.51
19	Padini Holdings Berhad	Consumer Products & Services	17,006,700	67,176,465	13.44
20	Parkson Holdings Berhad	Consumer Products & Services	22,942,298	5,850,286	1.17
21	Salutica Berhad	Consumer Products & Services	1,700,200	867,102	0.17
22	Sam Engineering & Equipment (M) Berhad	Industrial Products & Services	18,154,400	85,325,680	17.08
23	Suria Capital Holdings Berhad	Transportation & Logistics	11,894,380	17,960,514	3.59
24	Tong Herr Resources Berhad	Industrial Products & Services	1,888,100	4,909,060	0.98
25	United Plantations Berhad	Plantation	940,800	14,902,272	2.98
26	Unisem (M) Berhad	Technology	170,700	558,189	0.11
27	Wellcall Holdings Berhad	Industrial Products & Services	1,613,600	2,146,088	0.43
	Total Investments		308,381,833	363,194,992	72.68

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B2 Review of performance (Para 9.40)

For the three months ended 31 August 2023, the Company recorded a profit before tax of RM0.69 million, compared with profit before tax of RM1.28 million in the preceding year's corresponding period ended 31 August 2022.

As shown in the following table, the decrease of profit before tax for the three months ended 31 August 2023 was mainly due to lower dividend income received.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/08/2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/08/2022 RM'000	CURRENT YEAR TO DATE 31/08/2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/08/2022 RM'000
Revenue Consist of:-				
Interest income	1,196	939	1,196	939
Dividend income	1,795	2,344	1,795	2,344
	2,991	3,283	2,991	3,283
Operating Expenses Consist of:-				
Professional fees and other operating expenses	(2,297)	(2,008)	(2,297)	(2,008)
Profit before taxation	694	1,275	694	1,275
Taxation	(238)	(183)	(238)	(183)
Profit after taxation	456	1,092	456	1,092
Other comprehensive income:				
Net fair value changes in investments	23,057	673	23,057	673
Total comprehensive income for the period	23,513	1,765	23,513	1,765

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 by 11.5% to RM499.64 million as at 31 August 2023 compared with RM447.94 million as at 31 August 2022 mainly due to increase in net fair value changes in investments. This resulted in an increase of NAV per share as at 31 August 2023 to RM3.57, compared with NAV per share of RM3.20 as at 31 August 2022.

	31/08/2023 RM	31/08/2022 RM
Total Net Asset Value	499,642,395	447,943,715
Net Asset Value per share	3.57	3.20
Share Price	2.80	1.94

B3 Comparison with immediate preceding quarter's results

In the first quarter ended 31 August 2023, the Company recorded a profit before tax of RM0.69 million, compared to RM1.19 million of profit before tax in the immediate preceding quarter. The Company's NAV per share as at 31 August 2023 was RM3.57 compared to RM3.40 in the immediate preceding quarter.

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).

B4 Commentary by Fund Manager – Prospects Para (9.40)

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

The United States – a ticking time bomb

The Western media has been running all kinds of negative headlines about China's economy collapsing and other similar stuff. Frankly speaking, the country that all of which should be worried about is the United States. A recent analysis by the highly respected *i* Capital publication (www.icapital.biz) focused on the US foreign policy, US political turmoil, US inflation crisis, US fiscal and monetary policies and their impact on the New York Stock Exchange and NASDAQ. In this unique, comprehensive and insightful analysis, *i* Capital found that not only is the United States a ticking time bomb but that it is about to explode any time soon. Why?

The United States of America has a persistently large fiscal deficit, a rising and massive public debt, rising government spending, weakening credibility of her fiscal framework and authority as a result of irresponsible US politicians and a divided country, the US government is facing another possible shutdown on 17 Nov, the US House of Representatives is struggling to find its next Speaker and the Federal Reserve struggles to bring US inflation down to its targeted rate.

In their research titled "Inflation as a Fiscal Limit", Francesco Bianchi and Leonardo Melosi wrote that "*conquering the post-pandemic inflation necessitates an overhaul of the fiscal framework aimed at financing the large stock of government debt as well as the increase in public expenditure needed to cover rising costs associated with population aging and climate change (and an adventurous foreign policy and endless military conflicts).*"

I have been saying the same thing as Francesco Bianchi and Leonardo Melosi and agreed with their findings. The actions and policies of Donald Trump and Joe Biden have both been reckless and have led to the persistently high US inflation, especially the trend component part of it. Poor Jerome Powell is facing an impossible and thankless battle in bringing US inflation down to the 2% targeted rate.

The way to bring US inflation down is for the US government to control its forever rising government spending and large fiscal deficit, to completely revamp its foreign policy so that the largest defence budget in the world can be slashed and the US can stop creating an endless stream of enemies, and for the US politicians to act responsibly for once. If Francesco Bianchi and Leonardo Melosi are right, one can expect US interest rates to rise further and US inflation to remain stubbornly high, until a serious recession hits and for the US stock markets to crash.

In the current environment, the United States faces 3 fuses that can make its ticking time bomb explode in the face of the US politicians. In its issue dated 21/9/2023, *i* Capital warned "*the biggest explosive that the US is sitting on is the bubbly NYSE and NASDAQ. The US economy is only as strong as its fragile stock markets. A crashing NYSE and NASDAQ will see the US economy crashing as well.*"

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.

The NAV discount slashed by Fund Manager

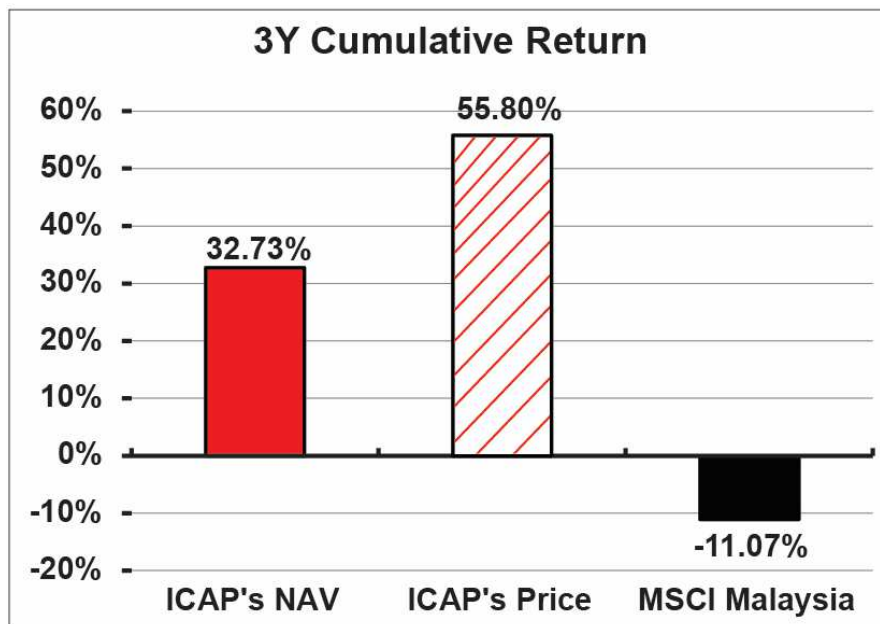
In the last quarterly commentary, I explained that despite a very tough and rough environment, icapital.biz Berhad has achieved a very strong performance with its NAV appreciating 20.93% and its share price surging 35.66% for the two years ended 25 July 2023. Both have strongly outperformed the 7.59% plunge in the bellwether MSCI Malaysia index.

This strong performance has continued since then. Once again, over a 3-year period, your Fund’s share price has outperformed the gain its NAV and the plunge in the MSCI Malaysia index (figures 1 and 2). Your Fund’s share price jumped 55.8%, way ahead of the 32.73% in its NAV and the 11.07% plunge in the bellwether index.

What shareowners should notice and acknowledge is the fact that the discount of your Fund’s share price has narrowed very substantially from a high of around 40% to only about 20% recently. This did not happen by accident. It is the result of the hard work and heart work put in by Capital Dynamics and myself as the Designated Person of icapital.biz Berhad.

Figure 1: ICAP vs MSCI Malaysia Index – 3Year Performance, cumulative

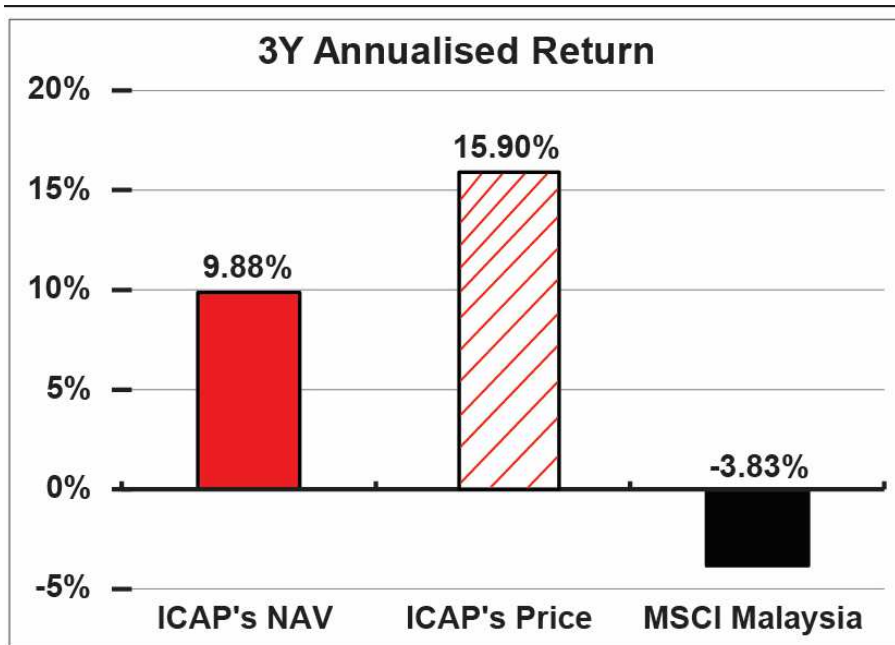
(From 21 Oct 2020 to 20 Oct 2023)



On an annualised basis, the share price delivered an annual compound return of 15.90%, its NAV an annual compound return gained 9.88% while the MSCI Malaysia fell at an annual compound rate of 3.83% (figure 2).

Figure 2: ICAP vs MSCI Malaysia Index – 3Year Performance, Annualised

(From 21 Oct 2020 to 20 Oct 2023)



The strong performance of icapital.biz Berhad is not a fluke shot. It is a result of your Fund Manager and Designated Person patiently and deliberately sticking to its time-proven Bamboo value investing philosophy, despite being continuously harassed by a few large foreign wrecking balls.

Although icapital.biz Berhad still has around RM134 million cash, it has been investing more with its cash assets falling steadily. A new addition to the portfolio of icapital.biz Berhad is Unisem, a semiconductor stock. This implies that its NAV will be appreciating further in future. With Capital Dynamics' time-proven value investing philosophy, and icapital.biz Berhad still undervalued, it is actually an excellent time to invest more in this truly low-risk, high-return investment. A rise of 55.80% in its share price while the overall stock market plunges 11.07% is indeed a rare gem.

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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	
	31/08/2023	31/08/2022	31/08/2023	31/08/2022
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- for the period	238	183	238	183
Tax expense	238	183	238	183

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

	Current Quarter Ended		Cumulative Quarter Ended	
	31/08/2023	31/08/2022	31/08/2023	31/08/2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	694	1,275	694	1,275
Tax at the statutory rate of 24%	167	306	167	306
Tax effects of:-				
Tax-exempt dividends	(72)	(140)	(72)	(140)
Single tier dividends	(359)	(423)	(359)	(423)
Non-deductible expenses	502	440	502	440
Tax expense	238	183	238	183

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(a), there was no material litigation pending as at 31 August 2023.

B10 Dividend

The Directors did not declare any dividend for the current quarter ended 31 August 2023.

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 31/08/2023 RM'000	Cumulative Quarter Ended 31/08/2023 RM'000
Profit after taxation	694	694
Number ordinary share capital in issue at RM1.00 each	140,000	140,000
Basic earnings per share (sen)	0.33	0.33

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 31 August 2023, 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 closed-end fund.

BY ORDER OF THE BOARD

Tai Yit Chan (MAICSA No.7009143) (SSM PC No.: 202008001023)

SECRETARY